

**GULF LIVESTOCK PJSC  
PUBLIC JOINT STOCK COMPANY  
RAS AL KHAIMAH, UNITED ARAB EMIRATES  
REVIEW REPORT AND INTERIM  
CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2014  
(UNAUDITED)**

(5)

**GULF LIVESTOCK PJSC**  
**Review report and interim condensed consolidated financial statements**  
**For the period ended March 31, 2014**

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## Review Report and Interim Condensed Consolidated Financial Statements

To the Shareholders of  
Gulf Livestock PJSC  
Ras Al Khaimah,  
UAE

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Gulf Livestock – PJSC** - (the “Company”), and its subsidiary (together referred to as “the Group”), as of March 31, 2014 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended and other explanatory notes. Management of the group is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (IAS 34) “Interim Financial Reporting”. 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 International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim 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.

### *Basis for qualified conclusion*

- a) The management has not presented the interim condensed financial statements of the subsidiaries in accordance with the requirements of International Accounting Standard No. 27 *Consolidated and Separate Financial Statements*. In preparing interim condensed consolidated financial statements, an entity should combine the interim condensed financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. Whereas we noted that in the interim condensed consolidated financial statements, management has presented the investment in subsidiary “Masila Beach General Trading” in several line items, excluding the related disclosures in the notes to the financial statements on an item by item basis, based on the financial position and the results of the subsidiary as at and for the period ended March 31, 2014.



- b) Masila Beach General Trading has been recognized as a subsidiary company, without official documents registered with the relevant government departments in Kuwait, evidencing shareholding of the Company for investment made in its subsidiary company. The said subsidiary remains registered in the names of the respective owners in Kuwait as at March 31, 2014.
- c) Owing to the nature of the Company's records, we were unable to obtain sufficient appropriate evidence regarding rental income, postdated cheques receivable, unearned revenue, tenant deposits and undistributed dividends.
- d) The consolidated financial statements of the Company include the financial statements of a subsidiary "Masila Beach General Trading" which are audited by another auditor. For the purpose of these consolidated financial statements we are solely relying on the financial statements of the subsidiary reviewed by the other auditor.

#### ***Qualified Conclusion***

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not give a true and fair view of the financial position of the Group as at March 31, 2014, and of its financial performance and its cash flows for the three months period then ended in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting".

#### ***Emphasis of Matters***

We draw attention to note No. 1 to the consolidated financial statements which states that:

1. The parent company is a Public Joint Stock company whose shares are traded in the Abu Dhabi Securities Exchange. The trading of shares was debarred by the said stock exchange under the Resolution No. 154n dated April 06, 2011 of Ras Al Khaimah Courts. On January 13, 2014, the debarring of the trading of shares was suspended by the Abu Dhabi Securities Exchange and accordingly the trading was resumed.
2. Subsequent to March 31, 2014, the public prosecutor in Ras Al Khaimah conducted investigations on charges of falsification of company's books, seizure of shareholders' funds and commercial fraud. Under Resolution No. 1797 n 2014 dated April 9, 2014, the public prosecutor has decided to notify the Securities & Commodities Authority to implement to halt the trading of the shares of the defendants as well as bar them from voting in the General Assembly and to refrain from dealing with their shares in any way till the final decision on the subject of complaint.

Our conclusion is not qualified in respect of these matters.

**Report on other legal and regulatory requirements**

Furthermore, the Company has maintained proper books of accounts and physical inventory was properly conducted. We have obtained all the information and explanations which we considered necessary for the purposes of our review. According to the information available to us, except for the possible effects of the matters described in the Basis for Qualified Opinion and Emphasis of Matters paragraphs, there were no contraventions during the period of the UAE Federal Commercial Companies Law No. 8 of 1984 or the Company's Articles of Association, which might have materially affected the financial position of the Company or the results of its operations.

**MAZARS**  
**Chartered Accountants**

*Mazars*



**By: Fadi G. Khat**  
**Reg. No.: 49**

**Ajman, May 10, 2014**



**GULF LIVESTOCK PJSC**

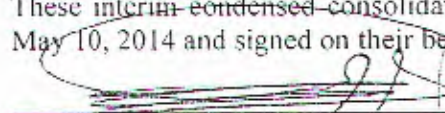
**Interim condensed consolidated statement of financial position**


**As at March 31, 2014**

ASSETS	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
	AED	AED
	<i>Note</i>	
<b>Non-current assets</b>		
Property and equipment	1,179,732	506,386
Intangible asset	76,942	76,942
Investment in subsidiary	---	60,000
Investment properties	4 203,566,613	204,166,600
Available-for-sale-investments	5 16,115,349	15,978,455
Refundable deposits	31,849	31,849
<b>Total non-current assets</b>	<b>220,970,485</b>	<b>220,820,232</b>
<b>Current assets</b>		
Deferred revenue	1,322,446	743,160
Financial assets at fair value through profit or loss (FVTPL)	6 86,820,197	81,713,899
Trade and other receivables	234,946	943,755
Cash and cash equivalents	26,389,791	29,480,601
<b>Total current assets</b>	<b>114,767,380</b>	<b>112,881,415</b>
<b>Total assets</b>	<b>335,737,865</b>	<b>333,701,647</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	7 100,000,000	100,000,000
Statutory reserve	50,000,000	50,000,000
General reserve	50,000,000	50,000,000
Retained earnings	84,279,520	83,356,601
<b>Total equity and reserves</b>	<b>284,279,520</b>	<b>283,356,601</b>
<b>Non-current liabilities</b>		
Tenants' refundable deposits	1,072,350	977,850
Provision for employees' end of service indemnity	405,898	617,718
<b>Total non-current liabilities</b>	<b>1,478,248</b>	<b>1,595,568</b>
<b>Current liabilities</b>		
Undistributed dividends	30,633,332	31,243,875
Trade and other payables	19,346,765	17,505,603
<b>Total current liabilities</b>	<b>49,980,097</b>	<b>48,749,478</b>
<b>Total equity and liabilities</b>	<b>335,737,865</b>	<b>333,701,647</b>

We approve these interim condensed consolidated financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

These interim condensed consolidated financial statements were approved by the board of directors on May 10, 2014 and signed on their behalf by:

  
**Abdulaziz Abdulla Alzaabi**  
*Chairman of the Board of Directors*

  
**Abdul Rahman Jassim Abduli**  
*Managing Director*

The notes on pages 7 to 9 form an integral part of these interim condensed consolidated financial statements. The report on review of interim condensed consolidated financial statements is set out on pages 1 and 2.

**GULF LIVESTOCK PJSC**  
**Interim condensed consolidated statement of comprehensive income**  
**For the period ended March 31, 2014 (unaudited)**

	Note	Three months ended March 31, 2014 <u>AED</u>	Three months ended March 31, 2013 <u>AED</u>
Sales		18,645	---
Cost of sales		<u>(36,535)</u>	<u>---</u>
<b>Gross loss</b>		<b>(17,890)</b>	<b>---</b>
General, selling and administrative expenses		<u>(1,238,093)</u>	<u>(1,227,690)</u>
<b>Operating loss</b>		<b>(1,255,983)</b>	<b>(1,227,690)</b>
Other income	8	7,370,112	3,711,083
Exchange gain/ (loss)		454,895	213,730
Other expenses		<u>(1,481,976)</u>	<u>(460,015)</u>
<b>Net comprehensive income for the period</b>		<b><u>5,087,048</u></b>	<b><u>2,237,108</u></b>
<b>Basic earnings per share</b>		<b><u>0.051</u></b>	<b><u>0.022</u></b>

The notes on pages 7 to 9 form an integral part of these interim condensed consolidated financial statements.

The report on review of interim condensed consolidated financial statements is set out on pages 1 and 2.



**GULFLIVESTOCK PJSC**

**Interim condensed consolidated statement of changes in equity  
For the period ended March 31, 2014 (unaudited)**

	Share capital <u>AED</u>	Statutory reserve <u>AED</u>	General reserve <u>AED</u>	Retained earnings (restated) <u>AED</u>	Total (restated) <u>AED</u>
Balance at January 1, 2013	100,000,000	50,000,000	50,000,000	55,498,674	255,498,674
Net comprehensive income for the period	---	---	---	2,237,108	2,237,108
<b>Balance at March 31, 2013</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>57,735,782</b>	<b>257,735,782</b>
Balance at January 1, 2014	100,000,000	50,000,000	50,000,000	83,356,601	283,356,601
Net comprehensive income for the period	---	---	---	5,087,048	5,087,048
Dividends distribution	---	---	---	(4,164,129)	(4,164,129)
<b>Balance at March 31, 2014</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>84,279,520</b>	<b>284,279,520</b>

The notes on pages 7 to 9 form an integral part of these interim condensed consolidated financial statements.  
The report on review of interim condensed consolidated financial statements is set out on pages 1 and 2.



**GULF LIVESTOCK PJSC**  
**Interim condensed consolidated statement of cash flows**  
**For the period ended March 31, 2014 (unaudited)**

	<b>Three months ended March 31, 2014 AED</b>	<b>Three months ended March 31, 2013 AED</b>
<b>Operating activities</b>		
Net comprehensive income for the period	5,087,048	2,237,108
<b>Adjustments for:</b>		
Provision for employees' end of service indemnity	(211,820)	9,580
Movement in available-for-sale-investments	(136,894)	---
Movement in financial assets at fair value through profit or loss (FVTPL)	(5,106,298)	3,685,397
<b>Operating (loss)/profit before changes in working capital</b>	<b>(367,964)</b>	<b>5,932,085</b>
Decrease/(increase) in trade and other receivables	708,809	(114,418)
(Increase) in deferred revenue	(579,286)	(835,946)
Increase / (decrease) in tenants refundable deposits	94,500	(109,000)
Increase / (decrease) in trade and other payables	1,841,162	(3,520,240)
<b>Net cash generated from operating activities</b>	<b>1,697,221</b>	<b>1,352,481</b>
<b>Investing activities</b>		
Increase in financial assets	---	4,965,298
Acquisition of property and equipment	(13,359)	(9,878)
<b>Net cash (used in) / generated from investing activities</b>	<b>(13,359)</b>	<b>4,955,420</b>
<b>Financing activities</b>		
Movement in undistributed dividends	(610,543)	(1,124,477)
Dividends distribution	(4,164,129)	---
<b>Net cash (used in) financing activities</b>	<b>(4,774,672)</b>	<b>(1,124,477)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(3,090,810)</b>	<b>5,183,424</b>
Cash and cash equivalents at beginning of the period	29,480,601	19,403,690
<b>Cash and cash equivalents at end of the period</b>	<b>26,389,791</b>	<b>24,587,114</b>

The notes on pages 7 to 9 form an integral part of these interim condensed consolidated financial statements.

The report on review of interim condensed consolidated financial statements is set out on pages 1 and 2.

## **GULF LIVESTOCK PJSC**

### **Notes to the interim condensed consolidated financial statements For the period ended March 31, 2014 (unaudited)**

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#### **1. Legal status, structure and principal activities:**

**GULF LIVESTOCK PJSC** (the "Company") is a Public Joint Stock company registered and incorporated in the United Arab Emirates (UAE), under license No. 6061 of the Department of Economic Development in Ras Al Khaimah. The registered address of the Company is situated at PO Box.5662 Ras Al Khaimah.

The parent company is a Public Joint Stock company whose shares are traded in the Abu Dhabi Securities Exchange. The trading of shares was debarred by the said stock exchange under the Resolution No. 154n dated April 06, 2011 of Ras Al Khaimah Courts. on January 13, 2014, the debarring of the trading of shares was suspended by the Abu Dhabi Securities Exchange and trading was resumed.

Subsequent to March 31, 2014, the public prosecutor in Ras Al Khaimah conducted investigations on charges of falsification of company's books, seizure of shareholders' funds and commercial fraud. Under Resolution No. 1797 n 2014 dated April 9, 2014, the public prosecutor has decided to notify the Securities & Commodities Authority to implement to halt the trading of the shares of the defendants as well as bar them from voting in the General Assembly and to refrain from dealing with their shares in any way till the final decision on the subject of complaint.

The Company is owned 47% by multiple companies, 5% by the Government of Ras Al Khaimah and 48% by individuals.

The name of the major shareholders of the Company and their respective shareholdings are as follows:

<b><u>Shareholder Name</u></b>	<b><u>Percentage Owned</u></b>
	<b><u>%</u></b>
Schiller Group Company for General Trading and Contracting LLC.	36.14
Sheikh Nayef Abdulaziz Al Hamoud Al Sabah	8.76
Salem Co. Ltd	6.18
Ahmed Issa Ahmed Nacem	5.18
Government of Ras Al Khaimah	5.00

These consolidated financial statements include the financial statements of:

<b><u>Company</u></b>	<b><u>Proportion of ownership</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal activity</u></b>
Masila Beach General Trading	100%	Kuwait	General Trading

The investment in Rukn Al Luhood Meat Shop, a 100% owned UAE subsidiary trading in fresh, chilled and frozen meat.

The "Masila Beach General Trading" subsidiary company is a limited liability company registered in the names of the respective owners in Kuwait, without formal legal documents evidencing the investment made by the parent company in its subsidiary company.



**GULF LIVESTOCK PJSC****Notes to the interim condensed consolidated financial statements (continued)****For the period ended March 31, 2014 (unaudited)**

The investment in Rukn Al Luhood Meat Shop, a 100% owned UAE subsidiary trading in fresh, chilled and frozen meat.

The "Masila Beach General Trading" subsidiary company is a limited liability company registered in the names of the respective owners in Kuwait, without formal legal documents evidencing the investment made by the parent company in its subsidiary company.

**2. Basis of preparation**

These interim condensed consolidated financial statements for the period ended March 31, 2014 have been prepared in accordance with the International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirham (AED), which is the functional currency of the parent Company and presentation currency of the group.

The interim condensed consolidated financial statements do not contain all information and disclosures required in the full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2013. In addition, results for the three months period ended March 31, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

**3. Summary of significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013 with the exception of the accounting policies relating to the revaluation of investment properties.

**4. Investment properties:**

Investment properties comprise completed properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs, subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

	<b>March 31, 2014 (Unaudited) <u>AED</u></b>	<b>December 31, 2013 (Audited) <u>AED</u></b>
Fair value at beginning of the period / year	204,166,600	193,263,741
Changes resulting from the reclassification	(599,987)	---
Increase in fair value during the period / year	---	10,902,859
Fair value at the end of the period / year	<u><b>203,566,613</b></u>	<u><b>204,166,600</b></u>

As at March 31, 2014, the Group has not carried out revaluation of its investment properties and has presented the investment properties in the financial statements based on the revaluation carried out on or before December 31, 2013.



**GULF LIVESTOCK PJSC****Notes to the interim condensed consolidated financial statements (continued)****For the period ended March 31, 2014(unaudited)****5. Available-for-sale-investments:**

	December 31, 2014 (unaudited) <u>AED</u>	December 31, 2013 (Audited) <u>AED</u>
<b>Investments outside United Arab Emirates</b>	<b><u>16,115,349</u></b>	<b><u>15,978,455</u></b>

Available-for-sale investments are investments held by the subsidiary company (Masila Beach General Trading).

**6. Financial assets at fair value through profit or loss (FVTPL):**

	March 31, 2014 (unaudited) <u>AED</u>	December 31, 2013 (Audited) <u>AED</u>
<b><u>Investments within United Arab Emirates</u></b>		
Fair value at beginning of the period / year	73,107,744	57,230,953
Purchases during the period / year	---	2,843,097
Disposals during the period / year	---	(4,989,364)
Share dividends received	2,819,736	3,323,850
Net increase in fair value	<u>503,009</u>	<u>14,699,208</u>
<b>Fair value at the end of period / year</b>	<b><u>76,430,489</u></b>	<b><u>73,107,744</u></b>
<b><u>Investments outside United Arab Emirates</u></b>		
Investments outside United Arab Emirates	8,606,155	11,407,627
Net increase /(decrease) in fair value	<u>1,783,553</u>	<u>(2,801,472)</u>
<b>Fair value at the end of period / year</b>	<b><u>10,389,708</u></b>	<b><u>8,606,155</u></b>
<b>Total fair value at the end of period / year</b>	<b><u>86,820,197</u></b>	<b><u>81,713,899</u></b>

Investments within United Arab Emirates represent investments at FVTPL in securities quoted in a regional financial market. The fair value of all securities is based on their respective current bid price in an active market as at the date of the interim consolidated statement of financial position.

Investments outside United Arab Emirates represent investments at FVTPL held by the subsidiary company (Masila Beach General Trading).

**7. Share Capital:**

The share capital of the Company consists of 100,000,000 (one hundred million) shares of AED 100,000,000 (only one hundred million) value, fully paid and distributed.

**8. Other income:**

Other income represents the rentals received from the real estate properties owned by the Group as well as dividend income.

**9. Comparative figures:**

Comparative figures have been reclassified / regrouped, wherever necessary, to conform to the presentation adopted in the current period.