



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

**Condensed consolidated interim financial information (Unaudited)  
and independent auditor's review report for the six month period ended 30 June 2019**



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and its subsidiaries  
State of Kuwait**

**Condensed consolidated interim financial information (Unaudited)  
and independent auditor's review report for the six month period ended 30 June 2019**

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**The Board of Directors**

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

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

***Introduction***

We have reviewed the accompanying condensed consolidated interim statement of financial position of Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2019, and the related condensed consolidated interim statements of income and comprehensive income for the three month and six month periods then ended, and the related statements of changes in equity and cash flows for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Parent Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

***Scope of review***

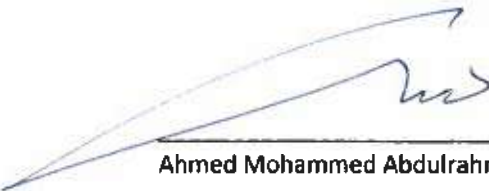
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons 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.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim 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 condensed consolidated interim 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 six month period ended 30 June 2019, that might have had a material effect on the business of the Group or its consolidated financial position.



Ahmed Mohammed Abdulrahman Al-Rasheed  
License No. 39 A  
PricewaterhouseCoopers  
(Al-Shatti & Co.)

8 August 2019  
Kuwait

Condensed consolidated interim statement of financial position (unaudited)

As at 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	30 June 2019	31 December 2018 (Audited)	30 June 2018
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	24,478,040	40,910,431	32,378,544
Investment in associates		390,080	366,609	417,756
Right-of-use assets	16	2,200,242	-	-
Financial assets at fair value through other comprehensive income		1,191,980	1,803,896	1,795,712
Financial assets at amortised costs	6	2,733,302	2,733,302	2,733,302
		<u>30,993,644</u>	<u>45,814,238</u>	<u>37,325,314</u>
<b>Current assets</b>				
Inventories	7	7,783,995	4,062,831	4,562,611
Trade and other receivables	8	15,202,873	15,088,861	17,523,513
Cash and cash equivalents	9	7,155,483	3,277,788	7,085,646
		<u>30,142,351</u>	<u>22,429,480</u>	<u>29,171,770</u>
<b>Total assets</b>		<u>61,135,995</u>	<u>68,243,718</u>	<u>66,497,084</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		21,659,057	21,659,057	21,659,057
Share premium		4,967,805	4,967,805	4,967,805
Treasury shares	10	(1,647,126)	(1,647,126)	(1,647,126)
Statutory reserve		11,825,560	11,825,560	11,825,560
Voluntary reserve		4,489,130	4,489,130	4,489,130
Other reserves	11	(77,648)	(141,899)	(85,819)
Accumulated losses / retained earnings		(943,736)	(2,274,940)	1,275,524
<b>Net equity</b>		<u>40,273,042</u>	<u>38,877,587</u>	<u>42,484,131</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,445,107	1,494,051	1,518,832
Long term borrowing		7,721,951	17,720,494	18,235,656
Lease liabilities – non-current	16	1,780,703	-	-
		<u>10,947,761</u>	<u>19,214,545</u>	<u>19,754,488</u>
<b>Current liabilities</b>				
Bank borrowing		1,900,000	2,500,000	-
Bank overdraft		239,400	-	-
Trade and other payables	12	7,392,455	7,651,586	4,258,465
Lease liabilities – current	16	383,337	-	-
		<u>9,915,192</u>	<u>10,151,586</u>	<u>4,258,465</u>
<b>Total liabilities</b>		<u>20,862,953</u>	<u>29,366,131</u>	<u>24,012,953</u>
<b>Total equity and liabilities</b>		<u>61,135,995</u>	<u>68,243,718</u>	<u>66,497,084</u>

  
Bader N. AlSubaiee  
Chairman

  
Osama Khaled Bodai  
Chief Executive Officer

**Condensed consolidated interim statement of income (unaudited)**

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Three months ended 30 June		Six months ended 30 June		
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)	
Operating revenue	16,062,081	15,663,670	31,323,482	32,786,464	
Operating costs	(13,740,505)	(14,879,173)	(26,847,830)	(30,612,624)	
<b>Gross profit</b>	<b>2,321,576</b>	<b>784,497</b>	<b>4,475,652</b>	<b>2,173,840</b>	
Other operating income	166,092	52,537	437,289	102,055	
Marketing expenses	(457,266)	(489,250)	(842,343)	(925,356)	
General and administrative expenses	(1,233,869)	(683,287)	(2,581,461)	(1,308,387)	
Other operating expenses	(102,128)	(104,389)	(102,128)	(104,389)	
<b>Operating profit / (loss)</b>	<b>694,405</b>	<b>(439,892)</b>	<b>1,387,009</b>	<b>(62,237)</b>	
Net investment income	36,766	35,888	83,238	82,271	
Group's share in associates' results	32,095	42,595	26,612	62,868	
Finance costs	(105,496)	-	(195,792)	-	
Foreign currency exchange gain / (loss)	34,769	(10,557)	78,419	(75,936)	
<b>Profit / (loss) before subsidiaries' tax and deductions</b>	<b>692,539</b>	<b>(371,966)</b>	<b>1,379,486</b>	<b>6,966</b>	
National Labour Support Tax ("NLST")	(17,312)	9,473	(34,487)	-	
Zakat	(6,925)	3,789	(13,795)	-	
Kuwait Foundation for the Advancement of Sciences ("KFAS")	-	3,789	-	-	
Board of Directors' remuneration	18	12,000	-	-	
<b>Profit / (loss) for the period</b>	<b>668,302</b>	<b>(342,915)</b>	<b>1,331,204</b>	<b>6,966</b>	
<b>Basic and diluted earnings / (losses) per share (fils)</b>	<b>13</b>	<b>3.194</b>	<b>(1.639)</b>	<b>6.363</b>	<b>0.033</b>

The notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of comprehensive income (unaudited)**  
For the six month period ended 30 June 2019  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Three months ended 30 June		Six months ended 30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b>Profit / (loss) for the period</b>	<b>668,302</b>	<b>(342,915)</b>	<b>1,331,204</b>	<b>6,966</b>
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified to the condensed consolidated interim statement of income:</i>				
Exchange differences on translation of foreign operations	(16,473)	5,312	(58,280)	(83,123)
<i>Items that will not be reclassified to the condensed consolidated interim statement of income:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	20,589	(11,466)	122,531	(25,316)
<b>Other comprehensive income / (loss) for the period</b>	<b>4,116</b>	<b>(6,154)</b>	<b>64,251</b>	<b>(108,439)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>672,418</b>	<b>(349,069)</b>	<b>1,395,455</b>	<b>(101,473)</b>

The notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of changes in equity (unaudited)**

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumulated losses / retained earnings	Total equity
<b>At 1 January 2019</b>	21,659,057	4,967,805	(1,647,126)	11,825,560	4,489,130	(141,899)	(2,274,940)	38,877,587
Profit for the period	-	-	-	-	-	-	1,331,204	1,331,204
Other comprehensive income for the period	-	-	-	-	-	64,251	-	64,251
Total comprehensive income for the period	-	-	-	-	-	64,251	-	64,251
<b>At 30 June 2019</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>4,489,130</b>	<b>(77,648)</b>	<b>[943,736]</b>	<b>40,273,042</b>
<b>At 1 January 2018</b>	21,659,057	4,967,805	(1,647,126)	11,825,560	4,204,289	22,620	2,599,465	43,631,670
Profit for the period	-	-	-	-	-	-	6,966	6,966
Other comprehensive loss for the period	-	-	-	-	-	(108,439)	-	(108,439)
Total comprehensive loss for the period	-	-	-	-	-	(108,439)	-	(108,439)
Dividends distributed	-	-	-	-	-	-	6,966	6,966
Transfer to the voluntary reserve	-	-	-	-	284,841	-	(284,841)	-
<b>At 30 June 2018</b>	<b>21,659,057</b>	<b>4,967,805</b>	<b>(1,647,126)</b>	<b>11,825,560</b>	<b>4,489,130</b>	<b>(85,819)</b>	<b>1,275,524</b>	<b>42,484,131</b>

The notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of cash flows (unaudited)**

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	For the six months ended 30 June	
		2019	2018
<b>Cash flows from operating activities</b>			
Profit for the period		1,331,204	6,966
<b>Adjustments for:</b>			
Depreciation	5&16	1,609,094	812,551
Interests on deposits and call accounts		(15,948)	(18,494)
Interest expense – lease liability		55,313	-
Net investment income		(83,238)	(82,271)
Group's share in associates' results		(26,612)	(62,868)
Provision for impairment of trade receivables		7,406	-
Foreign currency exchange (gain) / loss		(78,419)	75,936
Employees' end of service benefits		74,782	128,782
		<u>2,873,582</u>	<u>860,602</u>
<b>Changes in working capital:</b>			
Inventories		(3,721,164)	2,263,024
Trade and other receivables		1,335,650	5,851,761
Trade and other payables		(167,138)	(1,192,574)
<b>Cash generated from operations</b>		<u>320,930</u>	<u>7,782,813</u>
Employees' end of service benefits paid		(123,633)	(108,265)
<b>Net cash flows generated from operating activities</b>		<u>197,297</u>	<u>7,674,548</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(813,909)	(4,577,756)
Proceeds from disposal of property, plant and equipment	5	14,381,169	-
Financial assets at fair value through other comprehensive income		734,447	29,843
Interest received on deposits and call accounts		15,948	18,494
Investment income received		83,238	82,271
<b>Net cash flows generated from / (used in) investing activities</b>		<u>14,400,893</u>	<u>(4,447,148)</u>
<b>Cash flows from financing activities</b>			
Proceeds of term borrowing		-	1,866,315
Payment of term borrowing		(10,598,543)	-
Dividends paid		(13,574)	(985,460)
Principal element of lease payments		(299,905)	-
<b>Net cash flows (used in) / generated from financing activities</b>		<u>(10,912,022)</u>	<u>880,855</u>
Net foreign exchange differences		(47,873)	8,839
<b>Net increase in cash and cash equivalents</b>		<u>3,638,295</u>	<u>4,117,094</u>
Cash and cash equivalents at beginning of the period		3,277,788	2,968,552
<b>Cash and cash equivalents at end of the period</b>	9	<u>6,916,083</u>	<u>7,085,646</u>
<b>Non-cash transaction:</b>			
Dividends distribution		-	(60,606)
Trade and other payables		-	60,606
Right-of-use assets	16	(2,408,632)	-
Lease liabilities	16	2,408,632	-
Property, plant and equipment	5	1,455,898	-
Trade and other receivables	5	(1,455,898)	-

The notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.



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

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**1. INCORPORATION AND ACTIVITIES**

Livestock Transport and Trading Company K.P.S.C. (the "Parent Company") was incorporated in accordance with the memorandum of association authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department under No. 70 /D/Vol. 2 on 24 November 1973.

On 20 January 1974, the Parent Company has been incorporated in accordance with the resolution of the 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. Utilisation of financial surplus through investment in portfolios managed by specialised Companies and Authorities.

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

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

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



Notes to the condensed consolidated interim financial information (unaudited)  
For the six month period ended 30 June 2019  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

## 1. INCORPORATION AND ACTIVITIES (Continued)

Name of subsidiaries	Shareholding interest (%)			Activity	Country of incorporation
	30 June 2019 (unaudited)	31 December 2018 (Audited)	30 June 2018 (unaudited)		
Rural Export and Trading (WA) PTY Ltd.	100	100	100	Trade in livestock and meat	Australia
Trans Emirates Livestock Trading Company L.L.C.	100	100	100	Trade in livestock and meat	UAE
Al Shuwaikh Company for Managing and Establishing Commercial and Industrial Projects S.P.C.	100	100	100	Establishment and management of commercial and industrial projects	Kuwait
Al Mawashi (PTY) Ltd.	100	100	100	Trade in livestock and meat	South Africa

The financial information of the subsidiaries has been consolidated based on financial information prepared by management as at 30 June 2019.

The condensed consolidated interim financial information were authorised for issue by Parent Company's Board of Directors' on 4 August 2019.

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

Operating results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2018.

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

The accounting policies adopted in the preparation of the condensed consolidated interim financial information for this financial interim period are consistent with those followed in the preparation of annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and amendments effective as of 1 January 2019.

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

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

- (a) *New standards, amendments and interpretations effective for the financial period beginning on 1 January 2019*
- IFRS 16 - 'Leases' (effective 1 January 2019). IFRS 16 supersedes IAS 17 'Lease' and related interpretations. It resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessor did not significantly change.

The impact of the adoption of the standard and the new accounting policies are disclosed in note 16.

There are no other amendments that have significant effect on the Group's financial statements. There are no other standards that were effective for the first time for the financial year beginning on 1 January 2019.

- (b) *New standards and amendments not yet effective for the financial period beginning on 1 January 2019 and have not been early adopted by the Group*

There are no applicable new standards and amendments to published standards that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2019 and are expected to have a significant impact on the Group's financial statements.

- (c) *New standards and amendments effective and adopted by the Group*

In the condensed consolidated interim statement of cash flows, cash and cash equivalents includes cash on hand and at banks net of bank overdraft. In the condensed consolidated interim statement of financial position, bank overdraft is shown as a separate line within current liabilities.

**3. JUDGEMENT AND ESTIMATES**

The preparation of condensed consolidated interim 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 condensed consolidated interim 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 2018. In addition, to estimates applied on adoption of IFRS 16 (Note 16).

Notes to the condensed consolidated interim financial information (unaudited)  
For the six month period ended 30 June 2019  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

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

30 June 2019	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through other comprehensive income	705,154	32,944	453,882	1,191,980
31 December 2018	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through other comprehensive income	974,720	36,048	793,128	1,803,896
30 June 2018	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through other comprehensive income	949,412	40,429	805,871	1,795,712

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

The following table represents the changes in Level 3 instruments:

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Opening balance	793,128	87,465	87,465
Additions of unquoted equity securities previously recognised at cost less impairment	-	715,618	715,618
Disposals	(347,957)	-	-
Change in fair value	8,711	(9,955)	2,788
Ending balance	453,882	793,128	805,871

Notes to the condensed consolidated interim financial information (unaudited)

For the six month period ended 30 June 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

**5. PROPERTY, PLANT AND EQUIPMENT**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Opening balance	40,910,431	28,685,228	28,685,228
Additions	813,909	13,976,336	4,577,756
Disposals*	(15,837,067)	-	-
Depreciation charge	(1,400,704)	(1,633,340)	(812,551)
Foreign currency translation differences	(8,529)	(117,793)	(71,889)
	<u>24,478,040</u>	<u>40,910,431</u>	<u>32,378,544</u>

For the period ended 30 June 2019, depreciation expenses amounting to KD 641,786, KD 91,232 and KD 667,686 (year ended 31 December 2018: KD 1,006,060, KD 161,180 and KD 466,100; period ended 30 June 2018: KD 550,362, KD 99,207 and KD 162,982) 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 91,364 (year ended 31 December 2018: KD 126,867; period ended 30 June 2018: KD 129,543) are mortgaged as a security against long term borrowing.

\*During the period, an agreement with a contractor with whom a contract was made to build a vessel was cancelled by the Group as a result of the contractor's breach of the terms of the agreement and failure to deliver the vessel as per the contracted timeline. As a result, the Group liquidated the letter of guarantee amounting to KD 14,381,167 provided by the contractor against the project in progress. The Group filed a legal case against the contractor claiming damages in the sum of Euro 15,702,996. In the opinion of management's lawyers, a favourable outcome is probable.

**6. FINANCIAL ASSETS AT AMORTISED COSTS**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Local bonds and Sukuk	<u>2,733,302</u>	<u>2,733,302</u>	<u>2,733,302</u>

During the period ended 30 June 2019, the Group has local Sukuk at annual yield rates ranging from 6.25% to 6.50% and local bonds at annual interest rates ranging from 6.25% to 6.50%. Local bonds and Sukuk are classified as non-current on the basis of their maturities.

**7. INVENTORIES**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Livestock and meat (net)	5,920,425	2,505,496	3,119,428
Fodder	139,342	257,462	244,753
Intestine	-	110,227	32,383
Medicines, fertilisers and others	436,567	463,516	477,730
	<u>6,496,334</u>	<u>3,336,701</u>	<u>3,874,294</u>
Goods in transit	-	-	11,448
Production materials and spare parts	1,287,661	726,130	676,869
	<u>7,783,995</u>	<u>4,062,831</u>	<u>4,562,611</u>

Notes to the condensed consolidated interim financial information (unaudited)  
For the six month period ended 30 June 2019  
(All amounts are in Kuwaiti Dinar unless otherwise stated)

#### 8. TRADE AND OTHER RECEIVABLES

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Trade receivables	10,310,969	7,519,114	8,712,108
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	26,641,599	23,849,744	25,042,738
Provision for doubtful debts	(12,989,020)	(13,247,077)	(12,918,777)
	13,652,579	10,602,667	12,123,961
Advances to suppliers	785,105	3,256,744	4,400,071
Prepaid expenses	344,988	424,828	442,770
Refundable deposits	37,197	32,539	31,972
Deferred tax assets	-	10,460	181,816
Staff advance	42,946	48,986	43,355
Others	340,058	712,637	299,568
	15,202,873	15,088,861	17,523,513

\* 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 30 June 2019 (KD 16,330,630 as at 31 December 2018, KD 16,330,630 as at 30 June 2018) which includes KD 1,665,502 recognised by the Group in excess of the amount stated in the Council of Ministers' Decree No. 1308 dated 11 September 2011 for covering the costs incurred for clearance, transportation, medical care, nutrition, dead livestock, and transportation to slaughterhouse, selling and marketing expenses and other livestock expenses.

To date, the Group's subsidy has not been approved by the Ministry due to a dispute regarding the subsidy per head. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The court had appointed experts to look into the matter related to one of the legal cases. On 1 March 2017, a verdict was issued by the Court of First Instances in favour of the Parent Company in relation to this legal case for an amount of KD 2,294,156. On 30 March 2017, management has appealed against the verdict demanding the full amount of KD 3,462,353 relating to this legal case which is currently pending. At the reporting date, the provision for impairment maintained against the total accrued Government subsidy balance amounted to KD 12,730,079 as at 30 June 2019 (KD 12,730,079 as at 31 December 2018, KD 12,730,079 as at 30 June 2018).

Movement in the loss allowances for trade receivables is as follows:

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Opening balance	13,247,077	12,920,187	12,920,187
Provision addition during the period / year	-	339,098	-
Increase in loss allowance recognised in the condensed consolidated interim statement of income	7,406	-	-
Used amounts	(264,293)	-	-
Foreign currency translation differences	(1,170)	(12,208)	(1,410)
	12,989,020	13,247,077	12,918,777



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#### 9. CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Cash on hand and at banks	2,889,325	1,576,672	2,748,439
Time deposits maturing within 3 months from placement date	3,896,567	1,613,100	4,267,973
Cash at investment portfolios	369,591	88,016	69,234
	<u>7,155,483</u>	<u>3,277,788</u>	<u>7,085,646</u>
Less: bank overdraft	(239,400)	-	-
<b>Cash and cash equivalents</b>	<b><u>6,916,083</u></b>	<b><u>3,277,788</u></b>	<b><u>7,085,646</u></b>

#### 10. TREASURY SHARES

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Number of shares	7,377,383	7,377,383	7,377,383
Percentage of issued shares (%)	3.41%	3.41%	3.41%
Market value	1,445,967	1,340,249	1,372,193

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.

#### 11. OTHER RESERVES

	Change in fair value reserve of financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Total
<b>At 1 January 2019</b>	<b>(32,564)</b>	<b>(109,335)</b>	<b>(141,899)</b>
Change in fair value of financial assets at fair value through other comprehensive income	122,531	-	122,531
Foreign currency translation differences	-	(58,280)	(58,280)
<b>30 June 2019</b>	<b><u>89,967</u></b>	<b><u>(167,615)</u></b>	<b><u>(77,648)</u></b>
<b>At 1 January 2018</b>	<b>(15,432)</b>	<b>38,052</b>	<b>22,620</b>
Change in fair value of financial assets at fair value through other comprehensive income	(25,316)	-	(25,316)
Foreign currency translation differences	-	(83,123)	(83,123)
<b>30 June 2018</b>	<b><u>(40,748)</u></b>	<b><u>(45,071)</u></b>	<b><u>(85,819)</u></b>

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



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**12. TRADE AND OTHER PAYABLES**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Trade payables	3,864,307	4,126,248	1,817,567
Advances from customers	13,529	62,955	118,007
Dividends payable (Note 15)	57,795	71,369	122,841
Accrued expenses	2,623,631	2,837,431	1,802,680
Refundable deposits	208,078	183,153	10,000
Board of Directors' remunerations (Note 15)	-	-	-
Provision for NLST, Zakat and KFAS	80,489	3,600	32,207
Other payables	544,626	366,830	355,163
	<u>7,392,455</u>	<u>7,651,586</u>	<u>4,258,465</u>

**13. BASIC AND DILUTED EARNINGS / (LOSSES) PER SHARE**

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Profit / (loss) for the period	668,302	(342,915)	1,331,204	6,966
Weighted average number of outstanding shares (less treasury shares)	209,213,192	209,213,192	209,213,192	209,213,192
Earnings / (losses) per share (fils)	<u>3.194</u>	<u>(1.639)</u>	<u>6.363</u>	<u>0.033</u>

The Parent Company had no outstanding dilutive shares.

**14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
Letters of guarantee	1,347,822	1,226,362	1,119,861

As at 30 June 2019, the Group has capital commitments for manufacturing new equipment of KD 3,027,095 (31 December 2018: KD 12,723,715 and 30 June 2018: KD 14,395,503).

**15. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

Transactions	Three months ended		Six months ended	
	30 June		30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Key management benefits	73,652	78,386	147,238	156,772
Board of Directors' remuneration	-	(12,000)	-	-



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**15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

	30 June 2019	31 December 2018 (Audited)	30 June 2018
<b>Balances</b>			
Key management long term balances	295,731	271,282	258,594
Key management short term balances	56,229	49,472	53,783
Dividends payable (Note 12)	57,795	71,369	122,841

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.

**16. Leases**

This note explains the impact of the adoption of IFRS 16 "Leases" on the condensed consolidated interim financial information and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

**a) The Group's leases accounting policy**

The Group leases various properties and vehicles. Rental contracts are typically made for fixed periods between 1 to 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties and vehicles were classified as operating leases. Payments made under operating leases were charged to the condensed consolidated interim statement of income on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated interim statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Notes to the condensed consolidated interim financial information (unaudited)

For the six month period ended 30 June 2019

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16. Leases (Continued)

a) The Group's leases accounting policy (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the condensed consolidated interim statement of income. Short-term leases are leases with a lease term of 12 months or less.

b) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using borrowing rate of 4.75%.

	<b>2019</b>
Borrowing rate at the date of initial application	<u>4.75%</u>
Lease liability recognised as at 1 January 2019 (discounted)	<u>2,408,632</u>
Of which are:	
Current lease liabilities	426,604
Non-current lease liabilities	<u>1,982,028</u>
	<u>2,408,632</u>

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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**16. Leases (Continued)**

**b) Adjustments recognised on adoption of IFRS 16 (continued)**

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
Properties	2,133,400	2,334,942
Vehicles	66,842	73,690
	<u>2,200,242</u>	<u>2,408,632</u>

The change in accounting policy affected the following items in the condensed consolidated interim statement of financial position on 1 January 2019:

- right-of-use assets – increase by KD 2,408,632
- lease liabilities – increase by KD 2,408,632

The movement in the right-of-use assets is as follows:

Balance beginning of period	2,408,632
Depreciation	(208,390)
Balance end of period	<u>2,200,242</u>

Finance cost from lease liabilities of KD 55,313 is recognised in the condensed consolidated interim statement of income.

There was no impact on retained earnings on 1 January 2019 as the Group did not have any finance lease as at 31 December 2018.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 in determining whether an arrangement contains a Lease.

**c) Estimates applied on adoption of IFRS 16**

*Extension and termination options*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## 17. OPERATING SEGMENTS

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

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

The Group conducts its activities through three main geographical segments:

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

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:

#### 17.1.1. Segments revenues

	Commercial segment		Food processing segment		Investments segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	KD 000's							
Kuwait	24,292	23,952	770	3,244	110	145	25,172	27,341
UAE	5,305	4,466	-	-	-	-	5,305	4,466
Australia	1,014	1,048	-	-	-	-	1,014	1,048
South Africa	8	-	-	-	-	-	8	-
<b>Total</b>	<b>30,619</b>	<b>29,466</b>	<b>770</b>	<b>3,244</b>	<b>110</b>	<b>145</b>	<b>31,499</b>	<b>32,855</b>
<b>Unallocated items:</b>								
Miscellaneous revenues							372	179
<b>Total revenue</b>							<b>31,871</b>	<b>33,034</b>

#### 17.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	KD 000's							
Kuwait	756	(5)	48	(74)	110	145	914	66
UAE	(90)	(138)	-	-	-	-	(90)	(138)
Australia	200	(24)	-	-	-	-	200	(24)
South Africa	(16)	-	-	-	-	-	(16)	-
<b>Total</b>	<b>850</b>	<b>(167)</b>	<b>48</b>	<b>(74)</b>	<b>110</b>	<b>145</b>	<b>1,008</b>	<b>(96)</b>
<b>Unallocated items:</b>								
Other unallocated revenues							372	179
Other unallocated costs							(48)	(76)
<b>Profit for the period</b>							<b>1,331</b>	<b>7</b>



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**17. OPERATING SEGMENTS (Continued)**

**17.1.4. Geographical distribution of assets and liabilities**

	30 June 2019			
	Kuwait	UAE	Australia	Total
	KD 000's			
<b>Assets</b>	51,747	6,839	2,550	61,136
<b>Liabilities</b>	19,256	1,439	168	20,863

	31 December 2018 (Audited)			
	Kuwait	UAE	Australia	Total
	KD 000's			
<b>Assets</b>	61,051	4,558	2,635	68,244
<b>Liabilities</b>	28,282	651	433	29,366

	30 June 2018			
	Kuwait	UAE	Australia	Total
	KD 000's			
<b>Assets</b>	58,947	4,645	2,905	66,497
<b>Liabilities</b>	22,799	561	653	24,013

**18. ANNUAL GENERAL ASSEMBLY MEETING**

The Parent Company's Ordinary Annual General Assembly meeting ("AGM"), held on 11 April 2019, approved the annual consolidated financial statements for the financial year ended 31 December 2018.