



**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 three month period ended 31 March 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 31 March 2019, and the related condensed consolidated interim 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 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 three month period ended 31 March 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.)

21 May 2019

Kuwait

Condensed consolidated interim statement of financial position (unaudited)

As at 31 March 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	31 March 2019	31 December 2018 (Audited)	31 March 2018
Assets				
Non-current assets				
Property, plant and equipment	5	40,535,468	40,910,431	32,172,722
Investment in associates		363,175	366,609	387,779
Right-of-use assets	16	1,438,768	-	-
Financial assets at fair value through other comprehensive income		1,488,506	1,803,896	1,838,825
Financial assets at amortised costs	6	2,733,302	2,733,302	2,733,302
		<u>46,559,219</u>	<u>45,814,238</u>	<u>37,132,628</u>
Current assets				
Inventories	7	4,901,527	4,062,831	5,035,921
Trade and other receivables	8	17,714,452	15,088,861	25,326,637
Cash and cash equivalents	9	2,537,767	3,277,788	2,105,012
		<u>25,153,746</u>	<u>22,429,480</u>	<u>32,467,570</u>
Total assets		<u>71,712,965</u>	<u>68,243,718</u>	<u>69,600,198</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	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	(81,764)	(141,899)	(79,665)
Accumulated losses / retained earnings		(1,612,038)	(2,274,940)	1,618,439
Total equity		<u>39,600,624</u>	<u>38,877,587</u>	<u>42,833,200</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		1,528,012	1,494,051	1,488,627
Long term borrowing		17,720,494	17,720,494	12,081,869
Lease liabilities - non-current	16	1,200,818	-	-
		<u>20,449,324</u>	<u>19,214,545</u>	<u>13,570,496</u>
Current liabilities				
Bank borrowing		2,500,000	2,500,000	5,000,000
Bank overdraft		1,289,941	-	-
Trade and other payables	12	7,623,978	7,651,586	8,196,502
Lease liabilities - current	16	249,098	-	-
		<u>11,663,017</u>	<u>10,151,586</u>	<u>13,196,502</u>
Total liabilities		<u>32,112,341</u>	<u>29,366,131</u>	<u>26,766,998</u>
Total equity and liabilities		<u>71,712,965</u>	<u>68,243,718</u>	<u>69,600,198</u>


Bader N. AlSubaiee
Chairman


Osama Khaled Bodaï
Chief Executive Officer

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

Condensed consolidated interim statement of income (unaudited)
For the three month period ended 31 March 2019
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	For the three months ended 31 March	
		2019	2018
Operating revenues		15,261,401	17,122,794
Operating costs		(13,107,325)	(15,733,451)
Gross profit		2,154,076	1,389,343
Other operating income		271,197	49,518
Marketing expenses		(385,077)	(436,106)
General and administrative expenses		(1,347,592)	(625,100)
Operating profit		692,604	377,655
Net investment income		46,472	46,383
Group's share in associates' results		(5,483)	20,273
Finance costs		(90,296)	-
Foreign currency exchange gain / (loss)		43,650	(65,379)
Profit before subsidiaries' tax and deductions		686,947	378,932
National Labour Support Tax ("NLST")		(17,175)	(9,473)
Zakat		(6,870)	(3,789)
Kuwait Foundation for the Advancement of Sciences ("KFAS")		-	(3,789)
Board of Directors' remuneration		-	(12,000)
Profit for the period		662,902	349,881
Basic and diluted earnings per share (fils)	13	3.169	1.672

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 three month period ended 31 March 2019
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	For the three months ended 31 March	
	2019	2018
Profit for the period	662,902	349,881
Other comprehensive income:		
<i>Items that may be reclassified to the condensed consolidated interim statement of income:</i>		
Exchange differences on translation of foreign operations	(41,807)	(88,435)
<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	101,942	(13,850)
Other comprehensive income / (loss) for the period	60,135	(102,285)
Total comprehensive income for the period	723,037	247,596

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 three month period ended 31 March 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
At 1 January 2019	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	-	-	-	-	-	-	662,902	662,902
Other comprehensive income for the period	-	-	-	-	-	60,135	-	60,135
Total comprehensive income for the period	-	-	-	-	-	60,135	662,902	723,037
At 31 March 2019	21,659,057	4,967,805	(1,647,126)	11,825,560	4,489,130	(81,764)	(1,612,038)	39,600,624
At 1 January 2018	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	-	-	-	-	-	-	349,881	349,881
Other comprehensive loss for the period	-	-	-	-	-	(102,285)	-	(102,285)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(102,285)	-	(102,285)
Dividends distributed	-	-	-	-	-	(102,285)	349,881	247,596
Transfer to the voluntary reserve	-	-	-	-	284,841	-	(1,046,066)	(1,046,066)
At 31 March 2018	21,659,057	4,967,805	(1,647,126)	11,825,560	4,489,130	(79,665)	1,618,439	42,833,200

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 three month period ended 31 March 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	For the three months ended 31 March	
		2019	2018
Cash flows from operating activities			
Profit for the period		662,902	349,881
Adjustments for:			
Depreciation	5 & 16	765,494	351,074
Interests on deposits and call accounts		(3,833)	(5,258)
Interest expense – lease liability		17,914	-
Net investment income		(46,472)	(46,383)
Group's share in associates' results		5,483	(20,273)
Foreign currency exchange gain / (loss)		(43,650)	65,379
Employees' end of service benefits		48,071	46,122
		<u>1,405,909</u>	<u>740,542</u>
Changes in working capital:			
Inventories		(838,696)	1,789,714
Trade and other receivables		(2,625,879)	(1,905,028)
Trade and other payables		17,212	1,771,503
Cash (used in) / generated from operations		<u>(2,041,454)</u>	<u>2,396,731</u>
Employees' end of service benefits paid		(14,216)	(55,179)
Net cash flows (used in) / generated from operating activities		<u>(2,055,670)</u>	<u>2,341,552</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(315,829)	(3,873,910)
Financial assets at fair value through other comprehensive income		417,332	(1,804)
Interest received on deposits and call accounts		3,833	5,258
Investment income received		46,472	-
Net cash flows generated from / (used in) investing activities		<u>151,808</u>	<u>(3,870,456)</u>
Cash flows from financing activities			
Long term borrowing		-	712,528
Dividends paid		(1,170)	(943)
Principal elements of lease payments		(77,243)	-
Net cash flows (used in) / generated from financing activities		<u>(78,413)</u>	<u>711,585</u>
Net foreign exchange differences		(47,687)	(46,221)
Net decrease in cash and cash equivalents		<u>(2,029,962)</u>	<u>(863,540)</u>
Cash and cash equivalents at beginning of the period		3,277,788	2,968,552
Cash and cash equivalents at end of the period	9	<u>1,247,826</u>	<u>2,105,012</u>
Non-cash transaction:			
Dividends distribution		-	(1,046,066)
Trade and other payables		-	1,046,066
Right-of-use assets	16	(1,509,245)	-
Lease liabilities	16	1,509,245	-

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 three month period ended 31 March 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").

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2019

(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 2019 (unaudited)	31 December 2018 (Audited)	31 March 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	-	Establishment and management of commercial and industrial projects	Kuwait
Al Mawashi (PTY) Ltd.	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 31 March 2019.

The condensed consolidated interim financial information were authorised for issue by Parent Company's Board of Directors' on 14 May 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 three month period ended 31 March 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 three month period ended 31 March 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.

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 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:

31 March 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Financial assets at fair value through other comprehensive income	1,000,433	33,119	454,954	1,488,506
31 December 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Financial assets at fair value through other comprehensive income	974,720	36,048	793,128	1,803,896
31 March 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
Financial assets at fair value through other comprehensive income	982,257	40,075	816,493	1,838,825

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:

	31 March	31 December	31 March
	2019	2018	2018
		(Audited)	
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	9,783	(9,955)	13,410
Ending balance	454,954	793,128	816,493

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

	31 March	31 December	31 March
	2019	2018	2018
		(Audited)	
Opening balance	40,910,431	28,685,228	28,685,228
Additions	315,829	13,976,336	3,873,910
Depreciation charge	(695,017)	(1,633,340)	(351,074)
Foreign currency translation differences	4,225	(117,793)	(35,342)
	40,535,468	40,910,431	32,172,722

For the period ended 31 March 2019, depreciation expenses amounting to KD 285,864, KD 45,472 and KD 363,681 (year ended 31 December 2018: KD 1,006,060, KD 161,180 and KD 466,100; period ended 31 March 2018: KD 216,993, KD 48,882 and KD 85,199) 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 100,146 (year ended 31 December 2018: KD 126,867; period ended 31 March 2018: KD 190,523) are mortgaged as a security against long term borrowing.

6. FINANCIAL ASSETS AT AMORTISED COSTS

	31 March	31 December	31 March
	2019	2018	2018
		(Audited)	
Local bonds and Sukuk	2,733,302	2,733,302	2,733,302

During the period ended 31 March 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%. Bonds are classified as non-current on the basis of their maturities.

7. INVENTORIES

	31 March	31 December	31 March
	2019	2018	2018
		(Audited)	
Livestock and meat (net)	2,795,042	2,505,496	3,352,069
Fodder	59,633	257,462	65,877
Intestine	2,579	110,227	51,142
Medicines, fertilisers and others	484,847	463,516	448,213
	3,342,101	3,336,701	3,917,301
Goods in transit	-	-	307,860
Production materials and spare parts	1,559,426	726,130	810,760
	4,901,527	4,062,831	5,035,921

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. TRADE AND OTHER RECEIVABLES

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Trade receivables	10,534,457	7,519,114	12,979,363
Accrued Government subsidy*	16,330,630	16,330,630	16,330,630
	<u>26,865,087</u>	<u>23,849,744</u>	<u>29,309,993</u>
Provision for doubtful debts	(12,938,239)	(13,247,077)	(12,918,825)
	<u>13,926,848</u>	<u>10,602,667</u>	<u>16,391,168</u>
Advances to suppliers	2,904,047	3,256,744	7,578,610
Prepaid expenses	457,692	424,828	383,983
Refundable deposits	37,743	32,539	28,297
Deferred tax assets	117,084	10,460	-
Staff advance	44,022	48,986	54,595
Others	227,016	712,637	889,984
	<u>17,714,452</u>	<u>15,088,861</u>	<u>25,326,637</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 2019 (KD 16,330,630 as at 31 December 2018, KD 16,330,630 as at 31 March 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 31 March 2019 (KD 12,730,079 as at 31 December 2018, KD 12,730,079 as at 31 March 2018).

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2019

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Cash on hand and at banks	2,450,536	1,576,672	2,058,045
Time deposits maturing within 3 months from placement date	-	1,613,100	-
Cash at investment portfolios	87,231	88,016	46,967
	<u>2,537,767</u>	<u>3,277,788</u>	<u>2,105,012</u>
Less: bank overdraft	<u>(1,289,941)</u>	-	-
Cash and cash equivalents	<u>1,247,826</u>	<u>3,277,788</u>	<u>2,105,012</u>

10. TREASURY SHARES

	31 March 2019	31 December 2018 (Audited)	31 March 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	1,276,287	1,340,249	1,623,024

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
At 1 January 2019	(32,564)	(109,335)	(141,899)
Change in fair value of financial assets at fair value through other comprehensive income	101,942	-	101,942
Foreign currency translation differences	-	(41,807)	(41,807)
31 March 2019	<u>69,378</u>	<u>(151,142)</u>	<u>(81,764)</u>
At 1 January 2018	(15,432)	38,052	22,620
Change in fair value of available for sale investments	(13,850)	-	(13,850)
Foreign currency translation differences	-	(88,435)	(88,435)
31 March 2018	<u>(29,282)</u>	<u>(50,383)</u>	<u>(79,665)</u>

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12. TRADE AND OTHER PAYABLES

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Trade payables	4,100,447	4,126,248	3,511,137
Advances from customers	18,527	62,955	52,647
Dividends payable (Note 15)	70,199	71,369	1,107,358
Accrued expenses	2,566,022	2,837,431	2,627,297
Refundable deposits	205,185	183,153	12,000
Board of Directors' remunerations (Note 15)	-	-	138,000
Provision for NLST, Zakat and KFAS	24,045	3,600	152,305
Other payables	639,553	366,830	595,758
	7,623,978	7,651,586	8,196,502

13. 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	
	2019	2018
Profit for the period	662,902	349,881
Weighted average number of outstanding shares (less treasury shares)	209,213,192	209,213,192
Earnings per share (fils)	3.169	1.672

The Parent Company had no outstanding dilutive shares.

14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Letters of guarantee	1,342,822	1,226,362	1,524,431

As at 31 March 2019, the Group has capital commitments for manufacturing new equipment of KD 12,859,251 (31 December 2018: KD 12,723,715 and 31 March 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 31 March.

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

Transactions	Three months ended 31 March	
	2019	2018
Key management benefits	73,586	78,386
Board of Directors' remuneration	-	12,000

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15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Balances	31 March	31 December	31 March
	2019	2018 (Audited)	2018
Key management long term balances	279,016	271,282	244,510
Key management short term balances	54,813	49,472	47,058
Dividends payable (Note 12)	70,199	71,369	1,107,358
Board of Directors' accrued remunerations (Note 12)	-	271,282	138,000

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.

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.

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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%.

	2019
Operating lease commitments as at 31 December 2018	1,844,019
Borrowing rate at the date of initial application	4.75%
Lease liability recognised as at 1 January 2019 (discounted)	1,509,245

Of which are:

Current lease liabilities	249,098
Non-current lease liabilities	1,260,147
	1,509,245

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:

	31 March 2019	1 January 2019
Properties	1,378,031	1,435,555
Vehicles	60,737	73,690
	<u>1,438,768</u>	<u>1,509,245</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 1,509,245
- lease liabilities – increase by KD 1,509,245

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

Balance beginning of period	1,509,245
Depreciation	<u>(70,477)</u>
Balance end of period	<u>1,438,768</u>

Finance cost from lease liabilities of KD 17,914 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.

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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	11,882	14,658	410	97	-	46	12,292	14,801
UAE	2,465	1,910	-	-	-	-	2,465	1,910
Australia	727	443	-	-	-	-	727	443
Total	15,074	17,011	410	97	-	46	15,484	17,154
Unallocated items:								
Miscellaneous revenues							90	85
Total revenue							15,574	17,239

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	430	480	48	(21)	(64)	46	414	505
UAE	22	(74)	-	-	-	-	22	(74)
Australia	169	3	-	-	-	-	169	3
South Africa	(8)	-	-	-	-	-	(8)	-
Total	613	409	48	(21)	(64)	46	597	434
Unallocated items:								
Other unallocated revenues							90	(67)
Other unallocated costs							(24)	(17)
Profit for the period							663	350

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17. OPERATING SEGMENTS (Continued)

17.1.4. Geographical distribution of assets and liabilities

	31 March 2019			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	63,687	5,018	3,008	71,713
Liabilities	25,962	5,525	625	32,112

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

	31 March 2018			
	Kuwait	UAE	Australia	Total
	KD 000's			
Assets	61,810	3,904	3,886	69,600
Liabilities	25,553	561	653	26,767

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.