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 nine month period ended 30 September 2019

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Contents

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 September 2019, and the related condensed consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended, and the related statements of changes in equity and cash flows for the nine 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 nine month period ended 30 September 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.)

13 November 2019
Kuwait

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

Condensed consolidated interim statement of financial position (unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment	5	**24,143,710**	40,910,431	36,034,156
Investment in an associate		**389,460**	366,609	436,365
Right-of-use assets	16	**2,089,829**	-	-
Financial assets at fair value through other comprehensive income		**1,216,405**	1,803,896	1,797,288
Financial assets at amortised costs	6	**2,733,302**	2,733,302	2,733,302
		30,572,706	45,814,238	41,001,111
Current assets				
Inventories	7	**4,418,651**	4,062,831	2,521,598
Trade and other receivables	8	**13,974,202**	15,088,861	14,112,671
Cash and cash equivalents	9	**9,458,693**	3,277,788	9,565,266
		27,851,546	22,429,480	26,199,535
Total assets		**58,424,252**	68,243,718	67,200,646
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	**(122,790)**	(141,899)	(132,471)
Accumulated losses		**(2,175,627)**	(2,274,940)	(655,941)
Total equity		**38,996,009**	38,877,587	40,506,014
Liabilities				
Non-current liabilities				
Employees' end of service benefits		**1,309,656**	1,494,051	1,556,281
Long term borrowing	12	**7,721,951**	17,720,494	20,220,494
Lease liabilities – non-current	18	**1,689,327**	-	-
		10,720,934	19,214,545	21,776,775
Current liabilities				
Bank borrowing	12	**1,900,000**	2,500,000	-
Bank overdraft	9	**180,592**	-	-
Trade and other payables	13	**6,243,380**	7,651,586	4,917,857
Lease liabilities – current	18	**383,337**	-	-
		8,707,309	10,151,586	4,917,857
Total liabilities		**19,428,243**	29,366,131	26,694,632
Total equity and liabilities		**58,424,252**	68,243,718	67,200,646

Bader N. AlSubaiee
Chairman

Osama Khaled Bodai
Chief Executive Officer

The notes on pages 7 to 22 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of income (unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise stated)

		Three months ended 30 September		Nine months ended 30 September	
	Notes	**2019 (Unaudited)**	**2018 (Unaudited)**	**2019 (Unaudited)**	**2018 (Unaudited)**
Operating revenue		**10,648,719**	5,233,373	**41,972,201**	38,019,837
Operating costs		**(9,950,247)**	(5,078,974)	**(36,798,077)**	(35,691,598)
Gross profit		**698,472**	154,399	**5,174,124**	2,328,239
Other operating income		**199,025**	10,026	**684,805**	93,587
Marketing expenses		**(408,263)**	(398,194)	**(1,250,606)**	(1,323,550)
General and administrative expenses	14	**(1,269,210)**	(526,293)	**(3,850,671)**	(1,834,680)
Other operating expenses		**(479,672)**	(1,041,264)	**(581,800)**	(1,145,653)
Operating (loss) / profit		**(1,259,648)**	(1,801,326)	**175,852**	(1,882,057)
Net investment loss		**-**	-	**(64,439)**	-
Group's share in an associate's results		**11,729**	26,750	**38,341**	89,618
Interest income		**83,888**	73,953	**183,074**	174,718
Finance costs		**(84,884)**	-	**(280,676)**	-
Foreign currency exchange (losses) / gain		**(27,656)**	(230,842)	**50,763**	(306,778)
(Loss) / profit before subsidiaries' tax and deductions		**(1,276,571)**	(1,931,465)	**102,915**	(1,924,499)
National Labour Support Tax ("NLST")		**31,914**	-	**(2,573)**	-
Zakat		**12,766**	-	**(1,029)**	-
(Loss) / profit for the period		**(1,231,891)**	(1,931,465)	**99,313**	(1,924,499)
Basic and diluted (losses) / earnings per share (fils)	15	**(5.89)**	(9.23)	**0.47**	(9.20)

The notes on pages 7 to 22 form an integral part of this condensed consolidated interim financial information.

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Condensed consolidated interim statement of comprehensive income (unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited)	**2018 (Unaudited)**	**2019 (Unaudited)**	**2018 (Unaudited)**
(Loss) / profit for the period	**(1,231,891)**	(1,931,465)	**99,313**	(1,924,499)
Other comprehensive income:				
Items that may be reclassified to the condensed consolidated interim statement of income:				
Exchange differences on translation of foreign operations	**(67,911)**	(48,228)	**(126,191)**	(131,351)
Items that will not be reclassified to the condensed consolidated interim statement of income:				
Changes in fair value of financial assets at fair value through other comprehensive income	**22,769**	1,576	**145,300**	(23,740)
Other comprehensive (loss) / income for the period	**(45,142)**	(46,652)	**19,109**	(155,091)
Total comprehensive (loss) / income for the period	**(1,277,033)**	(1,978,117)	**118,422**	(2,079,590)

The notes on pages 7 to 22 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity (unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves	Accumlated losses	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	-	-	-	-	-	-	99,313	99,313
Other comprehensive income for the period	-	-	-	-	-	19,109	-	19,109
Total comprehensive income for the period	-	-	-	-	-	19,109	99,313	118,422
At 30 September 2019	**21,659,057**	**4,967,805**	**(1,647,126)**	**11,825,560**	**4,489,130**	**(122,790)**	**(2,175,627)**	**38,996,009**
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
Loss for the period	-	-	-	-	-	-	(1,924,499)	(1,924,499)
Other comprehensive loss for the period	-	-	-	-	-	(155,091)	-	(155,091)
Total comprehensive loss for the period	-	-	-	-	-	(155,091)	(1,924,499)	(2,079,590)
Dividends distributed	-	-	-	-	-	-	(1,046,066)	(1,046,066)
Transfer to the voluntary reserve	-	-	-	-	284,841	-	(284,841)	-
At 30 September 2018	**21,659,057**	**4,967,805**	**(1,647,126)**	**11,825,560**	**4,489,130**	**(132,471)**	**(655,941)**	**40,506,014**

The notes on pages 7 to 22 form an integral part of this condensed consolidated interim financial information.

Livestock Transport and Trading Company K.P.S.C.
and its subsidiaries
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Condensed consolidated interim statement of cash flows (unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

	Notes	For the nine months ended 30 September 2019	2018
Cash flows from operating activities			
Profit / (loss) for the period		**99,313**	(1,924,499)
Adjustments for:			
Depreciation	5&18	**2,436,286**	1,242,951
Interests income		**(183,074)**	(174,718)
Investment loss		**64,439**	-
Interest expense – lease liability		**87,036**	-
Group's share in an associate's results		**(38,341)**	(89,618)
Impairment of trade receivables	8	**14,229**	-
Foreign currency exchange (gain) / loss		**(50,763)**	306,778
Employees' end of service benefits		**22,413**	167,082
		2,451,538	(472,024)
Changes in working capital:			
Inventories		**(355,820)**	4,304,037
Trade and other receivables		**2,560,770**	9,263,091
Trade and other payables		**(1,336,369)**	(719,938)
Cash generated from operations		**3,320,119**	12,375,166
Employees' end of service benefits paid		**(206,827)**	(100,273)
Net cash flows generated from operating activities		**3,113,292**	12,274,893
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(1,237,055)**	(8,686,679)
Proceeds from disposal of property, plant and equipment	5	**14,381,169**	-
Proceeds from sale of financial assets at fair value through other comprehensive income		**668,352**	29,843
Interest received		**183,074**	174,718
Net cash flows generated from / (used in) investing activities		**13,995,540**	(8,482,118)
Cash flows from financing activities			
Proceeds from term borrowing		**-**	3,851,153
Payment of term borrowing		**(10,598,543)**	-
Dividends paid		**(21,074)**	(1,029,546)
Principal element of lease payments		**(425,517)**	-
Net cash flows (used in) / generated from financing activities		**(11,045,134)**	2,821,607
Net foreign exchange differences		**(63,385)**	(17,668)
Net increase in cash and cash equivalents		**6,000,313**	6,596,714
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	**9,278,101**	9,565,266
Non-cash transactions:			
Dividends distribution		**-**	16,520
Trade and other payables		**-**	(16,520)
Right-of-use assets	18	**(2,408,632)**	-
Lease liabilities	18	**2,408,632**	-
Property, plant and equipment		**1,455,898**	-
Trade and other receivables		**(1,455,898)**	-

The notes on pages 7 to 22 form an integral part of this condensed consolidated interim financial information.

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 our 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").

1. INCORPORATION AND ACTIVITIES (Continued)

	Shareholding interest (%)				
Name of subsidiaries	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)	Activity	Country of incorporation
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	-	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 September 2019.

The condensed consolidated interim financial information were authorised for issue by Parent Company's Board of Directors' on 7 November 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 nine month period ended 30 September 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 Parent Company.

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.

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 18.

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, except for estimates applied on adoption of IFRS 16 as set out in note 18.

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 September 2019 (Unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Financial assets at fair value through other comprehensive income	**735,035**	**34,503**	**446,867**	**1,216,405**

31 December 2018 (Unaudited)	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 September 2018 (Unaudited)	Level 1	Level 2	Level 3	Total fair value
Financial assets at fair value through other comprehensive income	961,573	31,442	804,273	1,797,288

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 September 2019 (Unaudited)	**31 December 2018 (Audited)**	**30 September 2018 (Unaudited)**
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	**1,696**	(9,955)	1,190
Ending balance	**446,867**	793,128	804,273

5. PROPERTY, PLANT AND EQUIPMENT

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Opening balance	**40,910,431**	28,685,228	28,685,228
Additions	**1,237,055**	13,976,336	8,686,679
Disposals*	**(15,837,067)**	-	-
Depreciation charge	**(2,114,952)**	(1,633,340)	(1,242,951)
Foreign currency translation differences	**(51,757)**	(117,793)	(94,800)
	24,143,710	40,910,431	36,034,156

For the period ended 30 September 2019, depreciation expenses amounting to KD 1,048,515, KD 298,859 and KD 767,578 (31 December 2018: KD 1,006,060, KD 161,180 and KD 466,100; 30 September 2018: KD 807,097, KD 139,078 and KD 296,776) 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 82,678 (31 December 2018: KD 126,867; 30 September 2018: KD 100,843) 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 due to bankruptcy. As a result, the Group liquidated the letter of guarantee amounting to KD 14,381,169 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 (equivalent to KD 5,242,330) which was accepted by the bankruptcy manager of the contractor.

6. FINANCIAL ASSETS AT AMORTISED COSTS

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Local bonds and Sukuk	**2,733,302**	2,733,302	2,733,302

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

7. INVENTORIES

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Livestock and meat (net)	**2,577,249**	2,505,496	1,052,288
Fodder	**792,096**	257,462	238,182
Intestine	**-**	110,227	83,376
Medicines, fertilisers and others	**493,304**	463,516	450,447
	3,862,649	3,336,701	1,824,293
Goods in transit	**-**	-	19,744
Production materials and spare parts	**556,002**	726,130	677,561
	4,418,651	4,062,831	2,521,598

8. TRADE AND OTHER RECEIVABLES

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Trade receivables	**8,592,734**	7,519,114	5,230,916
Accrued Government subsidy*	**16,330,630**	16,330,630	16,330,630
	24,923,364	23,849,744	21,561,546
Provision for doubtful debts	**(12,989,154)**	(13,247,077)	(12,918,289)
	11,934,210	10,602,667	8,643,257
Advances to suppliers	**1,149,958**	3,256,744	4,499,713
Prepaid expenses	**236,903**	424,828	552,287
Refundable deposits	**103,485**	32,539	31,507
Deferred tax assets	**-**	10,460	178,460
Staff advance	**42,649**	48,986	51,912
Others	**506,997**	712,637	155,535
	13,974,202	15,088,861	14,112,671

* 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 September 2019 (KD 16,330,630 as at 31 December 2018, KD 16,330,630 as at 30 September 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.

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8 TRADE AND OTHER RECEIVABLES (continued)

To date, the Group's subsidy has not been approved by the Ministry due to a dispute regarding the subsidy per head. Further, there are legal cases filed by the Parent Company against the Ministry claiming the subsidy due amount. The court had appointed experts to look into the matter 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 September 2019 (KD 12,730,079 as at 31 December 2018, KD 12,730,079 as at 30 September 2018).

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

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Opening balance	**13,247,077**	12,920,187	12,920,187
Increase in loss allowance recognised in the condensed consolidated interim statement of income	**14,229**	339,098	-
Written-off	**(267,710)**	-	-
Foreign currency translation differences	**(4,442)**	(12,208)	(1,898)
	12,989,154	13,247,077	12,918,289

9. CASH AND CASH EQUIVALENTS

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Cash on hand and at banks	**2,189,360**	1,576,672	1,508,931
Time deposits maturing within 3 months from placement date	**6,929,697**	1,613,100	7,990,335
Cash at investment portfolios	**339,636**	88,016	66,000
	9,458,693	3,277,788	9,565,266
Less: bank overdraft	**(180,592)**	-	-
Cash and cash equivalents	**9,278,101**	3,277,788	9,565,266

10. TREASURY SHARES

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Number of shares	**7,377,383**	7,377,383	7,377,383
Percentage of issued shares (%)	**3.41%**	3.41%	3.41%
Market value	**1,394,325**	1,340,249	1,475,477

10. TREASURY SHARES (continued)

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	145,300	-	145,300
Foreign currency translation differences	-	(126,191)	(126,191)
30 September 2019	**112,736**	**(235,526)**	**(122,790)**
At 1 January 2018	(15,432)	38,052	22,620
Change in fair value of financial assets at fair value through other comprehensive income	(23,740)	-	(23,740)
Foreign currency translation differences	-	(131,351)	(131,351)
30 September 2018	(39,172)	(93,299)	(132,471)

12. BORROWING

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Current portion	**1,900,000**	2,500,000	-
Non-current portion	**7,721,951**	17,720,494	20,220,494

Borrowing obtained from a local bank and carry a profit rate of 3.5% (3.5% as at 31 December 2018, 3.5% as at 30 September 2018) per annum. Payment is on semi-annual basis till June 2024.

13. TRADE AND OTHER PAYABLES

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Trade payables	**3,878,006**	4,126,248	2,477,391
Advances from customers	**107,651**	62,955	55,305
Dividends payable (Note 17)	**50,295**	71,369	78,755
Accrued expenses	**1,449,545**	2,837,431	1,957,129
Refundable deposits	**159,635**	183,153	10,000
Provision for NLST, Zakat and KFAS	**7,202**	3,600	32,207
Other payables	**591,046**	366,830	307,070
	6,243,380	7,651,586	4,917,857

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Staff costs	**682,016**	331,897	**2,069,176**	1,157,006
Depreciation	**252,999**	85,132	**767,578**	296,776
Insurance	**31,303**	28,744	**94,971**	100,204
Professional Fees	**41,790**	34,227	**126,785**	119,315
Maintenance and repair	**35,141**	32,716	**106,615**	114,052
Other expenses	**225,961**	13,577	**685,546**	47,327
	1,269,210	526,293	**3,850,671**	1,834,680

15. BASIC AND DILUTED (LOSSES) / EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
(Loss) / profit for the period	**(1,231,891)**	(1,931,465)	**99,313**	(1,924,499)
Weighted average number of outstanding shares (less treasury shares)	**209,213,192**	209,213,192	**209,213,192**	209,213,192
Basic and diluted (losses) / earnings per share (fils)	**(5.89)**	(9.23)	**0.47**	(9.20)

The Parent Company had no outstanding dilutive shares.

16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Letters of guarantee	**1,347,823**	1,226,362	1,145,381

As at 30 September 2019, the Group has capital commitments for manufacturing new equipment of KD 3,027,095 (31 December 2018: KD 12,723,715 and 30 September 2018: KD 11,749,052).

17. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Transactions	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Key management benefits	**47,729**	86,892	**194,967**	243,664

17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Balances	30 September 2019 (Unaudited)	31 December 2018 (Audited)	30 September 2018 (Unaudited)
Key management long term balances – included in employees' end of service benefits	**204,365**	271,282	263,375
Key management short term balances – included in accrued expenses	**48,504**	49,472	58,423
Dividends payable (Note 13)	**50,295**	71,369	78,755

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

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

18. 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.

18. 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
Borrowing rate at the date of initial application	**4.75%**
Lease liability recognised as at 1 January 2019 (discounted)	**2,408,632**
Of which are:	
Current lease liabilities	**426,604**
Non-current lease liabilities	**1,982,028**
	2,408,632

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.

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

	30 september 2019	1 January 2019
Properties	**2,030,557**	2,334,942
Vehicles	**59,272**	73,690
	2,089,829	2,408,632

18. Leases (Continued)

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

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	(321,334)
Foreign currency translation differences	2,531
Balance end of period	2,089,829

Finance cost from lease liabilities of KD 87,036 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.

19. OPERATING SEGMENTS

19.1 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 nine 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:

19.1.1.Segments revenues

	Commercial segment		Food processing segment		Investments segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	KD 000's							
Kuwait	**31,783**	30,692	**925**	292	**(64)**	-	**32,644**	30,984
UAE	**7,964**	5,742	**-**	-	**-**	-	**7,964**	5,742
Australia	**1,090**	1,294	**-**	-	**-**	-	**1,090**	1,294
South Africa	**159**	-	**-**	-	**-**	-	**159**	-
Total	**40,996**	37,728	**925**	292	**(64)**	-	**41,857**	38,020
Unallocated items:								
Miscellaneous revenues							**957**	358
Total revenue							**42,814**	38,378

19. OPERATING SEGMENTS (Continued)

19.1.2. Segments results

	Commercial segment		Food processing segment		Investments segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	KD 000's							
Kuwait	**(645)**	(1,154)	**121**	(147)	**(64)**	-	**(588)**	(1,301)
UAE	**(372)**	(335)	**-**	-	**-**	-	**(372)**	(335)
Australia	**195**	(110)	**-**	-	**-**	-	**195**	(110)
South Africa	**(38)**	-	**-**	-	**-**	-	**(38)**	-
Total	**(860)**	(1,599)	**121**	(147)	**(64)**	-	**(803)**	(1,746)
Unallocated items:								
Other unallocated income / (costs)							**902**	(178)
Profit / (loss) for the period							**99**	(1,924)

19. OPERATING SEGMENTS (Continued)

19.1.3. Segmental distribution of assets and liabilities

	Commercial segment			Food processing segment			Investments segment			Total		
	30 September 2019	31 December 2018 (Audited)	30 September 2018	30 September 2019	31 December 2018 (Audited)	30 September 2018	30 September 2019	31 December 2018 (Audited)	30 September 2018	30 September 2019	31 December 2018 (Audited)	30 September 2018
	KD 000's											
Assets	**38,877**	55,295	46,990	**6,409**	5,067	6,115	**13,138**	7,882	14,096	**58,424**	68,244	67,201
Liabilities	**19,268**	29,240	26,686	**160**	126	9	**-**	-	-	**19,428**	29,366	26,695

19. OPERATING SEGMENTS (Continued)

19.1.4. Geographical distribution of assets and liabilities

	30 September 2019 (Unaudited)				
	Kuwait	UAE	Australia	South Africa	Total
			KD 000's		
Assets	**47,242**	**5,640**	**2,708**	**2,834**	**58,424**
Liabilities	**18,500**	**369**	**287**	**272**	**19,428**

	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

	30 September 2018 (Unaudited)			
	Kuwait	UAE	Australia	Total
		KD 000's		
Assets	60,240	4,074	2,887	67,201
Liabilities	25,961	538	196	26,695

20. 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.