SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - (UNAUDITED)
For the three-month period ended March 31, 2019
together with the Independent Auditors' Review Report

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - (UNAUDITED)
For the three months ended March 31, 2019

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Savola Group Company

Introduction

We have reviewed the accompanying March 31, 2019 condensed consolidated interim financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at March 31, 2019;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2019;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2019;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2019; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, 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 March 31, 2019 condensed consolidated interim financial statements of **Savola Group Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No. 382

C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Jeddah, Ramadan 3, 1440H
Corresponding to May 8, 2019

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**6,616,962**	6,754,793
Right-of-use assets	16	**4,858,204**	--
Goodwill		**906,399**	905,556
Investment property		**32,104**	33,178
Investment in equity accounted investees	4	**8,401,605**	8,300,864
Investments	5	**374,322**	355,092
Long term receivables		**7,443**	7,443
Derivative		**2,323**	2,496
Deferred tax asset		**18,061**	17,793
Total non-current assets		**21,217,423**	16,377,215
Current assets			
Inventories		**3,396,397**	2,630,764
Trade receivables		**1,358,167**	1,073,572
Prepayments and other receivables		**1,427,263**	1,269,327
Cash and cash equivalents		**1,156,541**	901,573
Total current assets		**7,338,368**	5,875,236
TOTAL ASSETS		**28,555,791**	22,252,451
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	**5,339,807**	5,339,807
Share premium		**342,974**	342,974
Statutory reserve	7	**1,774,085**	1,774,085
General reserve		**4,000**	4,000
Fair value reserve		**(182,649)**	(198,084)
Effect of transactions with non-controlling interests without change in control		**(187,979)**	(187,979)
Foreign currency translation reserve		**(1,752,459)**	(1,744,616)
Retained earnings		**1,803,586**	1,797,256
Equity attributable to equity holders of the Company		**7,141,365**	7,127,443
Non-controlling interests		**934,610**	894,498
TOTAL EQUITY		**8,075,975**	8,021,941
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	**3,393,002**	4,265,996
Lease liabilities	16	**4,301,963**	--
Employee benefits		**734,943**	719,542
Deferred tax liability		**94,824**	91,195
Long term payables		**206,870**	207,268
Lease rentals		**--**	232,020
Derivative		**197,539**	197,131
Provision against asset restoration		**151,351**	90,716
Total non-current liabilities		**9,080,492**	5,803,868
Current liabilities			
Loans and borrowings	8	**5,072,606**	3,689,915
Lease liabilities	16	**587,658**	--
Trade payables		**3,319,590**	2,391,028
Current maturity of lease rentals		**--**	63,658
Accrued and other liabilities		**2,419,470**	2,282,041
Total current liabilities		**11,399,324**	8,426,642
TOTAL LIABILITIES		**20,479,816**	14,230,510
TOTAL LIABILITIES AND EQUITY		**28,555,791**	22,252,451

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	**March 31, 2019**	March 31, 2018
Revenues	13	**5,387,893**	5,107,975
Cost of revenues	13	**(4,322,428)**	(4,199,472)
Gross profit		**1,065,465**	908,503
Share of profit of investment in equity-accounted investees, net of zakat and tax and dividend income		**114,119**	114,730
Administrative expenses		**(199,705)**	(175,601)
Selling and distribution expenses		**(774,020)**	(787,677)
Results from operating activities		**205,859**	59,955
Finance income		**8,989**	16,558
Finance cost		**(188,938)**	(144,816)
Net finance cost		**(179,949)**	(128,258)
Reversal of provision no longer required	9	**42,706**	--
Gain on disposal of investment		**--**	3,269
Profit / (loss) before zakat and income tax		**68,616**	(65,034)
Zakat and income tax expense	9	**(20,342)**	(17,684)
Net profit / (loss) for the period		**48,274**	(82,718)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Investments at fair value through other comprehensive income - net change in fair value		**29,023**	(17,482)
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		**(9,675)**	(133,324)
Investment in equity accounted investees - share of Other Comprehensive Income		**(13,533)**	(2,824)
Cash flow hedges - effective portion of changes in fair value		**(55)**	4,099
Other comprehensive income / (loss)		**5,760**	(149,531)
Total comprehensive income / (loss) for the period		**54,034**	(232,249)

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) (CONTINUED)
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	**March 31, 2019**	March 31, 2018
Profit / (loss) for the period attributable to:			
Owners of the Company		**6,330**	(84,315)
Non-controlling interests		**41,944**	1,597
Profit / (loss) for the period		**48,274**	(82,718)
Total comprehensive income / (loss) for the period attributable to:			
Owners of the Company		**10,389**	(206,405)
Non-controlling interests		**43,645**	(25,844)
Total comprehensive income / (loss) for the period		**54,034**	(232,249)
Earnings / (loss) per share attributable to the Owners of the Company (in Saudi Riyals):			
Basic and diluted	11	**0.01**	(0.16)

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Shareholders of the Parent Company										
	Share capital	**Share premium**	**Statutory reserve**	**General reserve**	**Fair value reserve**	**Effect of transactions with non-controlling interests without change in control**	**Foreign Currency translation reserve**	**Retained earnings**	**Total shareholders' equity**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2019	5,339,807	342,974	1,774,085	4,000	(198,084)	(187,979)	(1,744,616)	1,797,256	7,127,443	894,498	8,021,941
Total comprehensive income / (loss) for the period											
Net profit for the period	--	--	--	--	--	--	--	6,330	6,330	41,944	48,274
Other comprehensive income / (loss)	--	--	--	--	15,435	--	(7,843)	--	7,592	(1,832)	5,760
	--	--	--	--	15,435	--	(7,843)	6,330	13,922	40,112	54,034
Balance at March 31, 2019	**5,339,807**	**342,974**	**1,774,085**	**4,000**	**(182,649)**	**(187,979)**	**(1,752,459)**	**1,803,586**	**7,141,365**	**934,610**	**8,075,975**

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Shareholders of the Parent Company										
	Share capital	Share premium	Statutory reserve	General reserve	Fair value reserve	Effect of transactions with non-controlling interests without change in control	Foreign Currency translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2018 - as previously reported	5,339,807	342,974	1,774,085	4,000	(108,649)	(161,598)	(1,260,509)	2,898,756	8,828,866	879,114	9,707,980
Adjustment from adoption of IFRS 9	--	--	--	--	--	--	--	(34,146)	(34,146)	(6,184)	(40,330)
Balance at January 1, 2018 – restated	5,339,807	342,974	1,774,085	4,000	(108,649)	(161,598)	(1,260,509)	2,864,610	8,794,720	872,930	9,667,650
Total comprehensive (loss) / income for the period											
Net (loss) / profit for the period	--	--	--	--	--	--	--	(84,315)	(84,315)	1,597	(82,718)
Other comprehensive loss	--	--	--	--	(16,207)	--	(105,883)	--	(122,090)	(27,441)	(149,531)
	--	--	--	--	(16,207)	--	(105,883)	(84,315)	(206,405)	(25,844)	(232,249)
Other changes / movements											
Directors' remuneration	--	--	--	--	--	--	--	(550)	(550)	--	(550)
Balance at March 31, 2018	5,339,807	342,974	1,774,085	4,000	(124,856)	(161,598)	(1,366,392)	2,779,745	8,587,765	847,086	9,434,851

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(Expressed in thousands of Saudi Riyal unless otherwise stated)

	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Net profit / (loss) for the period	**48,274**	(82,718)
Adjustments for:		
Depreciation and amortization	**299,049**	185,821
Net finance cost	**179,949**	128,258
Share of profit of investment in equity accounted investees, net of zakat and tax and dividend income	**(114,119)**	(114,730)
Reversal of provision no longer required	**(42,706)**	--
Loss / (gain) on sale of property, plant and equipment	**4,493**	(253)
Gain on disposal of investment	**--**	(3,269)
Zakat and income tax expense	**20,342**	17,684
	395,282	130,793
Changes in:		
Inventories	**(778,007)**	(347,248)
Trade receivables	**(297,341)**	(292,725)
Prepayments and other receivables	**(369,917)**	(281,634)
Trade payables	**938,934**	421,442
Employee benefits	**15,669**	1,455
Accrued and other liabilities	**277,727**	131,447
Cash generated from / (used in) operating activities	**182,347**	(236,470)
Finance cost paid	**(159,850)**	(93,037)
Zakat and income tax paid	**(545)**	--
Net cash from / (used in) operating activities	**21,952**	(329,507)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(69,889)**	(109,213)
Proceeds from sale of property, plant and equipment	**3,064**	411
Net redemption in FVTPL investments	**14,534**	--
Acquisition of investments	**--**	(73,793)
Proceeds from sale of investment	**--**	28,022
Net cash used in investing activities	**(52,291)**	(154,573)
Cash flows from financing activities		
Net change in loans and borrowings – current	**1,388,460**	482,743
Net change in loans and borrowings – non-current	**(876,597)**	(132,791)
Dividends paid	**(633)**	(821)
Payment of lease liabilities	**(216,165)**	--
Net change in deferred tax liability	**1,181**	536
Net cash from financing activities	**296,246**	349,667

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	March 31, 2019	March 31, 2018
Net change in cash and cash equivalents	**265,907**	(134,413)
Effect of movement in exchange rates on cash and cash equivalents	**(10,939)**	(86,198)
Cash and cash equivalents at beginning of the period	**901,573**	1,298,117
Adjustment from adoption of IFRS 9	**--**	(10,546)
Cash and cash equivalents at end of the period - for cash flow purposes	**1,156,541**	1,066,960
Supplemental schedule of non-cash financial information:		
Fair value reserve	**15,435**	(16,207)
Foreign currency translation reserve	**(9,675)**	(133,324)

The accompanying notes 1 to 18 form an integral part of these condensed consolidated interim financial statements.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION

Savola Group Company is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030019708 issued in Jeddah on Rajab 21, 1399H (corresponding to June 16, 1979). The Company was formed under the Regulations for Companies in the Kingdom of Saudi Arabia per Royal Decree number M/21 dated Rabi-ul-Awal 29, 1398H (March 9, 1978).

The Company's registered office is located at the following address:

Savola Tower,
The Headquarter Business Park,
Prince Faisal Bin Fahad Street,
Jeddah 23511-7333,
Kingdom of Saudi Arabia.

These accompanying condensed consolidated interim financial statements comprise the financial statements of Savola Group Company (the "Company" (or) the "Parent Company") and its local and foreign subsidiaries (collectively referred as the "Group"), collectively involved in the manufacturing and sale of vegetable oils and to set up related industries, retail outlets, dairy products, fast foods, exports and imports, commercial contracting, trade agencies, development of agricultural products and real estate related investment activities.

At March 31, 2019, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

(I) Direct subsidiaries of the Company

i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%)	
			March 31, 2019	December 31, 2018
Savola Foods Company ("SFC")	Saudi Arabia	Foods	**100**	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	**98.87**	97.55
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	**80**	80
Herfy Food Services Company	Saudi Arabia	Restaurant & manufacturing bakery products	**49**	49

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(I) Direct subsidiaries of the Company (continued)

ii) Dormant and Holding subsidiaries

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%) March 31, 2019	Direct ownership interest (%) December 31, 2018
Adeem Arabia Company (Adeem)	Saudi Arabia	Holding company	**100**	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	**100**	100
Al Mojammat Al Mowahadah Real Estate Company (under liquidation)	Saudi Arabia	Holding company	**100**	100
Madarek Investment Company	Jordan	Holding company	**100**	100
United Properties Development Company	Saudi Arabia	Dormant company	**100**	100
Good Food Company*	Saudi Arabia	Holding company	**100**	100

* During 2018, in accordance with the terms and conditions of the Share Purchase Agreement, Savola agreed to acquire 51% ownership interest of Al Kabeer Group of companies for a cash consideration of SR 571 million. The transaction has been effected through the Group's 100% owned subsidiary, Good Food Company, a company incorporated in the Kingdom of Saudi Arabia (see Note 1(iv)). The payment of consideration along with the related formalities were completed on October 31, 2018.

(II) Savola Foods Company

The Parent Company has a 100% (December 31, 2018: 100%) ownership interest in Savola Foods Company ("SFC"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 05,1429H (July 08, 2008).

The principle objective of SFC is to deal in wholesale and retail trading of food items. SFC through its direct and indirect subsidiaries is engaged in the manufacturing, marketing and distribution of products including edible oil, pasta, sugar, seafood, confectionery, and agro cultivation, in the local and overseas market.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

Subsidiaries controlled through Savola Foods Company:

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%) March 31, 2019	Direct ownership interest (%) December 31, 2018
Afia International Company ("AIC")	Saudi Arabia	Manufacturing of edible oils	**95.19**	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	Holding company	**100**	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	**100**	100
El Farasha for Food Industries Company	Egypt	Manufacturing of pasta	**100**	100
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	**95.43**	95.43
Afia International Distribution and Marketing Company	Saudi Arabia	Trading and distribution	**99**	99
Savola Foods for Sugar Company	Cayman Islands	Holding company	**95**	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	**100**	100
International Foods Industries Company Limited ("IFI")	Saudi Arabia	Manufacturing of specialty fats	**100**	100
Seafood International Two FZCO	UAE	Seafood products trading and distribution	**60**	60
Afia Foods Arabia	Saudi Arabia	Dormant company	**100**	100
Al Maoun International Holding Company	Saudi Arabia	Holding company	**100**	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	**100**	100

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

a) Subsidiaries controlled through Afia International Company:

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%) March 31, 2019	December 31, 2018
Savola Behshahr Company ("SBeC")	Iran	Holding company	**90**	90
Malintra Holdings	Luxembourg	Dormant company	**100**	100
Savola Foods Limited ("SFL")	BVI	Holding company	**100**	100
Afia International Company – Jordan	Jordan	Dormant company	**97.4**	97.4
Inveskz Inc.	BVI	Dormant company	**90**	90
Afia Trading International	BVI	Dormant company	**100**	100
Savola Foods International	BVI	Dormant company	**100**	100
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding company	**100**	100
Aseel Food – Hold Co.	Cayman Island	Holding company	**100**	100
SBeC				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	**79.9**	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	**100**	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	**100**	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	**90**	90
SFL				
Afia International Company, Egypt	Egypt	Manufacturing of edible oils	**99.95**	99.95
Latimar International Limited	BVI	Dormant company	**100**	100
Elington International Limited	BVI	Dormant company	**100**	100
KUGU				
Savola Gida Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	**100**	100

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(II) Savola Foods Company (continued)

b) Subsidiaries controlled through Savola Industrial Investment Company:

Subsidiary name	Country of incorporation	Principal business activity	Direct ownership interest (%) March 31, 2019	Direct ownership interest (%) December 31, 2018
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of sugar	**74.48**	74.48
USC				
Alexandria Sugar Company, Egypt ("ASCE")*	Egypt	Manufacturing of sugar	**62.13**	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	**100**	100
ASCE				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	**100**	100

c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:

Savola Morocco Company	Morocco	Manufacturing of edible oils	**100**	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	**100**	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	**100**	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

Modern Behtaam Royan Kaveh Company	Iran	Food and confectionery	**100**	100

e) Subsidiaries controlled through Al Maoun and Marasina

Alofog Trading DMMC	UAE	Trading and distribution	**100**	100

* The effective ownership interest in ASCE is 68% (December 31, 2018: 68%).

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(III) Panda Retail Company

The Parent Company has a 98.87% (December 31, 2018: 97.55%) ownership interest in Panda Retail Company ("Panda"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

Panda together with its subsidiaries is principally engaged in wholesale and retail trading in food supplies and consumable materials. Panda Group operates through its network of hypermarkets, supermarkets and convenience stores.

Subsidiaries controlled through Panda:

Subsidiary name	**Country of incorporation**	**Principal business activity**	**Direct ownership interest (%)**	
			March 31, 2019	December 31, 2018
Giant Stores Trading Company	Saudi Arabia	Retail	**100**	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	**100**	100
Panda Bakeries Company	Saudi Arabia	Bakery	**100**	100
Giant				
Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	**95**	95

On January 16, 2019, the shareholders of Panda resolved in the Extraordinary General Assembly Meeting, to decrease the share capital of the Company by SR 695 million to absorb its accumulated losses followed by capital injection of SR 800 million by the shareholders. The capital injection was solely contributed by Savola Group Company, thereby, increasing the ownership of the Group in Panda to 98.87%.

(IV) Good Food Company

The Parent Company has a 100% ownership interest in Good Food Company ("GFC"), which was incorporated as a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

GFC through its direct and indirect subsidiaries is principally engaged in the processing, wholesale, retail and distribution of frozen food and seafood in the local and overseas markets.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

1. GENERAL INFORMATION (continued)

(IV) Good Food Company (continued)

Subsidiaries controlled through GFC (collectively referred to as "Al Kabeer Group of companies"):

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest (%) March 31, 2019	Ownership interest (%) December 31, 2018
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	**51**	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	**51**	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	**51**	51
Sahar Enterprises Company	UAE	Trading and distribution	**51**	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	**51**	51
Al Kabeer Holding Limited	UAE	Holding Company	**51**	51
Best Foodstuff Trading Company	UAE	Trading and distribution	**51**	51

Subsidiaries controlled through Al Kabeer Holding Limited:

Cascade Investments Limited (CIL)	UAE	Investment company	**100**	100
Cascade Marine Foods Company	UAE	Manufacturing frozen food	**100**	100
Al Sabah Foodstuff Enterprises Company	UAE	Trading and distribution	**100**	100
CIL				
Best Foods Company	Oman	Trading and distribution	**100**	100

2. BASIS OF PREPARATION

a) Statement of compliance

The accompanying condensed consolidated interim financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards for Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2018 ("last annual financial statements").

2. BASIS OF PREPARATION (continued)

a) Statement of compliance (continued)

These financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since last annual financial statements. This is the first set of the Group's financial statements in which IFRS 16 "Leases" have been applied and the resultant changes to the significant accounting policies are described in Note 3.

i) Accounting convention / Basis of Measurement

These condensed consolidated interim financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for investments other than those carried at amortized cost, firm commitments and inventory under fair value hedging relationship, derivative financial instruments, lease liabilities and employee benefits which are recognised at the present value of future obligation using the Projected Unit Method. Certain comparative amounts have been reclassified to conform to the current period's presentation.

ii) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

b) Critical accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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 described in the last annual consolidated financial statements except for the significant judgement and key sources of estimation uncertainty related to the application of IFRS 16 which are described in Note 16.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statement are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended December 31, 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 Leases from January 1, 2019, the impact of which is explained in note 16. A number of other amendments are effective from January 1, 2019 but they do not have a material effect on the Group's condensed consolidated interim financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Significant accounting policies under IFRS 16
The Group recognises a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as Site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

4. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The details of the Group's investment in equity accounted investees are as follows:

Name	Principal business sector	Country of incorporation	Ownership interest (%)			
			March 31, 2019	December 31, 2018	**March 31, 2019**	December 31, 2018
Almarai Company	Fresh food products	Saudi Arabia	**34.52**	34.52	**7,506,669**	7,404,199
Kinan International for Real Estate Development Company	Real Estate	Saudi Arabia	**29.9**	29.9	**412,111**	408,013
USCE *	Sugar Manufacturing	Egypt	**33.82**	33.82	**231,588**	235,837
Al-Seera City Company for Real Estate Development	Real Estate	Saudi Arabia	**40**	40	**147,597**	147,597
United Edible Oils Holding Limited	Holding Company	Cayman Islands	**51**	51	**53,409**	54,987
Intaj Capital Limited ("Intaj")	Fund management	Republic of Tunisia	**49**	49	**33,961**	33,961
Knowledge Economic City Developers Company	Real Estate	Saudi Arabia	**2.07**	2.07	**16,270**	16,270
					8,401,605	8,300,864

* The direct ownership interest of the Company in USCE is 10.62% (December 31, 2018: 10.62%).

(Expressed in thousands of Saudi Riyal unless otherwise stated)

5. INVESTMENTS

	March 31, 2019	December 31, 2018
Investments held at fair value through other comprehensive income (note 5.1)	**353,227**	324,204
Investment at fair value through profit or loss	**21,095**	30,888
	374,322	355,092

5.1 Investments held at fair value through other comprehensive income

	Principal business sector	**Country of incorporation**	**Ownership interest (%)**			
			March 31, 2019	December 31, 2018	**March 31, 2019**	December 31, 2018
Quoted investments						
Knowledge Economic City	Real Estate	Saudi Arabia	**6.4**	6.4	**211,118**	197,652
Emaar the Economic City	Real Estate	Saudi Arabia	**0.9**	0.9	**74,435**	58,878
Arab Phoenix Holdings Company	Real Estate	Kingdom of Jordan	**5**	5	**--**	--
Unquoted investments						
Swicorp, Saudi Arabia	Investment Management	Saudi Arabia	**15**	15	**67,674**	67,674
Joussour Holding Company	Holding Company	Saudi Arabia	**14.81**	14.81	**--**	--
					353,227	324,204

6. SHARE CAPITAL

At March 31, 2019 and December 31, 2018, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

7. STATUTORY RESERVE

In accordance with the Company's bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made.

The statutory reserve in the condensed consolidated interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

8. LOANS AND BORROWINGS

The following information reflects the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost:

	March 31, 2019	December 31, 2018
Non-current liabilities		
Secured bank loans	**100,234**	98,808
Unsecured bond issues (Sukuk) (note 8.2)	**--**	1,500,000
Unsecured bank loans	**3,292,768**	2,667,188
	3,393,002	4,265,996
Current liabilities		
Current portion of secured bank loans	**148,844**	167,922
Current portion of unsecured bank loans	**573,419**	970,310
Unsecured bond issues (Sukuk) (note 8.2)	**1,500,000**	--
Secured bank loan	**298,575**	200,250
Unsecured bank loans	**2,452,914**	2,294,839
Bank overdraft	**98,854**	56,594
	5,072,606	3,689,915
	8,465,608	7,955,911

8.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its consolidated subsidiaries. These borrowings are in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Turkish Lira and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. The loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the long-term borrowings of subsidiaries are secured by corporate guarantees of the Parent Company.

8.2 On January 22, 2013, the Group completed its initial offering by issuing Sukuk with a total value of SR 1.5 billion with a tenor of 7 years and carrying an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.10% payable semi-annually. The covenants require certain financial and other conditions to be complied during the tenure. The Sukuk is maturing on January 22, 2020 and accordingly has been classified as short term loans and borrowings.

8.3 Property, plant and equipment amounting to SR 291 million (December 31, 2018: SR 237.9 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.

8.4 Inventories amounting to SR 39 million (December 31, 2018: SR 25 million) are pledged with foreign banks as collateral against the bank borrowing facilities of certain overseas subsidiaries.

8.5 As at March 31, 2019, the Group has unused bank financing facilities amounting to SR 4.48 billion (December 31, 2018: SR 4.62 billion) to manage the short term and the long term liquidity requirements.

9. ZAKAT AND INCOME TAXES

(a) Zakat status

The Company has finalised its Zakat status up to the year 1998. The Company has an ongoing objection against the Zakat assessment issued by the General Authority of Zakat and Income Tax (GAZT) for the years 1999 and 2000 which showed Zakat differences of SR 1.9 million.

The assessments for the years 2001 to 2004 have been finalized. For the years 2005 to 2012, GAZT conducted a field audit on the Company's accounts and claimed additional Zakat difference of SR 85.8 million. The Company has objected the GAZT claim. The Company also filed the Zakat returns for the years 2013 to 2017.

The Company’s Saudi subsidiaries received final zakat certificates for certain years and provisional zakat certificates for other years. They have also received queries from the GAZT for the open years, for which replies have been / will be filed by the respective companies. Some Saudi subsidiaries received assessments from the GAZT concerning their zakat declarations for the years 2005 to 2017, in which the GAZT claimed additional zakat liabilities of approximately SR 82 million (December 31, 2018: SR 10 million for assessment years 2005 to 2012). The subsidiaries have appealed against such additional claims.

In addition, one of the Group’s subsidiaries have received preliminary assessments for certain prior years resulting in reversal of related provision.

(b) Income tax status

The Group’s foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Some of the foreign subsidiaries are currently tax exempt. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advances tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

10. CONTINGENCIES AND COMMITMENTS

	March 31, 2019	December 31, 2018
	Amounts in millions	
Letters of credits	**32**	163
Bank guarantees	**208**	247
Commitments to buy raw sugar	**285**	350
Commitments to sell refined sugar	**478**	323
Capital commitments	**40**	99
	Quantity in Metric tonnes	
Commitments to buy raw sugar	**241,366**	306,259
Commitments to sell refined sugar	**277,337**	323,204

11. EARNINGS PER SHARE

Basic earnings per share for the period ended March 31, 2019 and March 31, 2018 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 533.981 million (March 31, 2018: 533.981 million) during such periods.

Diluted earnings per share for the period ended March 31, 2019 and March 31, 2018, have been computed by dividing the net profit and profit from continuing operations attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, in the absence of any convertible liability, the diluted earnings per share does not differ from the basic earnings per share.

12. RELATED PARTIES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

Transactions with key management personnel

Key management personnel compensation

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits. The Group has recognized an expense of SR 8.57 million for the period ended March 31, 2019 (March 31, 2018: SR 5.92 million).

Board of Directors' remuneration for the period ended March 31, 2019 amounting to SR 0.55 million (March 31, 2018: SR 0.55 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit and loss. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 0.74 million (March 31, 2018: SR 0.70 million) are charged to expenses and included under administrative expenses.

Other related party transactions

A number of companies transacted with the Group during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within agreed credit period from the date of transaction. None of the balances are secured. No expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. RELATED PARTIES (continued)

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

Name	Relationship	Nature of transactions	Amount of transactions March 31 2019	Amount of transactions March 31 2018	Closing balance March 31, 2019	Closing balance December 31, 2018
Due from related parties – Trade receivables						
Certain shareholders of USC	Shareholders of a subsidiary	Trade	**39,797**	50,089	**25,161**	22,372
Certain shareholders of AIC	Shareholders of a subsidiary	Trade	**16,998**	18,829	**19,415**	15,469
Almarai Company	Associate	Trade	**11,460**	15,456	**3,644**	3,593
Western Bakeries Company	Affiliate	Trade	**12,475**	5,315	**1,642**	1,596
USCE	Associate	Trade	**12,818**	--	**--**	--
Others			**64**	35	**1,387**	2,095
					51,249	45,125
Due from related parties – Prepayments and other receivables						
Kinan (Note 12.1)	Associate	Non-trade	**--**	--	**73,015**	73,015
USCE	Associate	Non-trade	**24,672**	19,498	**34,440**	--
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Associate	Non-trade	**19,134**	3,026	**21,902**	2,768
Seafood International Holdco.	Joint venture	Non-trade	**--**	--	**6,011**	6,011
Arabian Centers Company	Shareholder of a subsidiary	Non-trade	**876**	10,975	**677**	7,513
					136,045	89,307

(Expressed in thousands of Saudi Riyal unless otherwise stated)

12. RELATED PARTIES (continued)

Name	Relationship	Nature of transactions	Amount of transactions March 31 2019	Amount of transactions March 31 2018	Closing balance March 31, 2019	Closing balance December 31, 2018
Due to related parties – Trade payables						
Almarai Company	Associate	Trade	**183,479**	187,206	**101,616**	83,915
Nestle Saudi Arabia	Affiliate	Trade	**145,602**	120,911	**92,044**	41,115
Mayar Food Company	Affiliate	Trade	**39,531**	21,077	**43,561**	34,124
Del Monte Saudi Arabia	Affiliate	Trade	**14,621**	18,161	**14,269**	4,194
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	**7,289**	4,539	**6,156**	2,584
Al Manhal Water Factory Company	Affiliate	Trade	**1,098**	4,098	**2,512**	1,894
Others			**4,336**	2,191	**1,515**	1,411
					261,673	169,237
Due to related parties – Accrued and other liabilities						
Kinan	Associate	Non-trade	**7,998**	10,701	**10,381**	10,300
Seafood International One	Associate	Non-trade	**20,538**	--	**16,427**	4,027
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	**1,696**	1,696	**1,429**	3,125
Del Monte Saudi Arabia	Affiliate	Non-trade	**788**	788	**788**	--
USCE	Associate	Non-trade	**--**	--	**--**	20,372
Others			**458**	1,016	**2,818**	--
					31,843	37,824

12.1 In September 2014, the Parent Company sold its direct and indirect ownership interest in Diyar Al Mashreq (Masharef Project) to its associate Kinan at a total consideration of SR 593.6 million, receivable in four installments until November 2017. During 2017, an agreement was signed between the parties whereby the receivable balance of SR 153.97 million was rescheduled and agreed to be settled in 2 installments amounting to SR 79.70 million and SR 74.27 million on December 1, 2018 and June 30, 2019 respectively. The receivable balances as disclosed above are reported at the present value of the last installment amount.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

13. OPERATING SEGMENTS

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Food processing - includes manufacturing, sale and distribution of Edible oils, Sugar, Pasta and food products.

Retail - includes hyper markets, super markets and convenience stores operations.

Food services - includes food products and fast food restaurants' chain operated by Herfy.

Frozen Food - includes manufacturing, wholesale and retail distribution of frozen food products operated by Good Food Company.

Investments - includes real estate activities, investments in associates and other investments.

The segments which do not meet any of the quantitative thresholds for determining reportable segments in 2019 and 2018, are classified as "Others / Eliminations", which mainly include the eliminations.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	Reportable Segments						
March 31, 2019	**Food Processing**	**Retail**	**Food services**	**Frozen Foods**	**Investments**	**Others / Eliminations**	**Total**
External revenues	**2,291,265**	**2,669,706**	**305,302**	**121,620**	**--**	**--**	**5,387,893**
Inter segment revenue	**117,148**	**824**	**8,101**	**7,284**	**10,994**	**(144,351)**	**--**
Segment Revenue	**2,408,413**	**2,670,530**	**313,403**	**128,904**	**10,994**	**(144,351)**	**5,387,893**
Cost of revenues	**(2,041,261)**	**(2,113,865)**	**(219,862)**	**(80,796)**	**--**	**133,356**	**(4,322,428)**
Segment net profit / (loss)	**112,434**	**(192,729)**	**48,008**	**3,014**	**56,854**	**(21,251)**	**6,330**
Segment assets	**7,571,157**	**9,190,345**	**2,054,752**	**1,056,509**	**13,441,286**	**(4,758,258)**	**28,555,791**
Segment liabilities	**5,238,367**	**8,190,799**	**1,066,860**	**888,655**	**5,939,225**	**(851,018)**	**20,472,888**
March 31, 2018							
External revenues	2,451,934	2,376,262	279,779	--	--	--	5,107,975
Inter segment revenue	119,772	879	6,518	--	11,405	(138,574)	--
Segment Revenue	2,571,706	2,377,141	286,297	--	11,405	(138,574)	5,107,975
Cost of revenues	(2,241,181)	(1,877,484)	(207,098)	--	--	126,291	(4,199,472)
Segment net profit / (loss)	8,273	(223,249)	47,745	--	87,898	(4,982)	(84,315)
December 31, 2018							
Segment assets	6,787,542	4,502,327	1,442,400	909,159	12,562,714	(3,951,691)	22,252,451
Segment liabilities	4,569,707	4,109,721	508,627	763,094	4,901,214	(621,853)	14,230,510

14. FINANCIAL RISK MANAGEMENT

a) Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the periods ended March 31, 2019 and December 31, 2018, there were no transfers between fair value categories of level 1 and level 2.

As the Group's financial instruments are compiled under the historical cost convention, except for investments and derivative financial instruments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It doesn't include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

14. FINANCIAL RISK MANAGEMENT (continued)

a) Accounting classification and fair values (continued)

	Carrying amount				Fair Value			
March 31, 2019	**Mandatorily at FVTPL - others**	**Designated at fair value**	**Fair value hedging instruments**	**FVOCI**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Investment at fair value through profit or loss	**21,095**	**--**	**--**	**--**	**21,095**	**--**	**--**	**21,095**
Future exchange contracts used for hedging	**--**	**--**	**13,258**	**--**	**--**	**13,258**	**--**	**13,258**
Other future exchange contracts	**--**	**41,099**	**--**	**--**	**--**	**41,099**	**--**	**41,099**
Call option	**--**	**2,323**	**--**	**--**	**--**	**--**	**2,323**	**2,323**
Interest rate swaps used for hedging	**--**	**--**	**1,231**	**--**	**--**	**1,231**	**--**	**1,231**
Equity securities (Note 5)	**--**	**--**	**--**	**353,227**	**285,553**	**--**	**67,674**	**353,227**
	21,095	**43,422**	**14,489**	**353,227**	**306,648**	**55,588**	**69,997**	**432,233**
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	**--**	**--**	**4,935**	**--**	**--**	**4,935**	**--**	**4,935**
Other future exchange contracts	**--**	**28,395**	**--**	**--**	**--**	**28,395**	**--**	**28,395**
Put option	**--**	**197,539**	**--**	**--**	**--**	**--**	**197,539**	**197,539**
	--	**225,934**	**4,935**	**--**	**--**	**33,330**	**197,539**	**230,869**

	Carrying amount				Fair Value			
December 31, 2018	Mandatorily at FVTPL - others	Designated at fair value	Fair value hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment at fair value through profit or loss	30,888	--	--	--	30,888	--	--	30,888
Future exchange contracts used for hedging	--	--	18,284	--	--	18,284	--	18,284
Other future exchange contracts	--	82,747	--	--	--	82,747	--	82,747
Call option	--	2,496	--	--	--	--	2,496	2,496
Interest rate swaps used for hedging	--	--	1,286	--	--	1,286	--	1,286
Equity securities (Note 5)	--	--	--	324,204	256,530	--	67,674	324,204
	30,888	85,243	19,570	324,204	287,418	102,317	70,170	459,905
Financial liabilities measured at fair value								
Future exchange contracts used for hedging	--	--	29,467	--	--	29,467	--	29,467
Other future exchange contracts	--	50,177	--	--	--	50,177	--	50,177
Put option	--	197,131	--	--	--	--	197,131	197,131
	--	247,308	29,467	--	--	79,644	197,131	276,775

14. FINANCIAL RISK MANAGEMENT (continued)

b) Measurement of fair values

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair value, as well as significant unobservable input used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Equity securities	Market comparison technique. PE multiple, Price to Book value.	Price Earnings Multiples, Price to Book value and Price to Tangible Book Value.	Not applicable
Future contracts	Broker quotes	Not applicable	Not applicable
Call and put option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options.
Interest rate swaps	DCF	Not applicable	Not applicable

15. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

15. CAPITAL MANAGEMENT (continued)

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. The gearing ratio as at March 31, 2019 and December 31, 2018 is as follows:

	March 31, 2019	December 31, 2018
Total liabilities	**20,479,816**	14,230,510
Less: Cash and cash equivalents	**(1,156,541)**	(901,573)
Adjusted net debt	**19,323,275**	13,328,937
Total equity	**8,075,975**	8,021,941
Less: Hedging reserve	**(1,231)**	(1,286)
Adjusted equity	**8,074,744**	8,020,655
Adjusted net debt to adjusted equity ratio	**2.39**	1.66

16. IMPACT OF ADOPTION OF IFRS 16 'LEASES'

The Group adopted IFRS 16 'Leases' under effect from January 1, 2019. The standard replaces the existing guidance on leases, including IAS 17 'Leases", IFRIC 4 'Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's Financial Position, unless the term is twelve months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is depreciated over the useful life.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

(Expressed in thousands of Saudi Riyal unless otherwise stated)

16. IMPACT OF ADOPTION OF IFRS 16 'LEASES' (continued)

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than twelve months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

a) Impact on transition:

On transition to IFRS 16, the Group recognized right-of-use assets and lease liabilities. The prepaid and accrued rentals are adjusted against the right-of-use assets.

The impact of transition on the condensed consolidated statement of financial position is summarised below:

Impact on:	**January 1, 2019**
Right-of-use assets	**4,988,919**
Accrued and other liabilities	**208,488**
Provision against asset restoration	**(67,746)**
Prepayments and other receivables	**(89,453)**
Lease liabilities	**(5,040,208)**

When measuring lease liabilities for leases that were classified as operating leases under IAS 17, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied in different geographies are:

Country	**Weighted average rate**
Saudi Arabia	3% – 5.8%
Egypt	18%
Iran	25%
Turkey	20%
Other countries	5.69% – 6%

16. IMPACT OF ADOPTION OF IFRS 16 'LEASES' (continued)

b) Impact for the period:

During the three months' period ended March 31, 2019, the Group recognised SR 130.7 million of depreciation charges and SR 65.6 million of interest costs from these leases, resulting in a carrying value of SR 4,858 million and SR 5,041 million for right of use assets and lease liabilities respectively as at March 31, 2019.

17. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

The adoption of the following amendments to the existing standards had no significant financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

a) Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23 Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

b) *Other Amendments*

The following amended standards and interpretations do not have a significant impact on the Group's condensed consolidated interim financial statements:

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after January 1, 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendment to IFRS 3)
- Definition of Material (Amendment to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts.
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)

18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on Ramadan 3, 1440H, corresponding to May 8, 2019.