SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
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# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of
Sultan Center Food Products Company - K.S.C. (Public)
State of Kuwait

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sultan Center Food Products Company - K.S.C. (Public) ("the Parent Company") and its subsidiaries (collectively "the Group") as at September 30, 2018 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three months and nine months periods then ended, changes in equity and cash flows for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial information performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

The accompanied interim condensed consolidated financial information includes an investment in an associate "National Real Estate Company - K.S.C.P.", in which its condensed consolidated financial information includes an investment in an associate "Agility Public Warehousing Company K.S.C.P." which has filed an arbitration to recover one of its investments and its related loan. The arbitration outcome cannot be relied on till date. Consequently, we were unable to determine the effects of any adjustments that might be necessary to the carrying value of "National Real Estate Company - K.S.C.P." investment in "Agility Public Warehousing Company K.S.C.P." and the effect of these adjustments on the Group's accompanied interim condensed consolidated financial information (Note 8).

## Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the "Basis for Qualified Conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 13 to the interim condensed consolidated financial information, which indicates that the Group's accumulated losses amounted to KD 37,841,925 as at September 30, 2018 (December 31, 2017: KD 42,703,059 – September 30, 2017: KD 36,188,688) and as of that date, the Group's current liabilities exceed its current assets by KD 123,602,033 (December 31, 2017: KD 125,543,660 – September 30, 2017: KD 129,727,592). These conditions along with other matters as set forth in Note 13, indicates an existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified with respect of this matter.

**Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company, except for the matters described in "Basis for Qualified Conclusion" and "Material Uncertainty Related to Going Concern" sections above. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine months period ended September 30, 2018 that might have had a material effect on the Parent Company's financial position or results of its operations.

Nayef M. Al-Bazie
License No. 91-A
RSM Albazie &Co.

State of Kuwait
November 14, 2018

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**
**AS AT SEPTEMBER 30, 2018**
(All amounts are in Kuwaiti Dinars)

| ASSETS | Notes | September 30, 2018 | December 31, 2017 (Audited) | September 30, 2017 (Restated) |
|---|---|---|---|---|
| **Current assets:** | | | | |
| Cash on hand and at banks | | 6,052,375 | 4,150,189 | 5,509,949 |
| Accounts receivable and other debit balances | | 13,144,813 | 13,414,485 | 23,779,024 |
| Due from related parties | 4 | 8,873 | 1,623,244 | 1,659,672 |
| Gross amount due from customers for contract work | | - | - | 5,728,806 |
| Inventories | | 19,361,562 | 16,948,973 | 18,274,798 |
| | | 38,567,623 | 36,136,891 | 54,952,249 |
| Assets relating to discontinued operations | 5-a | 6,489,606 | 6,489,606 | 6,539,178 |
| Assets classified as held for sale | 5-b | 8,614,236 | 8,614,236 | - |
| **Total current assets** | | 53,671,465 | 51,240,733 | 61,491,427 |
| **Non-current assets:** | | | | |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 6 | 5,567,656 | - | - |
| Financial assets available for sale | 7 | - | 5,798,397 | 5,798,397 |
| Investment in associates | 8 | 111,765,904 | 112,118,746 | 113,581,522 |
| Investment properties | | 16,024,243 | 16,603,248 | 13,751,168 |
| Property, plant and equipment | | 68,861,115 | 70,776,923 | 71,019,876 |
| Other assets | | 2,429,799 | 2,821,197 | 3,063,427 |
| Goodwill | | 3,149,149 | 3,149,149 | 3,163,618 |
| **Total non-current assets** | | 207,797,866 | 211,267,660 | 210,378,008 |
| **Total assets** | | 261,469,331 | 262,508,393 | 271,869,435 |
| LIABILITIES AND EQUITY | | | | |
| **Current liabilities:** | | | | |
| Bank borrowings | 9 | 56,263,455 | 58,422,840 | 62,043,916 |
| Accounts payable and other credit balances | | 98,639,619 | 95,991,129 | 110,745,501 |
| Due to related parties | 4 | 207,450 | 207,450 | 207,450 |
| Murabaha payable | 10 | 11,429,500 | 11,429,500 | 11,429,500 |
| | | 166,540,024 | 166,050,919 | 184,426,367 |
| Liabilities relating to discontinued operations | 5-a | 6,788,174 | 6,788,174 | 6,792,652 |
| Liabilities classified as held for sale | 5-b | 3,945,300 | 3,945,300 | - |
| **Total current liabilities** | | 177,273,498 | 176,784,393 | 191,219,019 |
| **Non-current liabilities:** | | | | |
| Bank borrowings | 9 | 57,464,695 | 57,488,650 | 49,733,134 |
| Murabaha payable | 10 | 13,799,453 | 15,552,438 | 16,286,866 |
| Other liabilities | | 1,307,118 | 1,949,418 | - |
| Provision for end of service indemnity | | 5,688,728 | 5,336,696 | 6,116,693 |
| **Total non-current liabilities** | | 78,259,994 | 80,327,202 | 72,136,693 |
| **Total liabilities** | | 255,533,492 | 257,111,595 | 263,355,712 |
| **Equity:** | | | | |
| Share capital | | 57,882,878 | 57,882,878 | 57,882,878 |
| Treasury shares | 11 | (2,593,571) | (2,593,571) | (2,593,571) |
| Revaluation surplus | | 2,726,595 | 2,726,595 | 1,072,655 |
| Effect of change in other comprehensive income of associates | | (12,191,579) | (8,028,596) | (9,711,956) |
| Other equity items | 19 | (68,488) | 162,253 | 162,253 |
| Foreign currency translation adjustments | | (2,082,408) | (2,244,453) | (2,553,058) |
| Accumulated losses | | (37,841,925) | (42,703,059) | (36,188,688) |
| Equity attributable to Parent Company's shareholders | | 5,831,502 | 5,202,047 | 8,070,513 |
| Non-controlling interests | | 104,337 | 194,751 | 443,210 |
| **Total equity** | | 5,935,839 | 5,396,798 | 8,513,723 |
| **Total liabilities and equity** | | 261,469,331 | 262,508,393 | 271,869,435 |

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

Essam Khalid Al Rifai
Vice Chairman

25.11.18

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**
(All amounts are in Kuwaiti Dinars)

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| **Continuing Operations:** | Notes | **2018** | 2017 (Restated)* | **2018** | 2017 (Restated)* |
| **Operating revenue:** | | | | | |
| Sales | | **52,190,669** | 50,686,283 | **160,534,939** | 157,853,907 |
| Contract revenue | | **376,594** | 387,341 | **1,089,776** | 875,483 |
| Service contract revenue | | **2,520,290** | 2,847,951 | **8,313,004** | 9,549,049 |
| | | **55,087,553** | 53,921,575 | **169,937,719** | 168,278,439 |
| **Operating cost:** | | | | | |
| Cost of sales | | **(42,439,592)** | (41,875,249) | **(131,432,269)** | (130,806,868) |
| Contract cost | | **(357,529)** | (284,067) | **(907,449)** | (585,171) |
| Service contract cost | | **(2,479,418)** | (2,598,378) | **(8,101,345)** | (8,560,285) |
| | | **(45,276,539)** | (44,757,694) | **(140,441,063)** | (139,952,324) |
| **Gross profit** | | **9,811,014** | 9,163,881 | **29,496,656** | 28,326,115 |
| Other operating income | | **1,469,720** | 1,961,155 | **4,707,530** | 5,761,251 |
| General, administrative and selling expenses | | **(8,781,937)** | (9,104,763) | **(26,847,245)** | (27,456,002) |
| Depreciation and amortization | | **(1,022,734)** | (1,158,524) | **(3,330,444)** | (3,465,643) |
| Provision for doubtful debts | | **(6,459)** | (7,437) | **(6,459)** | (13,263) |
| Provision no longer required | | **-** | - | **2,158** | - |
| **Operating profit** | | **1,469,604** | 854,312 | **4,022,196** | 3,152,458 |
| Group's share of results from associates | 8 | **1,055,593** | 2,385,465 | **3,810,141** | 5,359,975 |
| Net investment income | | **-** | - | **91,059** | - |
| Gain on sale of property, plant and equipment | | **-** | 1,054,783 | **1,921,438** | 1,054,783 |
| Gain on sale of investment property | | **60,000** | - | **60,000** | - |
| Other income | | **-** | - | **565,970** | - |
| Finance charges | | **(2,003,487)** | (1,969,748) | **(5,559,559)** | (4,859,324) |
| **Profit for the period from continuing operations** | | **581,710** | 2,324,812 | **4,911,245** | 4,707,892 |
| **Discontinued Operations:** | | | | | |
| Loss for the period from discontinued operations | 5-a | **-** | (1,581,816) | **-** | (2,998,938) |
| Profit for the period from assets classified as held for sale | 5-b | **-** | 24,864 | **-** | 405,806 |
| **Profit for the period before contribution to Zakat and National Labor Support Tax (NLST)** | | **581,710** | 767,860 | **4,911,245** | 2,114,760 |
| Zakat share | | **(45,770)** | - | **(45,770)** | - |
| NLST | | **(94,755)** | - | **(94,755)** | - |
| **Profit for the period** | | **441,185** | 767,860 | **4,770,720** | 2,114,760 |
| Attributable to: | | | | | |
| Parent Company's shareholders | | **468,198** | 779,683 | **4,861,134** | 2,102,861 |
| Non-controlling interests | | **(27,013)** | (11,823) | **(90,414)** | 11,899 |
| **Profit for the period** | | **441,185** | 767,860 | **4,770,720** | 2,114,760 |
| | | **Fils** | Fils | **Fils** | Fils |
| Basic and diluted earnings per share from continuing operations | | **0.83** | 4.14 | **8.61** | 8.32 |
| Basic and diluted earnings per share attributable to Shareholders of the Parent Company | 12 | **0.83** | 1.38 | **8.61** | 3.73 |

* Certain amounts shown here do not correspond with the interim condensed consolidated financial information for the three and nine months periods ended September 30, 2017, which reflect a restatement as detailed in Note 18.

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**
(All amounts are in Kuwaiti Dinars)

| | Notes | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | **2018** | 2017 (Restated) | **2018** | 2017 (Restated) |
| Profit for the period | | **441,185** | 767,860 | **4,770,720** | 2,114,760 |
| **Other comprehensive income:** | | | | | |
| **Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:** | | | | | |
| Foreign currency translation adjustments | | **54,624** | (17,960) | **162,045** | 25,719 |
| Group's share from changes in other comprehensive income of associates | 8 | **(289,703)** | 171,826 | **(4,115,016)** | 313,766 |
| **Items that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss:** | | | | | |
| Changes in fair value of equity instruments at fair value through other comprehensive income ("FVOCI") | 19 | **(66,979)** | - | **(230,741)** | - |
| Group's share from changes in other comprehensive income of associates | 8 | **(84,767)** | - | **(47,967)** | - |
| **Other comprehensive (loss) income for the period** | | **(386,825)** | 153,866 | **(4,231,679)** | 339,485 |
| **Total comprehensive income for the period** | | **54,360** | 921,726 | **539,041** | 2,454,245 |
| Attributable to: | | | | | |
| Parent Company's shareholders | | **81,373** | 933,549 | **629,455** | 2,442,346 |
| Non-controlling interests | | **(27,013)** | (11,823) | **(90,414)** | 11,899 |
| **Total comprehensive income for the period** | | **54,360** | 921,726 | **539,041** | 2,454,245 |

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**
(All amounts are in Kuwaiti Dinars)

| | Equity attributable to Parent Company's shareholders | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Revaluation surplus | Effect of changes in other comprehensive income of associates | Other equity items (Note 19) | Foreign currency translation adjustments | Accumulated losses | Sub total | Non - controlling interests | Total equity |
| Balance as at January 1, 2018 | 57,882,878 | (2,593,571) | 2,726,595 | (8,028,596) | 162,253 | (2,244,453) | (42,703,059) | 5,202,047 | 194,751 | 5,396,798 |
| Profit (loss) for the period | - | - | - | - | - | - | 4,861,134 | 4,861,134 | (90,414) | 4,770,720 |
| Other comprehensive (loss) income | - | - | - | (4,162,983) | (230,741) | 162,045 | - | (4,231,679) | - | (4,231,679) |
| Total comprehensive (loss) income for the period | - | - | - | (4,162,983) | (230,741) | 162,045 | 4,861,134 | 629,455 | (90,414) | 539,041 |
| **Balance as at September 30, 2018** | **57,882,878** | **(2,593,571)** | **2,726,595** | **(12,191,579)** | **(68,488)** | **(2,082,408)** | **(37,841,925)** | **5,831,502** | **104,337** | **5,935,839** |
| Balance as at January 1, 2017 (Restated) | 57,882,878 | (2,593,571) | 1,072,655 | (10,025,722) | 162,253 | (2,578,777) | (38,291,549) | 5,628,167 | 431,311 | 6,059,478 |
| Profit for the period (Restated) | - | - | - | - | - | - | 2,102,861 | 2,102,861 | 11,899 | 2,114,760 |
| Other comprehensive income | - | - | - | 313,766 | - | 25,719 | - | 339,485 | - | 339,485 |
| Total comprehensive income for the period | - | - | - | 313,766 | - | 25,719 | 2,102,861 | 2,442,346 | 11,899 | 2,454,245 |
| Balance as at September 30, 2017 | 57,882,878 | (2,593,571) | 1,072,655 | (9,711,956) | 162,253 | (2,553,058) | (36,188,688) | 8,070,513 | 443,210 | 8,513,723 |

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**
(All amounts are in Kuwaiti Dinars)

| | Nine months ended September 30, | |
|---|---|---|
| | **2018** | 2017 |
| **Cash flows from operating activities:** | | |
| Profit for the period from continuing operations | **4,911,245** | 4,707,892 |
| Loss for the period from discontinued operations | **-** | (2,593,132) |
| Profit for the period | **4,911,245** | 2,114,760 |
| Adjustments: | | |
| Depreciation and amortization | **3,330,444** | 3,465,643 |
| Provision for doubtful debts | **6,459** | 13,263 |
| Provision no longer required | **(2,158)** | - |
| Group's share of results from associates | **(3,810,141)** | (5,359,975) |
| Net investment income | **(91,059)** | - |
| Gain on sale of property, plant and equipment | **(1,921,438)** | (1,054,783) |
| Gain on sale of investment property | **(60,000)** | - |
| Finance charges | **5,559,559** | 4,859,324 |
| Provision for end of service indemnity | **756,182** | 836,909 |
| | **8,679,093** | 4,875,141 |
| Changes in operating assets and liabilities : | | |
| Accounts receivable and other debit balances | **265,376** | (3,037,854) |
| Due from related parties | **1,614,371** | 34,260 |
| Gross amount due from customers for contract work | **-** | (979,426) |
| Inventories | **(2,412,589)** | 2,693,337 |
| Accounts payable and other credit balances | **2,717,164** | (6,362,717) |
| Other liabilities | **(642,300)** | - |
| Cash flows generated from (used in) operations | **10,221,115** | (2,777,259) |
| Payment for end of service indemnity | **(407,567)** | (1,102,770) |
| Net cash flows generated from (used in) operating activities | **9,813,548** | (3,880,029) |
| **Cash flows from investing activities:** | | |
| Paid for purchase of property, plant and equipment and other assets | **(1,034,478)** | (2,785,269) |
| Proceed from sale of property, plant and equipment | **1,982,544** | 1,480,574 |
| Proceed from sale of investment property | **650,000** | - |
| Investment income received | **91,059** | - |
| Net cash flows generated from (used in) investing activities | **1,689,125** | (1,304,695) |
| **Cash flows from financing activities:** | | |
| Net movement in bank borrowings | **(2,183,340)** | 10,670,593 |
| Net movement in murabaha payable | **(1,752,985)** | 431,904 |
| Finance charges paid | **(5,559,559)** | (4,744,493) |
| Net cash flows (used in) generated from financing activities | **(9,495,884)** | 6,358,004 |
| Net increase in cash on hand and at banks | **2,006,789** | 1,173,280 |
| Net foreign exchange difference | **(104,603)** | 65,555 |
| Cash on hand and at banks related to discontinued operations | **-** | (61,319) |
| Cash on hand and at banks at the beginning of the period | **4,150,189** | 4,332,433 |
| Cash on hand and at banks at the end of the period | **6,052,375** | 5,509,949 |

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

1. Incorporation and activities

Sultan Center Food Products Company - K.S.C. (Public) ("the Parent Company") was incorporated pursuant to Memorandum of Incorporation No. 1450 / Volume 4 dated September 22, 1980 and its subsequent amendments, the latest of which was notarized in the commercial register under Ref. No. 30225 dated August 12, 2018, pursuant to the extraordinary general assembly meeting held on July 18, 2018, which included the following:

1- Increasing the authorized share capital from KD 57,882,878 to KD 82,882,878, in which the increase amounts to KD 25,000,000, and authorizing the board of directors to determine the increase amounts, issuance dates, share premiums (if any), and all its' terms and conditions in line with the applicable law.

2- Amending Article No. 6 of the Memorandum of Incorporation and Article No. 5 of the Articles of Association as follows:

Article before amendment:
The Company's authorized capital is fixed at KD 57,882,878 distributed among 578,828,782 shares, the value of each is 100 Fils and all shares are in cash.

Article after amendment:
The Company's authorized capital is fixed at KD 82,882,878 distributed among 828,828,782 shares, the value of each is 100 Fils and all shares are in cash.

The main purposes for which the Parent company was incorporated are as follows:
1. Construction of central markets and associated rest areas and restaurants.
2. Import, export and marketing of consumer goods.
3. Manufacturing of food products.
4. Investment in trade marks.
5. The operation of retail supermarkets, restaurants, catering services, trading and the installation of telecommunication equipment.
6. Trade in readymade garments, shoes, bags, accessories and gifts.
7. To carry out the following in Kuwait or abroad:
   a. Investment in various industries through incorporation of companies or investing in existing companies and dealing in securities of local and foreign companies.
   b. Providing consulting and training services.
   c. Managing the financial administrative and operational segments of companies.
   d. Investing in real estate.
   e. Investing the excess funds in portfolios managed by specialized financial institutions.

The registered address of the Parent company registered office is P.O. Box 26567 Safat, 13126 – State of Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on November 14, 2018.

2. Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the fiscal year ended December 31, 2017 except for the change in accounting policies due to adoption of new standards as mentioned in the Note 3.

The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2017.

3. Changes in accounting policies due to adoption of new standards

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarized below:

A) IFRS 9 - Financial Instruments

The Group has initially adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Classification of financial assets and financial liabilities

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios:

The IAS 39 measurement categories of financial assets (available for sale (AFS), held-to-maturity, loans and receivables) have been replaced by:

- Debt instruments at amortised cost
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Debt instruments at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses if any.

Impairment of financial assets
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For financial instruments at amortized cost, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Based on the current available information, management does not anticipate that the ECLs based on lifetime expected credit losses will have a material impact on the Group's interim condensed consolidated financial information.

Equity instruments at FVOCI
Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the consolidated statement of changes in equity.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for the year ended December 31, 2017 does not reflect the requirements of IFRS 9.

b) The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
   - The determination of the business model within which a financial asset is held.
   - The designation of certain equity instruments not held for trading as at FVOCI.

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at January 1, 2018.

| | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 KD | New carrying amount under IFRS 9 KD |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash on hand and at banks | Loans and receivables | Amortised Cost | 4,150,189 | 4,150,189 |
| Accounts receivables and other debit balances | Loans and receivables | Amortised Cost | 13,414,485 | 13,414,485 |
| Due from related parties | Loans and receivables | Amortised Cost | 1,623,244 | 1,623,244 |
| Equity Instruments at FVOCI | Financial assets available for sale | Equity instrument at FVOCI | 5,798,397 | 5,798,397 |
| **Total financial assets** | | | 24,986,315 | 24,986,315 |
| **Financial liabilities** | | | | |
| Accounts payable and other credit balances | Amortised Cost | Amortised Cost | 95,991,129 | 95,991,129 |
| Bank borrowings | Amortised Cost | Amortised Cost | 115,911,490 | 115,911,490 |
| Murabaha payable | Amortised Cost | Amortised Cost | 26,981,938 | 26,981,938 |
| Due to related parties | Amortised Cost | Amortised Cost | 207,450 | 207,450 |
| **Total financial liabilities** | | | 239,092,007 | 239,092,007 |

B) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, IFRICs 13, 15, 18 and SIC 31.

The initial adoption of IFRS 15 by the Group at January 1, 2018 had no material impact on the Group's consolidated financial statements as at December 31, 2017 and the interim condensed consolidated financial information for the nine months period ended September 30, 2018 as majority of the Group's revenues are within the scope of IFRS 15 as represented by the following:

Sales:

Performance obligations related to the Group's sale of products are satisfied at a point in time typically on delivery of the products.

Service contract

Revenue from service contract represents providing the security and maintenance services where revenue is earned over time throughout the year where performance obligations are generally satisfied within the financial period and accordingly, does not result in revenue being recognised later than is currently the case.

4. Related party disclosures

The Group has entered into various transactions with related parties, i.e. major shareholders, associates, entities under common control and other related parties. Prices and terms of payment are approved by the Group's management.

Significant related party transactions and balances are as follows:

| **Balances included in the Interim condensed consolidated statement of financial position:** | Major shareholders | Entities under common control | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|---|---|
| Due from related parties | 8,873 | - | **8,873** | 1,623,244 | 1,659,672 |
| Due to related parties | - | 207,450 | **207,450** | 207,450 | 207,450 |

| **Transactions included in the Interim condensed consolidated statement of profit or loss:** | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| General and administrative expenses (Rent) | **413,092** | 443,325 | **1,325,376** | 1,329,973 |

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| **Key management compensation:** | | | | |
| Salaries and other short-term benefits | **198,816** | 248,891 | **631,614** | 899,349 |
| Termination benefits | **6,886** | 24,598 | **40,600** | 45,400 |
| | **205,702** | 273,489 | **672,214** | 944,749 |

5. Discontinued operations

a) Assets and liabilities classified as discontinued operations

The difficult economic conditions witnessed by the Republic of Lebanon have affected one of the subsidiaries and operators in the Central Market Sector in the Republic of Lebanon - The Sultan Center Retail (Lebanon) SAL. ("Lebanon"). Which resulted in the stoppage of the subsidiary activity and accordingly applied for bankruptcy on July 31, 2017 in the Lebanese courts. Its application was accepted on November 7, 2017. The Court appointed two agents to collect the Company's debts and fulfill their obligations in accordance with the laws of the Republic of Lebanon. As a result, the subsidiary's assets, liabilities and operations were classified as discontinued assets, liabilities and operations starting from July 31, 2017.

The major items of assets and liabilities classified as discontinued operations are as follows:

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| **Assets:** | | | |
| Cash on hand and at banks | **60,854** | 60,854 | 61,319 |
| Accounts receivable and other debit balances | **891,091** | 891,091 | 897,898 |
| Inventory | **830,365** | 830,365 | 836,708 |
| Property, plant and equipment | **4,634,900** | 4,634,900 | 4,670,305 |
| Other assets | **72,396** | 72,396 | 72,948 |
| Total assets classified as discontinued operations | **6,489,606** | 6,489,606 | 6,539,178 |
| **Liabilities:** | | | |
| Trade and other payables | **6,580,481** | 6,580,481 | 6,584,822 |
| Provision for end of service indemnity | **207,693** | 207,693 | 207,830 |
| Total liabilities associated with assets classified as discontinued operations | **6,788,174** | 6,788,174 | 6,792,652 |
| **Net assets of the disposal group** | **(298,568)** | (298,568) | (253,474) |

The summary of results related to the discontinued operations for the period starting from January 1, 2017 to July 31, 2017 is as follows:

| | Three months period ended September 30, 2017 | Nine months period ended September 30, 2017 |
|---|---|---|
| Sales | 396,181 | 5,305,241 |
| Cost of sales | (449,675) | (4,152,678) |
| General and administrative expenses | (196,276) | (2,367,952) |
| Depreciation and amortization | (80,346) | (610,718) |
| Loss on disposal of property, plant and equipment | (1,248,896) | (1,221,189) |
| Finance charges | (15,398) | (73,277) |
| Other income | 12,594 | 121,635 |
| Loss for the period related to discontinued operations | (1,581,816) | (2,998,938) |

Capital commitments related to Sultan Center Retail (Lebanon) SAL as at the date of bankruptcy (July 31, 2017) amounted to KD 14,603,278 (Note 15). Contingent liabilities that is expected to be incurred due to liquidation cannot be reliably estimated until the liquidation process is finalized.

There are certain lawsuits against Sultan Center Retail (Lebanon) SAL as a result of bankruptcy. The legal counsel of the Group believes that these lawsuits will not have a material impact on the accompanying interim condensed consolidated financial information.

b) Assets and liabilities classified as held for sale

On November 15, 2017, the Board of Directors resolved to dispose of one of the Group's subsidiaries, Sultan Telecom Company K.S.C. (Closed) ("Telecom"). As a result, the assets and liabilities related to the subsidiary were presented as assets and liabilities classified as held for sale as follows:

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| **Assets:** | | | |
| Cash at banks and on hand | **513,567** | 513,567 | 350,533 |
| Accounts receivables and prepayments | **2,154,414** | 2,154,414 | 4,776,453 |
| Inventory | **586,351** | 586,351 | 1,154,310 |
| Gross amount due from customers | **4,938,278** | 4,938,278 | 5,728,806 |
| Property, plant and equipment | **421,626** | 421,626 | 926,967 |
| Goodwill | **-** | - | 14,469 |
| Total assets classified as held for sale | **8,614,236** | 8,614,236 | 12,951,538 |
| **Liabilities:** | | | |
| Trade and other payables | **2,089,887** | 2,089,887 | 2,610,854 |
| Bank borrowings | **997,746** | 997,746 | 1,000,164 |
| Provision for end of service indemnity | **857,667** | 857,667 | 844,768 |
| Total liabilities associated with assets classified as held for sale | **3,945,300** | 3,945,300 | 4,455,786 |
| **Net assets** | **4,668,936** | 4,668,936 | 8,495,752 |

Liabilities classified as held for sale include KD 676,907 (December 31, 2017: KD 600,000, September 30, 2017: KD 861,655) due to the Parent Company, which was eliminated for consolidation purpose.
On January 15, 2018, the Group reached an agreement to sell the subsidiary for an amount of KD 4,000,000, in which an amount of KD 3,000,000 was collected during the period. The subsidiary will be excluded from the Parent Company's books upon transferring the title deeds in the name of the buyer, as the sale agreement requires transferring the title deeds in the name of the buyer in order to finalize the sale, which is subject to certain bank facilities and the ability to transfer it.

The summary of results related to the assets classified as held for sale for the three and nine months periods ended in September 30, 2017 is as follows:

| | Three months period ended September 30, 2017 | Nine months period ended September 30, 2017 |
|---|---|---|
| Revenue | 2,068,578 | 8,346,299 |
| Cost of sales | (1,661,663) | (6,982,694) |
| General and administrative expenses | (361,997) | (901,920) |
| Depreciation and amortization | (8,502) | (25,262) |
| Finance charges | (12,365) | (34,114) |
| Other income | 813 | 3,497 |
| Profit for the period related to assets classified as held for sale | 24,864 | 405,806 |

Contingent liabilities for the Sultan Telecom Company K.S.C. (Closed) as at September 30, 2018 amounted to KD 6,218,379 (December 31, 2017: KD 5,795,071, September 30, 2017: KD 6,863,941).

The loss per share for the period from the discontinued operations and held for sale is analyzed as follows:

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Basic and diluted loss per share from discontinued operations (fils) | - | (2.76) | - | (4.59) |

6. Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets at fair value through other comprehensive income ("FVOCI") comprise of equity securities of which the Group elected to reclassify from financial assets available for sale as a result of the adoption of IFRS 9 as at January 1, 2018.

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Quoted equity securities | **43,407** | - | - |
| Unquoted equity securities | **5,524,249** | - | - |
| Balance at the end of the period / year | **5,567,656** | - | - |

The fair value classification levels are disclosed in Note 14.

7. Financial assets available for sale

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Quoted equity securities | - | 6,970 | 6,970 |
| Unquoted equity securities | - | 5,791,427 | 5,791,427 |
| Balance at the end of the period / year | - | 5,798,397 | 5,798,397 |

At 1 January 2018, as a result of the adoption of IFRS 9, the Group elected to reclassify financial assets available for sale with a carrying value of KD 5,798,397 to financial assets at fair value through other comprehensive income ("FVOCI") (Note 6).

8. Investment in associates

The movement during the period / year is as follows:

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Balance at the beginning of the period / year | **112,118,746** | 107,907,781 | 107,907,781 |
| Group's share of results from associates | **3,810,141** | 5,075,069 | 5,359,975 |
| Disposal of associate | **-** | (1,899,211) | - |
| Impairment | **-** | (727,335) | - |
| Group's share of other comprehensive loss from associates | **(4,162,983)** | 1,762,442 | 313,766 |
| Balance at the end of the period / year | **111,765,904** | 112,118,746 | 113,581,522 |

As at September 30, 2018, shares of the associate (National Real Estate Company – K.S.C (Public)) with a market value amounting to KD 47,789,031 (December 31, 2017 – KD 37,374,872, September 30, 2017 – KD 41,697,112) are pledged to certain local banks against bank borrowings (Note 9, 10).

Contingent liabilities in regards of lawsuits related to Agility Public Warehousing Company K.S.C.P., which is classified as an associate in the Group's associate NREC books is as follows:

- On February 2017, the group filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID"), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the "2015 BIT"). The claim arises from a series of actions and inactions of the Iraqi government, including its regulatory agency Communications & Media Commission ("CMC") relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the associate's investment in Korek Telecom. Without limitation, the associate's claims relate to Iraq's failure to treat the associate's investment of over $380 million fairly and equitably, its failure to accord the associate with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT.

  On February 24, 2017, the Group's request for arbitration was formally registered with ICSID. The arbitration tribunal was formally constituted on December 20, 2017 and an initial procedural hearing was held on January 31, 2018. The Group's memorial was submitted on April 30, 2018. On August 6, 2018, Iraq submitted objections to jurisdiction and requested that they be determined as a preliminary matter before the case proceeds further on the merits. A hearing was held on October 11, 2018 to determine whether proceedings should be bifurcated in this way. As the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case may not be assessed.

9. Bank borrowings

Bank borrowings are granted by local banks and foreign banks to the Group. Bank borrowings are secured by corporate guarantee, mortgage of certain shares of an associate with a market value of KD 39,503,553 as at September 30, 2018 (December 31, 2017 KD 30,908,672, September 30, 2017 – KD 34,483,124), waiver right of the revenues of certain branches of a subsidiary and mortgage of freehold lands and buildings of subsidiaries with net book value of KD 12,135,924 as at September 30, 2018 (December 31, 2017 - KD 12,149,422, September 30, 2017 – KD 12,169,175).

The annual interest rate on the above bank borrowings is as follows:

| | | Interest rate (%) | | |
|---|---|---|---|---|
| Description | Currency | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
| Weighted average annual interest rate over Central Bank of Kuwait discount rate | Kuwaiti Dinar | **1.75 – 2.5** | 1.75 – 2.5 | 1.75 – 2.5 |
| Weighted average annual interest rate | Jordanian Dinar | **6.5 – 8.5** | 6.5 – 8.5 | 6.5 – 8.5 |
| Weighted average annual interest rate over LIBOR rate | US Dollar | **2.5** | 2.5 | 2.5 |
| Weighted average semi-annual interest rate | Oman Riyal | **4 – 5.5** | 4 – 5.5 | - |

10. Murabaha payable

Murabaha payables are secured by mortgage of certain shares of an associate with market value of KD 8,285,478 (December 31, 2017 – KD 6,466,200, September 30, 2017 – KD 7,213,988), mortgage of freehold lands and buildings owned by a subsidiary with a net book value of KD 1,443,729 (December 31, 2017 – KD 1,455,063, September 30, 2017 – KD 2,602,905) and mortgage of investment properties owned by a subsidiary amounting to KD 9,800,000 (December 31, 2017 – KD 9,800,000, September 30, 2017 – KD 6,750,000).

11. Treasury shares

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Number of shares | **14,272,531** | 14,272,531 | 14,272,531 |
| Percentage of paid up shares | **2.47%** | 2.47% | 2.47% |
| Market value (KD) | **784,989** | 799,262 | 956,260 |
| Cost (KD) | **2,593,571** | 2,593,571 | 2,593,571 |

The Parent Company has not allotted any amounts from the retained earnings account or the reserves accounts in relation to the treasury shares balance as there is no credit balances in the mentioned accounts balance as of the interim condensed consolidated financial information.

12. Basic and diluted earnings per share

There are no diluted ordinary shares expected to be issued. The information necessary to calculate basic earnings per share based on weighted average number of shares outstanding during the period is as follows:

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Profit for the period attributable to the Parent Company's shareholders | **468,198** | 779,683 | **4,861,134** | 2,102,861 |
| Number of shares outstanding: | **Shares** | Shares | **Shares** | Shares |
| Number of issued shares at the beginning of the period | **578,828,782** | 578,828,782 | **578,828,782** | 578,828,782 |
| Less: Weighted average number of treasury shares | **(14,272,531)** | (14,272,531) | **(14,272,531)** | (14,272,531) |
| Weighted average number of shares outstanding at the end of the period | **564,556,251** | 564,556,251 | **564,556,251** | 564,556,251 |
| Earnings per share attributable to the Parent Company's shareholders (fils) | **0.83** | 1.38 | **8.61** | 3.73 |

13. Working capital

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The interim condensed consolidated financial statements do not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As at September 30, 2018, the Group's accumulated losses amounted to KD 37,841,925 (December 31, 2017 – KD 42,703,059, September 30, 2017 – KD 36,188,688). The Group's current liabilities exceed current assets by KD 123,602,033 (December 31, 2017 - KD 125,543,660, September 30, 2017 - KD 129,727,592).

The Group's ability to continue as a going concern depends on its ability to make profits, enhance its future cash flows restructures its credit facilities and the financial support of its major shareholders.

The Group is currently negotiating with its lending financial institutions to reschedule and renew its credit facilities. It is also currently in the process of increasing its capital in the coming period, along with taking active steps to implement an exit plan for certain investments and assets currently reported in the interim condensed consolidated financial information to overcome this situation.

14. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

| **September 30, 2018** | **Level 1** | **Level 3** | **Total** |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income | **43,407** | **5,524,249** | **5,567,656** |
| Total | **43,407** | **5,524,249** | **5,567,656** |

| December 31, 2017 | Level 1 | Level 3 | Total |
|---|---|---|---|
| Financial assets available for sale | 6,970 | - | 6,970 |
| Total | 6,970 | - | 6,970 |

| September 30, 2017 | Level 1 | Level 3 | Total |
|---|---|---|---|
| Financial assets available for sale | 6,970 | - | 6,970 |
| Total | 6,970 | - | 6,970 |

During the period ended September 30, 2018, there were no transfers between different levels of fair value measurement.

15. Contingent liabilities and capital commitments

The Group is contingently liable in respect of the following:

Contingent liabilities

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Letters of guarantee | **11,571,465** | 13,279,376 | 18,891,243 |
| Letters of credit | **339,039** | 222,413 | 352,281 |
| | **11,910,504** | 13,501,789 | 19,243,524 |

There are contingent liabilities related to assets classified as held for sale amounting to KD 6,218,379 (Note 5)

There are no material changes in the contingent liabilities and legal claims related to what is disclosed in the audited consolidated financial statements of the associate – National Real Estate company K.S.C. (Public) for the year ended December 31, 2017.

Capital commitments

The Group companies have entered into a 2 – 25 years lease agreements. Under the lease agreements, the subsidiaries are committed to pay annual lease rentals as follows:

| | **September 30, 2018** | December 31, 2017 (Audited) | September 30, 2017 |
|---|---|---|---|
| Less than 1 year | **-** | 40,853 | 158,946 |
| From 1 to 5 years | **1,431,265** | 1,431,265 | 1,903,393 |
| More than 5 years | **5,100,000** | 5,100,000 | 5,483,604 |
| | **6,531,265** | 6,572,118 | 7,545,943 |

Capital commitments related to discontinued operations amount to KD 14,603,278 (Note 5).

The Group's share of capital commitments related to associates amount to KD 881,739 as at September 30, 2018 (December 31, 2017 - KD 2,184,285 - September 30, 2017 – KD 15,092,656).

16. General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 14, 2018 approved the consolidated financial statements for the year ended December 31, 2017, and not to distribute cash dividends or bonus shares or board of directors' remuneration for the year ended December 31, 2017.

The Shareholders' Annual Ordinary General Assembly held on September 25, 2017 approved the consolidated financial statements for the year ended December 31, 2016, and not to distribute cash dividends or bonus shares or board of directors' remuneration for the year ended December 31, 2016.

17. Comparative information

Certain of the prior period amounts have been reclassified to conform to the amounts of current period presentation. The reclassification had no effect on the Group's prior period profit or the consolidated equity.

18. Effect of restating previous years

The comparative amounts for the interim condensed consolidated statement of financial position have been restated as at September 30, 2017, along with the comparative amounts for the interim condensed consolidated statement of profit or loss as per IAS (8) "accounting policies, changes in accounting estimates and errors". As during 2017, the Group discovered that rent and maintenance expenses in one of the foreign subsidiaries were not recorded. And as a result, these expenses and the related liabilities were understated. These errors were rectified through amending each item affected in the previous years consolidated financial statements.

The following table summarizes the effect of the restatement in the Group's comparative financial statements:

| **Interim condensed consolidated statement of financial position** | As previously reported | Adjustment | As restated |
|---|---|---|---|
| At September 30, 2017 | | | |
| Accounts payable and other credit balances | 106,821,257 | 3,924,244 | 110,745,501 |
| Accumulated losses | (32,264,444) | (3,924,244) | (36,188,688) |

| **Interim condensed consolidated statement of profit or loss** | As previously reported | Adjustment | As restated |
|---|---|---|---|
| For the nine months ended September 30, 2017 | | | |
| General, administrative and selling expenses | 27,367,615 | 88,387 | 27,456,002 |
| Profit for the period | 2,203,147 | (88,387) | 2,114,760 |
| For the three months ended September 30, 2017 | | | |
| General, administrative and selling expenses | 9,075,388 | 29,375 | 9,104,763 |
| Profit for the period | 797,235 | (29,375) | 767,860 |

19. Other equity items

| | **Fair value reserve of financial assets at FVOCI** | **Cumulative changes in fair value** | **Total** |
|---|---|---|---|
| **At December 31, 2017 ("as previously reported")** | - | **162,253** | **162,253** |
| Impact on adoption of IFRS 9 | **162,253** | **(162,253)** | - |
| **At January 1, 2018 ("Restated")** | **162,253** | - | **162,253** |
| Total comprehensive loss for the period | **(230,741)** | - | **(230,741)** |
| **At September 30, 2018** | **(68,488)** | - | **(68,488)** |
| At January 1, 2017 | - | 162,253 | 162,253 |
| At September 30, 2017 | - | 162,253 | 162,253 |

## 20. Segment information

For management purposes, the group has the following strategic divisions as reportable operating segments, which are summarized as follows:

| Reportable operating segment | Description |
|---|---|
| Retail | Food products hypermarkets. |
| Investment | Investing in securities, associates and joint operations. |
| Contracting | Construction |
| Real Estate | Management, development, and trading in real estate. |

Information related to each reportable operating segment is set out below:

| | Nine months ended September 30, 2018 | | | | |
|---|---|---|---|---|---|
| | **Retail** | **Investment** | **Contracting** | **Real Estate** | **Total** |
| **Total revenue** | 160,534,939 | - | 7,734,121 | 1,668,659 | 169,937,719 |
| **Gross profit** | 28,796,123 | - | 211,659 | 488,874 | 29,496,656 |
| **Depreciation and amortization** | (2,768,963) | (40,919) | (64,398) | (456,164) | (3,330,444) |
| **Finance charges** | (696,824) | (4,797,766) | (64,969) | - | (5,559,559) |
| **Profit (loss) for the period** | 5,349,017 | 517,993 | (925,914) | (170,376) | 4,770,720 |
| **Total assets** | 100,639,007 | 117,980,053 | 13,927,249 | 28,923,022 | 261,469,331 |
| **Total liabilities** | 156,463,125 | 87,094,476 | 7,467,590 | 4,508,301 | 255,533,492 |

| | December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Retail | Investment | Contracting | Real Estate | Total |
| Total assets | 98,272,580 | 119,446,765 | 14,582,499 | 30,206,549 | 262,508,393 |
| Total liabilities | 164,123,600 | 82,953,687 | 5,773,673 | 4,260,635 | 257,111,595 |

| | Nine months ended September 30, 2017 | | | | |
|---|---|---|---|---|---|
| | Retail | Investment | Contracting | Real Estate | Total |
| Total revenue | 157,853,907 | 116,687 | 8,777,899 | 1,529,946 | 168,278,439 |
| Gross profit | 26,980,078 | 6,339 | 988,764 | 350,934 | 28,326,115 |
| Depreciation and amortization | (2,901,892) | - | (44,781) | (518,970) | (3,465,643) |
| Finance charges | (310,307) | (4,549,017) | - | - | (4,859,324) |
| (Loss) profit for the period from discontinued operations | (2,998,938) | - | 405,806 | - | (2,593,132) |
| Profit (loss) for the period | 1,639,911 | 374,825 | 484,408 | (384,384) | 2,114,760 |
| Total assets | 89,557,035 | 130,219,870 | 22,174,786 | 29,917,744 | 271,869,435 |
| Total liabilities | 169,202,828 | 83,313,739 | 6,755,928 | 4,083,217 | 263,355,712 |

* Retail and contracting segments include the assets and liabilities classified as held for sale and related to discontinued operations.