SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2019
(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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CONTENTS

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders
Sultan Center Food Products Company - K.S.C. (Public) And Its Subsidiaries
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 (the "Group") as of March 31, 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three 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 accompanying interim condensed consolidated financial information include an investment in an associate "National Real Estate Company - K.S.C.P.", in which its interim condensed consolidated financial information include 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 7).

Qualified Conclusion

Based on our review, except for the possible effect 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 – "Interim Financial Reporting".

Material Uncertainty Related to Going Concern

We draw attention to Note 13 to the interim condensed consolidated financial information which indicates that as at period ended March 31, 2019, the Group's accumulated losses amounted to KD 41,485,248 (December 31, 2018 : KD 42,155,767, March 31, 2018 : KD 41,772,542). and, as of that date, the Group's current liabilities exceed its current assets by KD 135,034,708 (December 31, 2018 : KD 122,520,685, March 31, 2018 : KD 126,351,099). These conditions along with other matters as set forth in Note 13, indicate the 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. We further report that, to the best of our knowledge and belief, except for the matter mentioned in Basis for Qualified Conclusion paragraph, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the three months period ended March 31, 2019 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait
May 14, 2019

Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie &Co.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2019
(All amounts are in Kuwaiti Dinars)

ASSETS	Notes	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Current assets:				
Cash on hand and at banks		6,094,163	6,498,096	5,500,073
Accounts receivable and other debit balances		14,354,646	13,748,985	14,625,286
Due from related parties	4	87,795	8,873	1,632,000
Inventories		17,487,780	16,205,480	17,695,343
		38,024,384	36,461,434	39,452,702
Assets relating to discontinued operations	5-a	6,489,606	6,489,606	6,489,606
Assets classified held for sale	5-b	-	-	8,724,626
Total current assets		44,513,990	42,951,040	54,666,934
Non-current assets:				
Financial assets at fair value through other comprehensive income	6	5,321,256	5,319,632	5,656,466
Investment in associates	7	101,699,232	100,951,257	114,124,979
Investment properties		17,556,537	17,539,395	16,592,527
Goodwill		1,980,901	1,980,901	3,149,149
Property, plant and equipment		117,155,881	116,446,434	69,924,373
Right of use assets	2-c	50,744,551	-	-
Other assets		1,439,766	1,513,524	2,695,670
Total non-current assets		295,898,124	243,751,143	212,143,164
Total assets		340,412,114	286,702,183	266,810,098
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	8	56,818,540	56,623,027	60,269,338
Accounts payable and other credit balances		92,684,676	90,723,574	98,182,974
Due to related parties	4	207,450	207,450	208,187
Murabaha payable	9	11,129,500	11,129,500	11,429,500
Lease liabilities	10	11,920,358	-	-
		172,760,524	158,683,551	170,089,999
Liabilities relating to discontinued operations	5-a	6,788,174	6,788,174	6,788,174
Liabilities classified as held for sale	5-b	-	-	4,139,860
Total current liabilities		179,548,698	165,471,725	181,018,033
Non-current liabilities:				
Bank borrowings	8	56,663,083	56,932,480	56,271,960
Murabaha payable	9	13,848,287	13,863,682	15,552,438
Lease liabilities	10	39,615,511	-	-
Other long-term liability		1,311,851	1,307,333	1,938,806
Provision for end of service indemnity		5,739,093	5,877,098	5,422,722
Total non-current liabilities		117,177,825	77,980,593	79,185,926
Total liabilities		296,726,523	243,452,318	260,203,959
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		52,816,752	52,816,752	2,726,595
Effect of change in other comprehensive loss of associates		(20,784,593)	(20,650,913)	(7,712,733)
Cumulative changes in fair value		(27,359)	(28,982)	89,387
Foreign currency translation adjustments		(2,118,138)	(2,051,818)	(2,177,920)
Accumulated losses		(41,485,248)	(42,155,767)	(41,772,542)
Equity attributable to Parent Company's shareholders		43,690,721	43,218,579	6,442,094
Non-controlling interests		(5,130)	31,286	164,045
Total equity		43,685,591	43,249,865	6,606,139
Total liabilities and equity		340,412,114	286,702,183	266,810,098

The accompanying notes from (1) to (19) form an integral part of the interim condensed consolidated financial information.

Essam Khalid Al Refai
Vice Chairman

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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 MARCH 31, 2019
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
Continuing Operations	Notes	2019	2018
Operating revenue:			
Sales		51,305,872	50,571,212
Contract revenue		365,408	109,983
Service contract revenue		2,416,855	2,859,398
		54,088,135	53,540,593
Operating cost:			
Cost of sales		41,853,788	41,426,673
Contract cost		315,927	49,887
Service contract cost		2,478,174	2,929,939
		44,647,889	44,406,499
Gross profit		9,440,246	9,134,094
Other operating income		1,662,168	1,513,884
General, administrative and selling expenses		(7,158,366)	(8,656,674)
Depreciation and amortization		(2,034,643)	(1,155,476)
Provision no longer required		-	2,146
Operating profit		1,909,405	837,974
Group's share of results from associates	7	881,655	1,690,370
Gain on sale of property, plant and equipment		-	9,368
Finance charges		(2,156,957)	(1,694,723)
Profit for the period from continuing operations		634,103	842,989
Discontinued Operation			
Gain for the period from assets classified as held for sale	5-b	-	56,822
Profit for the period		634,103	899,811
Attributable to:			
Parent Company's shareholders		670,519	930,517
Non-controlling interests		(36,416)	(30,706)
Profit for the period		634,103	899,811
		Fils	Fils
Basic earnings per share from continuing operations		1.19	1.49
Basic earnings per share attributable to Shareholders of the Parent Company	12	1.19	1.65

The accompanying notes from (1) to (19) 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 MARCH 31, 2019
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended March 31, 2019	Three months ended March 31, 2018
Profit for the period		**634,103**	899,811
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		**(66,320)**	66,533
Group's share from changes in other comprehensive income (loss) of associates	7	**(133,680)**	315,863
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets (equity instruments) at fair value through other comprehensive income		**1,623**	(72,866)
Other comprehensive (loss) income for the period		**(198,377)**	309,530
Total comprehensive income for the period		**435,726**	1,209,341
Attributable to:			
Parent Company's shareholders		**472,142**	1,240,047
Non-controlling interests		**(36,416)**	(30,706)
		435,726	1,209,341

The accompanying notes from (1) to (19) 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 MARCH 31, 2019
(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 loss of associates	Other equity items	Foreign currency translation adjustments	Accumulated losses	Sub total	Non - controlling interests	Total equity
Balance as at January 1, 2019	57,882,878	(2,593,571)	52,816,752	(20,650,913)	(28,982)	(2,051,818)	(42,155,767)	43,218,579	31,286	43,249,865
Profit (loss) for the period	-	-	-	-	-	-	670,519	670,519	(36,416)	634,103
Other comprehensive (loss) income	-	-	-	(133,680)	1,623	(66,320)	-	(198,377)	-	(198,377)
Total comprehensive income (loss) for the period	-	-	-	(133,680)	1,623	(66,320)	670,519	472,142	(36,416)	435,726
Balance as at March 31, 2019	**57,882,878**	**(2,593,571)**	**52,816,752**	**(20,784,593)**	**(27,359)**	**(2,118,138)**	**(41,485,248)**	**43,690,721**	**(5,130)**	**43,685,591**
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	-	-	-	-	-	-	930,517	930,517	(30,706)	899,811
Other comprehensive income (loss)	-	-	-	315,863	(72,866)	66,533	-	309,530	-	309,530
Total comprehensive income (loss) for the period	-	-	-	315,863	(72,866)	66,533	930,517	1,240,047	(30,706)	1,209,341
Balance as at March 31, 2018	57,882,878	(2,593,571)	2,726,595	(7,712,733)	89,387	(2,177,920)	(41,772,542)	6,442,094	164,045	6,606,139

The accompanying notes from (1) to (19) 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 MARCH 31, 2019
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2019	2018
Cash flows from operating activities:		
Profit for the period from continuing operations	634,103	842,989
Profit for the period from discontinued operations	-	56,822
Profit for the period	634,103	899,811
Adjustments:		
Depreciation and amortization	2,034,643	1,164,310
Provision no longer required	-	(2,146)
Group's share of results from associates	(881,655)	(1,690,370)
Gain on sale of property, plant and equipment	-	(9,368)
Finance charges	2,156,957	1,694,723
Provision for end of service indemnity	153,496	224,140
	4,097,544	2,281,100
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(605,671)	(1,386,036)
Due from related parties	-	(8,756)
Gross amount due from customers for contract work	-	206,253
Inventories	(1,282,300)	(746,370)
Accounts payable and other credit balances	3,492,588	1,924,796
Due to related parties	-	737
Cash flows generated from operations	5,702,161	2,271,724
Paid for end of service indemnity	(291,746)	(115,590)
Net cash flows from operating activities	5,410,415	2,156,134
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment and other assets	(2,635,298)	(255,359)
Proceed from sale of property, plant and equipment	-	10,215
Proceed from disposal of financial assets at fair value through other comprehensive income	-	69,065
Net cash flows used in investing activities	(2,635,298)	(176,079)
Cash flows from financing activities:		
Net movement in bank borrowings	(73,884)	618,893
Net movement in Murabaha payable	(15,395)	-
Lease liabilities paid	(972,144)	-
Paid to a related party	(78,922)	-
Finance charges paid	(2,156,957)	(1,694,723)
Net cash flows used in financing activities	(3,297,302)	(1,075,830)
Net (decrease) increase in cash on hand and at banks	(522,185)	904,225
Foreign currencies translation adjustments	118,252	143,753
Cash on hand and at banks at the beginning of the period	6,498,096	4,724,610
Cash on hand and at banks relating to discontinued operations and assets classified as held for sale	-	(272,515)
Cash on hand and at banks at the end of the period	6,094,163	5,500,073

The accompanying notes (1) to (19) 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 as a Kuwaiti shareholding company and is listed on the Kuwait Stock Exchange. The Parent Company was registered in the Commercial register under reference number 30225 dated September 22, 1980. It is engaged in the following activities.

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 trademarks.
5. The operation of retail supermarkets, restaurants, catering services, trading and the installation of telecommunication equipment.
6. Trade in readymade garments and 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 May 14, 2019.

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 consolidated financial statements for the year ended December 31, 2018 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 standard, interpretation or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2019, 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 March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2018.

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

The Group adopted IFRS 16 "Leases" "Starting January 1, 2019", the key changes to the Group's accounting policies resulting from its adoption of the new standard is summarized below:

IFRS 16 – Leases

The standard, effective for annual periods beginning on or after January 1, 2019, provides a comprehensive framework for the identification of lease arrangements and their treatment in the interim condensed consolidated financial information of both lessees and lessors. It replaces the following existing standards and interpretations upon its effective date:

- 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 Involving the Legal Form of a Lease.

IFRS 16 sets out guidelines presented below in points A, B and C for determining whether any impact arises from the adoption of this standard and also describes the accounting treatment on the Group's interim condensed consolidated financial information with reference to the Group as a lessee or lessor:

A. Definition of a lease contract

The Group previously determined at inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease as explained below:

- Is there an identified asset that the customer has the right to use,
- Does the lessee obtain substantially all the economic benefits, and,
- Does the lessee have the right to direct the use of asset.

B. The Group as a lessee

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability (unless the lessee applies the fair value model in IAS 40 Investment Property to right-of-use assets that meet the definition of investment property in IAS 40 or applies the revaluation model in IAS 16 Property, plant and equipment).

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for any change in interest rate and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. a contract that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the later approach is selected, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings (or other component of equity as appropriate), or selecting the second option within the same approach that allows to measure the lease liability at the present value of the remaining future lease payments until the end of the contract discounted at the interest rate implicit in the lease contract if the rate is readily determined or lessee incremental borrowing rate against recording a right of use asset with the same value with no impact on the retained earnings.

C. The Group as a lessor

In contrast to lessee accounting, IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, and continue to require a lessor to classify a lease either as an operating lease or a finance lease. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases. As at the effective date, the adoption of IFRS 16 has not had a significant effect on the Group's accounting policies related to a lessor for sub-leases.

Transition
On applying the requirements of IFRS 16, the Group used the modified retrospective approach (option 2) at the initial application date January 1, 2019 and accordingly comparative information is not restated. The Group has elected to use the practical transition method that permits the application of the standard only to contracts previously determined as lease contracts in accordance with IAS 17 and IFRIC 4 at the date of initial application. The Group has also used recognition exemptions for leases with a lease term of 12 months or less and no option to purchase (short-term leases) and leases where the underlying asset is low value (low-value assets).

a) **Right of use assets:**
The Group recognises right of use assets at the commencement date of the lease (i.e. the date underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment loses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use are subject to impairment. The carrying value of the right-of-use assets are included in the interim condensed consolidated statement of financial position.

The Group used an implicit discount rate calculated at an interest rate ranging from 4.625% to 7.5% which represents the average borrowing price of the Group's companies.

b) **Lease liabilities:**
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payment (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index of a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the borrowing rate implicit in the lease is not readily determinable. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset and are recorded in the interim condensed consolidated statement of financial position.

c) **Significant judgment in determining the lease term of contracts with renewal options:**
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy).

The impact of the adoption of IFRS 16 as at January 1, 2019 is as follows:

	KD
Assets:	
Right of use assets	51,831,112
Total assets	51,831,112
Liability:	
Lease liabilities	51,831,112
Total liabilities	51,831,112

The following table shows the movement in the carrying amount of the rights to use assets and lease liabilities during the period:

	Right of use of assets	Lease liabilities
Effect of application of IFRS 16	51,831,112	51,831,112
Amortization	(1,086,561)	-
Finance charges	-	676,901
Payments	-	(972,144)
Balance as at March 31, 2019	**50,744,551**	**51,535,869**

Interim condensed consolidated statement of profit or loss for the three months ended March 31, 2019
The profit for the period decreased by KD (388,819) as follows:

	KD
Increase in finance charges	**(676,901)**
Right of use assets amortization	**(1,086,561)**
Decrease in rental expenses	**1,374,643**
	(388,819)

4. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, associates and entities under common control in the normal course of its business. 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	Associates	Entities under common control	**March 31, 2019**	December 31, 2018 (Audited)	March 31, 2018
Due from related parties	87,795	-	-	**87,795**	8,873	1,632,000
Due to related parties	-	-	207,450	**207,450**	207,450	208,187

The due from / to related parties are non-interest and there are no maturity dates.

Transactions included in the interim condensed consolidated statement of profit or loss:	Three months ended March 31,	
	2019	2018
General and administrative expenses (Rent)	**415,094**	456,142

Compensation to key management personnel

	Three months ended March 31,	
	2019	2018
Salaries and other short-term benefits	**150,299**	277,901
End of service benefits	**8,526**	11,592
	158,825	289,493

Financial assets at fair value through other comprehensive income amounting to KD 3,213,526 (December 31, 2018 – KD 3,213,526, March 31, 2018 – KD 3,119,137) are registered in the name of a related party and there is a waiver in favor of the Group for these financial assets.

Investment properties with fair value of KD 3,855,000 (December 31, 2018 - KD 3,855,000, March 31, 2018- KD 4,840,000) are registered in the name of a related party and there is a waiver in favor of the Group for those investment properties.

5. Discontinued operations

a) Assets 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) S.A.L. ("Lebanon"). Management of the entity stopped its activity and declared bankruptcy in the Lebanese courts. Its application was accepted on 6 November 2017. The Court appointed two agents to collect the entity's debts and fulfill its obligations in accordance with the laws of the Republic of Lebanon.

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

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Assets:			
Cash on hand and at banks	**60,854**	60,854	60,854
Accounts receivable and other debit balances	**891,091**	891,091	891,091
Inventory	**830,365**	830,365	830,365
Property, plant and equipment	**4,634,900**	4,634,900	4,634,900
Other assets	**72,396**	72,396	72,396
Total assets classified as discontinued operations	**6,489,606**	6,489,606	6,489,606
Liabilities:			
Trade and other payables	**6,580,481**	6,580,481	6,580,481
Provision for end of service indemnity	**207,693**	207,693	207,693
Total liabilities classified as discontinued operations	**6,788,174**	6,788,174	6,788,174
Net assets classified as discontinued operations	**(298,568)**	(298,568)	(298,568)

Capital commitments for the Sultan Center Retail (Lebanon) - S.A.L. as of bankruptcy dated on July 31, 2018 amounted to KD 14,603,278, it was difficult to estimate the contingent liabilities that the company is expected to incur due to liquidation.

There is a lawsuit against Sultan Center Retail (Lebanon) - S.A.L. as a result of bankruptcy. Group Management anticipates that the lawsuit will not have a material adverse impact on the accompanying consolidated financial statements.

b) Assets classified as held for sale

During the year ended 31 December 2017, the Group classified its investment in the subsidiary "Sultan Center for Telecommunications – K.S.C. (Closed)" as assets classified for sale in accordance with IFRS 5. The classification resulted in a loss of KD 3,847,010 that was recorded as a loss from discontinued operations for the year ended December 31, 2017.

The comparative period profit from assets classified as held for sale amounted to KD 56,822 and basic earnings per share from discontinued operations was 0.10 Fils.

On January 15, 2018, the Group entered into a sale agreement of the subsidiary for an amount of KD 4,000,000, of which KD 3,000,000 was collected during the year. Accordingly, the subsidiary's investment was excluded from the Parent Company's books.

6. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise 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.

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Quoted equity securities	46,446	44,822	53,150
Unquoted equity securities	5,274,810	5,274,810	5,603,316
	5,321,256	5,319,632	5,656,466

The fair value classification levels are disclosed in Note 14.

7. Investment in associates

The movement during the period / year was as follows:

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Balance at the beginning of the period / year	100,951,257	112,118,746	112,118,746
Impact on adoption of IFRS 9 of associates	-	(1,724,242)	-
Balance at the beginning of the year (restated)	100,951,257	110,394,504	112,118,746
Group's share of results from associates	881,655	4,828,043	1,690,370
Impairment loss	-	(1,800,575)	-
Group's share of other comprehensive (loss) income from associates	(133,680)	(12,470,715)	315,863
Balance at the end of the period / year	101,699,232	100,951,257	114,124,979

As at March 31, 2019, shares of the associate (National Real Estate Company – K.S.C. (Public)) with market value of KD 30,328,789 (December 31, 2018 – KD 30,625,364, March 31, 2018 – KD 37,681,223) are pledged to certain local banks against bank borrowings and Murabaha payable (Note 8, 9).

Contingent liabilities for legal cases related to the associate Company "National Real Estate Company – K.S.C.P".:

On February 2017, the Associate 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, as well as the CMC's order to transfer the shares acquired by the Associate back to the original Iraqi shareholders (which was implemented in March 2019). Without limitation, the Associate's claims relate to Iraq's failure to treat the Associate's investment of over USD 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 Associate'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 Associate'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. The tribunal bifurcated the proceedings on October 31, 2018, and the Associate submitted its counter-memorial on jurisdiction on January 10, 2019. The reply of the respondents was submitted on February 25, 2019, and the Associate's rejoinder was submitted on March 21, 2019. The hearings were held on April 24 and 25, 2019, and the tribunal's ruling on jurisdiction is expected on August or September 2019. The expected financial impact cannot yet be assessed as the dispute remains legally unresolved and its outcome is not clear.

8. Bank borrowings

Bank borrowings are granted by local and foreign banks to the Parent Company and certain subsidiaries. Bank borrowings for certain subsidiaries are secured by the corporate guarantees of the Parent Company and the subsidiaries, mortgage of certain shares of an associate Company for a market value of KD 25,081,627 (December 31, 2018 KD 25,326,892, March 31, 2018 – KD 31,162,021), waiver right of revenues of some branches of a subsidiary and mortgage of freehold lands and building of subsidiaries with net book value of KD 45,243,425 (December 31, 2018 KD 45,300,990, March 31, 2018 –12,125,257).

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

		Interest rate (%)		
Description	Currency	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
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 semiannual interest rate	Oman Riyal	4 – 5.5	4 – 5.5	4 – 5.5

9. Murabaha payable

Murabaha payable is secured by mortgage of certain shares of associates for a market value of KD 5,247,162 (December 31, 2018 – KD 5,298,472, March 31, 2018 - KD 6,519,202), mortgage of freehold lands and buildings owned by a subsidiary with net book value of KD 7,083,669 (December 31, 2018 - KD 7,100,000 , March 31, 2018 - KD 1,418,686) and mortgage of investment properties owned by a subsidiary amounting to KD 10,800,000 (December 31, 2018 – KD 10,800,000, March 31, 2018 – KD 9,800,000).

10. Lease liabilities

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Balance at the beginning of the period / year	-	-	-
Impact of adoption of IFRS 16	51,831,112	-	-
Finance charges	676,901	-	-
Paid during the period / year	(972,144)	-	-
Balance at end of period / year	51,535,869	-	-
Analyzed as:			
Short term lease liabilities	11,920,358	-	-
Long term lease liabilities	39,615,511	-	-
	51,535,869	-	-

11. Treasury shares

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
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	756,444	412,476
Cost (KD)	2,593,571	2,593,571	2,593,571

Due to accumulated losses, the Parent Company has not allotted any amount in relation to treasury shares balance as of the interim condensed consolidated financial information.

12. Basic earnings per share

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 ended March 31, 2019	Three months ended March 31, 2018
Profit for the period attributable to the Parent Company's shareholders	670,519	930,517
Number of shares outstanding:	Shares	Shares
Number of issued shares at the beginning of the period	578,828,669	578,828,669
Less: Weighted average number of treasury shares	(14,272,531)	(14,272,531)
Weighted average number of shares outstanding at the end of the period	564,556,138	564,556,138
Earnings per share attributable to the Parent Company's shareholders (fils)	1.19	1.65

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 March 31, 2019, the Group's accumulated losses amounted to KD 41,485,248 (December 31, 2018 – KD 42,155,767, March 31, 2018 – KD 41,772,542). The Group's current liabilities exceed current assets by KD 135,034,708 (December 31, 2018 – KD 122,520,685, March 31, 2018 – KD 126,351,099).

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:

	March 31, 2019		
	Level 1	Level 3	Total
Financial assets at fair value through other comprehensive income	46,446	5,274,810	5,321,256

	December 31, 2018 (audited)		
	Level 1	Level 3	Total
Financial assets at fair value through other comprehensive income	44,822	5,274,810	5,319,632

	March 31, 2018		
	Level 1	Level 3	Total
Financial assets at fair value through other comprehensive income	53,150	5,603,316	5,656,466

During the period ended March 31, 2019, there were no transfers between different levels of fair value measurement.

15. Contingent liabilities and legal claims

At March and December 31, the Group was contingently liable in respect of the following:

	March 31, 2019	December 31, 2018 (Audited)	March 31, 2018
Letters of guarantee	9,050,421	10,983,280	10,658,663
Letters of credit	177,039	341,941	454,889
	9,227,460	11,325,221	11,113,552

There are no material changes in the contingent liabilities and legal claims of the associate Company – National Real Estate Company K.S.C. (Public) for what has been disclosed in the audited consolidated financial statements for the year ended December 31, 2018.

16. Capital commitments

Capital commitments from discontinued operation amounted to KD 14,603,278.

The Group's share of capital commitments of the associate amounted to KD 380,328 (December 31, 2018 - KD 675,097, March 31, 2018 – KD 1,605,153).

17. General Assembly

The Shareholders' Annual Ordinary General Assembly held on May 14, 2019 approved not to distribute cash dividends or bonus shares for the year ended December 31, 2018.

The Shareholders' Annual Ordinary General Assembly held on May 14, 2018 approved not to distribute cash dividends or bonus shares for the year ended December 31, 2017.

18. Comparative information

Certain of the prior period amounts have been restated to conform to the amounts of current period presentation. The reclassification process did not have an impact on the Group's profit or equity for the year / prior period.

19. 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 hyper markets.
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:

	Three months ended March 31, 2019				
	Retail	**Investment**	**Contracting**	**Real Estate**	**Total**
Total revenue	51,305,873	-	2,269,405	512,857	54,088,135
Gross profit	9,357,814	-	(61,320)	143,752	9,440,246
Depreciation and amortization	(1,728,719)	(13,585)	(140,560)	(151,779)	(2,034,643)
Finance charges	(564,487)	(1,562,387)	(19,406)	(10,677)	(2,156,957)
Profit (loss) for the period	2,040,097	(990,517)	(358,638)	(56,839)	634,103
Total assets	196,371,794	107,901,017	6,320,296	29,819,007	340,412,114
Total liabilities	203,770,924	81,773,898	5,216,944	5,964,757	296,726,523

	Three months ended March 31, 2018				
	Retail	Investment	Contracting	Real Estate	Total
Total revenue	50,583,356	-	2,402,290	554,947	53,540,593
Gross profit	9,059,696	-	(71,670)	146,068	9,134,094
Depreciation and amortization	(933,568)	(13,644)	(21,471)	(186,793)	(1,155,476)
Finance charges	(205,366)	(1,489,357)	-	-	(1,694,723)
Profit (loss) for the period	1,425,808	(141,378)	(335,852)	(105,589)	842,989
Total assets	108,600,841	122,579,188	6,044,531	29,585,538	266,810,098
Total liabilities	167,827,309	84,849,329	3,258,478	4,268,843	260,203,959