

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2014
(UNAUDITED)**

**WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
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(UNAUDITED)
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AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 - State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417



RSM Albazie & Co.

Public Accountants

Kuwait Airways Building, 7th floor, Shuhada Street,
P.O. Box 2115, Safat - 13022, State of Kuwait
T +965 22961000 F +965 22412761
E mail@albazie.com W www.albazie.com

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
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 subsidiaries (the Group) as of June 30, 2014 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 six months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

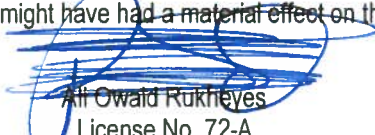
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim consolidated financial information performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons 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.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review the interim 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, we have not become aware of any violations of the Companies Law No.25 of 2012, its amendments, executive regulations or of the Parent Company's Articles of Incorporation and Articles of Association during the period ended June 30, 2014 that might have had a material effect on the Group's financial position or results of its operations.


Ali Owaid Rukh Hayes
License No. 72-A
Member of the International Group
of Accounting Firms


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

State of Kuwait
August 14, 2014

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Current assets:				
Cash on hand and at banks		8,836,727	6,896,370	5,637,512
Accounts receivable and other debit balances	3	16,351,852	13,558,959	11,590,252
Due from related parties	4	1,304,438	1,304,453	869,395
Gross amount due from customers for contract work		1,680,917	4,351,432	4,601,464
Inventories		26,653,486	25,098,214	24,283,631
Total current assets		54,827,420	51,209,428	46,982,254
Accounts receivable and other debit balances – non current portion				
	3	1,129,200	-	-
Investments available for sale		6,858,430	6,858,430	6,075,398
Investment in associates	5	103,506,780	102,397,362	98,261,597
Investment properties		13,895,847	13,895,847	13,859,903
Fixed assets	6	88,734,033	89,925,472	92,057,914
Other assets		5,984,510	6,568,598	7,312,967
Goodwill		10,738,591	10,738,591	10,738,591
Total assets		285,674,811	281,593,728	275,288,624
<u>LIABILITIES AND EQUITY</u>				
Current liabilities:				
Bank borrowings	7	80,411,360	95,686,808	97,644,130
Accounts payable and other credit balances		108,213,240	104,502,073	98,675,698
Due to related party	4	297,813	297,813	284,502
Murabaha payable	8	21,335,000	22,385,000	20,140,000
Gross amount due to customers for contract work		79,943	79,943	107,149
Provision for Contingent liabilities	9	7,110,655	-	-
Total current liabilities		217,448,011	222,951,637	216,851,479
Bank borrowings – non current portion				
	7	19,043,980	11,840,622	13,669,709
Murabaha payable – non current portion	8	2,750,000	1,700,000	2,250,000
Provision for end of service indemnity		5,920,126	5,611,581	5,809,935
Total liabilities		245,162,117	242,103,840	238,581,123
Equity:				
Capital		57,882,877	57,882,877	57,882,877
Treasury shares	10	(2,593,571)	(2,593,571)	(2,593,571)
Revaluation surplus		1,072,655	1,072,655	1,072,655
Effect of changes in other comprehensive income of associates		(4,269,663)	(3,950,083)	(4,877,778)
Cumulative changes in fair value		162,253	162,253	175,082
Foreign currency translation adjustments		(1,374,142)	(1,350,766)	(1,471,775)
Accumulated losses		(10,959,228)	(12,271,532)	(13,737,719)
Total equity attributable to Parent Company's shareholders		39,921,181	38,951,833	36,449,771
Non-controlling interests		591,513	538,055	257,730
Total equity		40,512,694	39,489,888	36,707,501
Total liabilities and equity		285,674,811	281,593,728	275,288,624

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information


 Ayman Sultan Al-Essa
 Chairman and Group Managing Director

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Operating revenue:					
Sales		63,912,480	58,740,484	123,767,451	115,306,908
Construction contract revenue		1,232,998	2,917,255	2,956,650	4,839,148
Service contract revenue		2,216,148	1,973,937	4,526,370	3,928,477
		<u>67,361,626</u>	<u>63,631,676</u>	<u>131,250,471</u>	<u>124,074,533</u>
Operating cost:					
Cost of sales		52,570,932	47,977,616	101,464,854	94,172,413
Construction contract cost		1,059,010	2,276,408	2,391,383	3,722,945
Service contract cost		1,956,000	1,763,989	3,948,248	3,514,535
		<u>55,585,942</u>	<u>52,018,013</u>	<u>107,804,485</u>	<u>101,409,893</u>
Gross profit		11,775,684	11,613,663	23,445,986	22,664,640
Other operating income		1,925,001	1,820,315	4,168,620	3,478,974
Expenses and charges:					
General and administrative and selling expense		11,932,355	11,169,222	23,145,635	21,973,379
Depreciation and amortization		1,640,459	2,143,022	3,300,589	4,054,698
Provisions	9	11,926,398	21,513	11,717,255	21,513
Total expenses and charges		<u>25,499,212</u>	<u>13,333,757</u>	<u>38,163,479</u>	<u>26,049,590</u>
Operating (loss) income		(11,798,527)	100,221	(10,548,873)	94,024
Realized gain on sale of investments available for sale					
		-	1,509,974	-	2,649,652
Group's share of results from associates					
	5	1,240,887	1,232,110	2,536,083	2,071,982
Gain from sale of fixed assets					
	6	13,775,122	-	13,775,122	-
Fixed assets written off					
		-	(662,084)	-	(774,115)
Other assets written off					
		-	(393,539)	-	(527,299)
Impairment loss for investment in associates					
	5	(1,107,085)	-	(1,107,085)	-
Finance charges					
		(1,447,030)	(1,524,330)	(2,900,897)	(3,110,191)
Profit for the period before NLST & Zakat					
		663,367	262,352	1,754,350	404,053
NLST					
		(279,845)	-	(279,845)	-
Zakat					
		(111,938)	-	(111,938)	-
Net profit for the period		<u>271,584</u>	<u>262,352</u>	<u>1,362,567</u>	<u>404,053</u>
Attributable to :					
Parent Company's shareholders		249,464	262,352	1,312,304	404,053
Non-controlling interests		22,120	-	50,263	-
Net profit for the period		<u>271,584</u>	<u>262,352</u>	<u>1,362,567</u>	<u>404,053</u>
Earnings per share attributable to					
Parent Company's shareholders - fils	11	<u>0.44</u>	<u>0.46</u>	<u>2.32</u>	<u>0.72</u>

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2014
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Net profit for the period		271,584	262,352	1,362,567	404,053
Other comprehensive loss:					
<u>Items that may be reclassified subsequently to consolidated profit or loss</u>					
Foreign currency translation adjustments		(80,721)	(141,107)	(20,181)	(158,283)
Changes in fair value of investments available for sale		-	(580,380)	-	32,720
Effect of sale of investments available for sale		-	(630,494)	-	(1,421,594)
Other comprehensive loss of associates	5	(46,003)	(1,739,148)	(319,580)	(2,983,958)
Other comprehensive loss for the period		(126,724)	(3,091,129)	(339,761)	(4,531,115)
Total comprehensive income (comprehensive loss) for the period		144,860	(2,828,777)	1,022,806	(4,127,062)
Attributable to:					
Shareholders of the parent company		122,739	(2,828,777)	969,348	(4,127,062)
Non-controlling interests		22,121	-	53,458	-
Total comprehensive income (comprehensive loss) for the period		144,860	(2,828,777)	1,022,806	(4,127,062)

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2014
 (All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders							Non-controlling interests	Total	
	Capital	Treasury shares	Revaluation surplus	changes in other comprehensive income of associates	Cumulative changes in fair value	Foreign currency translation adjustments	Accumulated losses			Sub total
Balance as at December 31, 2013	57,882,877	(2,593,571)	1,072,655	(3,950,083)	162,253	(1,350,766)	(12,271,532)	38,951,833	538,055	39,489,888
Total (comprehensive loss) comprehensive income for the period	-	-	-	(319,580)	-	(23,376)	1,312,304	969,348	53,458	1,022,806
Balance as at June 30, 2014	57,882,877	(2,593,571)	1,072,655	(4,269,663)	162,253	(1,374,142)	(10,959,228)	39,921,181	591,513	40,512,694
Balance as at December 31, 2012	57,882,877	(2,593,571)	1,072,655	(1,879,149)	1,563,956	(1,313,492)	(14,141,772)	40,591,504	257,730	40,849,234
Total (comprehensive loss) comprehensive income for the period	-	-	-	(2,983,958)	(1,388,874)	(158,283)	404,053	(4,127,062)	-	(4,127,062)
Change in Associate equity	-	-	-	(14,671)	-	-	-	(14,671)	-	(14,671)
Balance as at June 30, 2013	57,882,877	(2,593,571)	1,072,655	(4,877,778)	175,082	(1,471,775)	(13,737,719)	36,449,771	257,730	36,707,501

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Profit for the period before National Labor Support Tax & Zakat	1,754,350	404,053
Adjustments:		
Depreciation and amortization	3,300,589	4,054,698
Provisions	11,717,255	21,513
Realized gain on sale of investments available for sale	-	(2,649,652)
Gain from sale of fixed assets	(13,775,122)	-
Fixed assets written off	-	774,115
Other assets written off	-	527,299
Impairment loss of investment in associate	1,107,085	-
Group's share of results from associates	(2,536,083)	(2,071,982)
Provision for end of service indemnity	622,307	567,422
Finance charges	2,900,897	3,110,191
	<u>5,091,278</u>	<u>4,737,657</u>
Changes in operating assets & liabilities :		
Accounts receivable and other debit balances	(3,712,950)	1,490,052
Due from related parties	-	(287,516)
Gross amount due from customers for contract work	655,190	(2,448,162)
Inventories	(2,555,272)	(2,273,916)
Accounts payable and other credit balances	1,498,800	2,991,723
Due to related party	-	(525,274)
Gross amount due to customers for contract work	-	18,656
Cash generated from operations	<u>977,046</u>	<u>3,703,220</u>
Employees' end of service indemnity paid	(313,762)	(534,939)
Net cash generated from operating activities	<u>663,284</u>	<u>3,168,281</u>
Cash flows from investing activities:		
Paid for purchase of fixed assets and other assets	(3,104,616)	(3,373,325)
Proceeds from sale of fixed assets	15,354,676	-
Proceeds from sale of investments available for sale	-	7,239,540
Net cash generated from investing activities	<u>12,250,060</u>	<u>3,866,215</u>
Cash flows from financing activities:		
Net movement in bank borrowings	(8,072,090)	(3,810,493)
Net movement in murabaha payable	-	(245,000)
Finance charges paid	(2,900,897)	(3,110,191)
Net cash used in financing activities	<u>(10,972,987)</u>	<u>(7,165,684)</u>
Net increase (decrease) in cash on hand and at banks	<u>1,940,357</u>	<u>(131,188)</u>
Cash on hand and at banks at the beginning of the period	<u>6,896,370</u>	<u>5,768,700</u>
Cash on hand and at banks at the end of the period	<u>8,836,727</u>	<u>5,637,512</u>

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Sultan Center Food Products Company - K.S.C. (Public) "the parent company" is a shareholding company registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1450 / W Vol. 4 dated September 22, 1980 and registered on Commercial register under Ref. No. 30225 dated April 1, 1993.

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

The Companies Law was issued on November 26, 2012 by the Decree No. 25 of 2012 "the Companies Law", and had cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended by the Law No. 97 of 2013. The Executive Charter of the new amended law was issued on September 29, 2013 and was published in the Official Gazette on October 6, 2013. As stated in article No. (3) of the Executive Charter, all companies have a grace period of one year from the Executive Charter's publication date to comply with the new amended law requirements.

The interim consolidated financial information was authorized for issue by the Board of Directors on August 14, 2014.

2. Basis of presentation

The interim 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 consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2013, except for the implementation of the following standards which are effective January 1, 2014:

Amendments to IAS 32 offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the meaning of "currently have a legally enforceable right of set off" and "simultaneous realization and settlement". These are effective for annual periods beginning on or after January 1, 2014.

Amendments to IFRS 10, IFRS 12 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2014.

These amendments don't have any material impact on the interim consolidated financial information of the Group.

Standards and Interpretations issued but not effective

The following IASB Standards and Interpretations have been issued but are not yet effective, and have not yet been adopted by the Group:

IFRS 9 Financial Instruments

The standard, which was earlier effective for annual periods beginning on or after January 1, 2015 and now deferred specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified entirely based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

The amendment is not expected to have any material impact on the interim consolidated financial informations.

The interim consolidated financial information does not include all of 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. Operating results for the period ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2013.

3. Accounts receivable and other debit balances

Accounts receivable and other debit balances include the following:

- a) An amount of KD 1,411,500 equivalent to USD 5,000,000 which represents a prepaid rent paid till April 19, 2018 for commercial center in Lebanon, the contract is under signature
- b) An amount of KD 590,229. represents cost of goods loss as a result of fire on warehouse of one of the group companies in Oman Sultanate on January 4, 2014 Based on insurance policy the group had claimed from the insurance company a compensation for the loss, an amount equivalent to KD 293,268 has been collected during the period ended June 30, 2014 and the remaining balance was accounted as receivable from the insurance company.

Accounts receivable and other debit balances represent as as follows:

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Current portion	16,351,852	13,558,959	11,590,252
Non current portion	1,129,200	-	-
	<u>17,481,052</u>	<u>13,558,959</u>	<u>11,590,252</u>

4. Related party disclosures

The Group has entered into various transactions with related parties, i.e. shareholders, board of directors, companies under common control, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

<u>Balances included in the Interim condensed consolidated statement of financial position:</u>	Major shareholders	Associate companies	Companies under common control	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Due from related parties	104,438	1,200,000	-	1,304,438	1,304,453	869,395
Due to related party	-	-	297,813	297,813	297,813	284,502
<u>Transactions Included in the Interim condensed consolidated statement of profit or loss:</u>						
Rent	-	-	(753,630)	(753,630)	(1,480,552)	(720,048)

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Key management compensation:				
Salaries and other short-term benefits	532,623	457,938	948,547	860,601
Termination benefits	51,005	19,146	105,352	42,118
	583,628	477,084	1,053,899	902,719

5. Investment in associates

The movement during the period / year is as follows:

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Balance at the beginning of the period / year	102,397,362	99,188,244	99,188,244
Group's share of results from associates	2,536,083	5,262,668	2,071,982
Group share from associate other comprehensive loss	(319,580)	(2,070,934)	(2,998,629)
Foreign currency translation adjustments	-	17,384	-
Impairment of investment in associate	(1,107,085)	-	-
Balance at the end of the period / year	103,506,780	102,397,362	98,261,597

6. Fixed assets

On May 11, 2014 one of the group's subsidiaries – Sultan Center trading and general contracting co. W.L.L.- sold lands at the managerial and commercial center in Al Jahraa – state of Kuwait which its book value amounted KD 1,321,599 with selling price of KD 15,000,000, that resulted in a gain of KD 13,679,401 which was recorded in the condensed consolidated statement of profit or loss, The subsidiary collected all the amount during the period.

7. Bank Borrowings

Bank borrowings are granted by local banks and foreign banks. Bank borrowings for certain subsidiaries are secured by corporate guarantee by the subsidiaries and the parent company and are secured by mortgage of freehold land and building of a subsidiary with net book value of KD 11,702,013 (December 31, 2013 - KD 9,650,235 June 30, 2013 – KD 9,650,235).

On April 9, 2014 one of the group subsidiaries – Sultan Center trading and general contracting co. W.L.L.- has signed bank facilities and restructure contract with local bank, including the following:

- Granting the subsidiary bank facilities with KD 23,660,000 as maximum limit including restructuring of some of the group companies loans with an annual interest rate ranging from 1.5% to 2.5% over the central bank of Kuwait discount rate.
- Granting the subsidiary a grace period ends on March 30, 2015
- Mortgage of free hold land owned by – Sultan Center trading and general contracting co. W.L.L.- , mortgage of investment fund owned by United Group Company K.S.C. (closed), and personal corporate guarantee by the parent Company for all loans and liabilities.

Accordingly bank borrowings were restructured as following:

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Current portion	80,411,360	95,686,808	97,644,130
Non current portion	19,043,980	11,840,622	13,669,709
	99,455,340	107,527,430	111,313,839

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

8. Murabaha Payable

On April 8, 2014 the parent company and one of its subsidiaries – United Capital Group Company K.S.C. (closed) – (in kind mortgagor and joint guarantor) has signed a bank financing contract which is guaranteed by possessory mortgage in favor of local bank, this contract includes the following:

- Granting the Parent Company Murabaha amounting to KD 2,750,000 with annual finance cost of 2.5% over the central bank of Kuwait discount rate.
- Granting the parent company grace period ends on April 1, 2015.
- Mortgage some shares of National Real Estate Company K.S.C. (Public) which is owned by the group and categorized as investment in associate.

Accordingly bank borrowings were restructured as following:

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Current portion	21,335,000	22,385,000	20,140,000
Non current portion	2,750,000	1,700,000	2,250,000
	<u>24,085,000</u>	<u>24,085,000</u>	<u>22,390,000</u>

9. Provisions

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Provision for Doubtful debts	2,015,325	21,513	1,806,182	21,513
Provision for slow moving inventory	1,000,000	-	1,000,000	-
Provision for legal case	1,800,418	-	1,800,418	-
Provision for restructuring (a)	7,110,655	-	7,110,655	-
	<u>11,926,398</u>	<u>21,513</u>	<u>11,717,255</u>	<u>21,513</u>

- a) The Group is about restructuring its activities in Lebanon which may cause losses in its fixed assets and other assets, according to prudence principle the group accrued for a provision amounting KD 7,110,655 for such purpose.

10. Treasury shares

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Number of shares	14,272,535	14,272,535	14,272,535
Percentage of issued shares	2.47%	2.47%	2.47%
Market value (KD)	1,313,073	1,355,891	1,541,434
Cost (KD)	2,593,571	2,593,571	2,593,571

Due to the non availability of credit balances in retained earnings, reserves, share premium as of June 30, 2014, the Company's management has not allotted any amount in relation to treasury shares balance as of the financial reporting date based on Capital Markets Authority resolution dated December 30, 2013.

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11. Earnings per share attributable to Parent company's shareholders

The information necessary to calculate basic earnings per share based on weighted average number of shares outstanding during the period except for treasury shares as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Earnings:				
Net profit for the period attributable to the parent company's shareholders	<u>249,464</u>	<u>262,352</u>	<u>1,312,304</u>	<u>404,053</u>
Number of shares outstanding:				
	Shares	Shares	Shares	Shares
Weighted average number of issued shares	<u>578,828,768</u>	<u>578,828,768</u>	<u>578,828,768</u>	<u>578,828,768</u>
Weighted average number of treasury shares	<u>(14,272,535)</u>	<u>(14,272,535)</u>	<u>(14,272,535)</u>	<u>(14,272,535)</u>
Weighted average number of shares outstanding	<u>564,556,233</u>	<u>564,556,233</u>	<u>564,556,233</u>	<u>564,556,233</u>
Earnings per share attributable to the parent company's shareholders (fils)	<u>0.44</u>	<u>0.46</u>	<u>2.32</u>	<u>0.72</u>

12. Working capital

The Group's current liabilities exceeded the current assets by the amount of KD 162,620,591 (December 31, 2013 – KD 171,742,209, June 30, 2013 - KD 169,869,225). The interim consolidated financial information have been prepared assuming the Group will continue as a going concern. This assumption relies on the Group's management opinion that its lender financial institutions will renew the Group's outstanding borrowings on their respective due dates considering the Group's ability to generate cash flows.

13. Contingent liabilities and legal claims

The Group contingent liabilities as of June 30, 2014 is as follow:

	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Letters of guarantee	<u>7,592,478</u>	<u>12,567,983</u>	<u>15,470,871</u>
Letters of credit	<u>2,400,252</u>	<u>1,876,161</u>	<u>1,824,890</u>
	<u>9,992,730</u>	<u>14,444,144</u>	<u>17,295,761</u>

There are no material changes in the contingent liabilities and legal claims of the associate company – National Real Estate company K.S.C. (Public) – other than what was mentioned in the audited financial statements for the year ended December 31, 2013

Provision for legal case amounting to KD 1,800,418 was accrued for during the period ended June 30, 2014 against legal case relating to the group.

14. Capital commitments

One of the subsidiaries has entered into a 25 year agreement for the lease of land and another subsidiary has entered into a 22 year agreement for the lease of another land, also, one subsidiary enter into various operating lease agreements ranging from 2 – 15 years. Under the lease agreements, the subsidiaries are committed to pay annual lease rentals as follows:

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	June 30, 2014	December 31, 2013 (Audited)	June 30, 2013
Less than 1 year	124,002	174,255	205,263
From 1 to 5 years	6,818,631	8,696,530	8,042,195
More than 5 years	18,700,501	18,911,100	14,708,640

The Group's share of capital commitments of the associate are as follows:

- a) Capital commitments amounting to KD 1,746,661 (December 31, 2013 - KD 3,092,922 - June 30, 2013 - KD 147,400).
- b) Commitments under a major non-cancelable operating lease, primarily for land leased from the Government of Kuwait for the Water Front Project as follows:

Year	Amount
2015 - 2019	43,682
	<u>43,682</u>

For the operating lease commitments, the associate company is required to give a bank guarantee of 0.5% of the total value of the capital project concerned for the purpose of maintenance services to be provided by the final lessor.

15. Fair value of financial instruments

The details of fair value measurement hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial instruments that are measured at fair value at:

<u>June 30, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments available for sale	<u>6,970</u>	<u>-</u>	<u>6,970</u>
<u>December 31, 2013 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments available for sale	<u>6,970</u>	<u>982,000</u>	<u>988,970</u>
<u>June 30, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments available for sale	<u>205,936</u>	<u>-</u>	<u>205,936</u>

During the period ended June 30, 2014, there were no transfers between different levels of fair value measurement.

16. General Assembly

The Shareholders' Annual General Assembly held on June 12, 2014 approved not to distribute cash nor bonus shares for the year ended December 31, 2013.

The Shareholders' Annual General Assembly held on May 16, 2013 approved not to distribute cash nor bonus shares for the year ended December 31, 2012.

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17. Segment information

	Six months ended June 30, 2014			
	Retail	Investment	Contracting	Real Estate
Total revenue	123,142,475	-	7,472,364	635,632
Gross profit	22,138,935	-	887,861	419,190
Net (loss) profit for the period	(10,334,828)	701,813	(1,621,010)	13,008,375
Depreciation and amortization	(2,788,222)	(39)	(119,590)	(392,738)
Finance charges	(809,641)	(1,781,450)	(29,831)	(279,975)
Total assets	128,212,432	112,969,878	9,697,782	34,794,719
Total Liabilities	213,852,890	6,413,958	8,805,198	16,090,071
				Total
				131,250,471
				23,445,986
				1,754,350
				(3,300,589)
				(2,900,897)
				285,674,811
				245,162,117

Six months ended June 30, 2013

	Six months ended June 30, 2013			
	Retail	Investment	Contracting	Real Estate
Total revenue	114,970,794	66,250	8,258,425	779,064
Gross profit	21,035,967	6,307	1,060,542	561,824
Net (loss) profit for the period	(2,828,047)	2,781,761	579,877	(129,538)
Depreciation and amortization	(3,572,904)	(64)	(89,005)	(392,725)
Finance charges	(897,921)	(1,893,529)	(27,230)	(291,511)
Total assets	122,589,047	107,237,015	10,212,974	35,249,588
Total Liabilities	204,554,575	9,534,813	8,532,717	15,959,018
				Total
				124,074,533
				22,664,640
				404,053
				(4,054,698)
				(3,110,191)
				275,288,624
				238,581,123

18. Comparative figures

Certain comparative amounts for the previous period were reclassified to conform with the current period presentation, which has no impact on total equity and the Group's net results.