

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2013
(UNAUDITED)**

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

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

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FOR THE PERIOD ENDED SEPTEMBER 30, 2013
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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Member of The International Group of Accounting Firms

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

Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 – State of Kuwait
T + 965 22410010
T + 965 22961000
F + 965 22412761
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 at September 30, 2013 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 nine 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

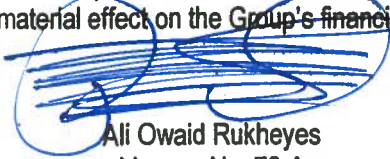
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim consolidated financial information performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons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

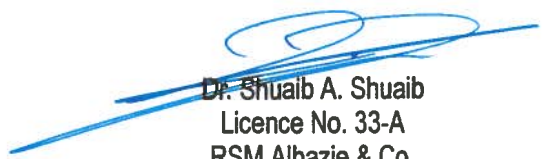
Conclusion

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 of 2012 and its amendments or of the Parent company's Articles of incorporation and Articles of Association during the period ended September 30, 2013 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


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

State of Kuwait
November 14, 2013

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2013
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Current assets:				
Cash on hand and at banks		5,970,306	5,768,700	7,404,285
Accounts receivable and other debit balances		14,511,639	13,101,817	12,368,217
Due from related parties	3	924,528	581,879	968,897
Gross amount due from customers for contract work		3,965,995	2,153,302	3,373,844
Inventories		23,989,629	22,009,715	20,914,773
Total current assets		49,362,097	43,615,413	45,030,016
Investments available for sale	4	5,887,829	12,054,160	10,501,767
Investment in associates		98,667,920	99,188,244	101,398,822
Investment properties		13,859,903	13,859,903	12,577,158
Fixed assets		91,064,581	93,845,486	98,502,149
Other assets		7,108,774	7,753,974	8,440,539
Goodwill		10,738,591	10,738,591	10,738,591
Total assets		276,689,695	281,055,771	287,189,042
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	5	95,385,300	100,679,200	100,115,715
Accounts payable and other credit balances		100,341,486	95,771,484	100,410,062
Due to related party	3	443,928	809,776	841,643
Murabaha payable		20,385,000	20,635,000	19,535,991
Gross amount due to customers for contract work		133,058	88,493	613,563
Total current liabilities		216,688,772	217,983,953	221,516,974
Bank borrowings – non current portion	5	15,777,749	14,445,132	15,011,497
Murabaha payable – non current portion		2,000,000	2,000,000	3,000,000
Provision for end of service indemnity		5,890,174	5,777,452	5,912,867
Equity:				
Capital		57,882,878	57,882,878	57,882,878
Treasury shares	6	(2,593,571)	(2,593,571)	(2,593,571)
Revaluation surplus		1,072,655	1,072,655	1,100,731
Effect of changes in other comprehensive income of associates		(5,356,080)	(1,879,149)	(2,391,657)
Cumulative changes in fair value of investments available for sale		162,052	1,563,956	1,697,364
Foreign currency translation adjustments		(1,396,154)	(1,313,493)	(1,143,637)
Accumulated losses		(13,697,928)	(14,141,772)	(13,067,976)
Total equity attributable to Parent Company's shareholders		36,073,852	40,591,504	41,484,132
Non-controlling interests		259,148	257,730	263,572
Total equity		36,333,000	40,849,234	41,747,704
Total liabilities and equity		276,689,695	281,055,771	287,189,042

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2013
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2013	2012	2013	2012
Operating revenue:					
Sales		64,302,504	65,073,561	179,609,412	181,091,065
Construction contract revenue		1,310,333	1,862,858	6,149,481	5,129,197
Service contract revenue		2,047,621	2,038,049	5,976,098	6,171,034
		<u>67,660,458</u>	<u>68,974,468</u>	<u>191,734,991</u>	<u>192,391,296</u>
Operating cost:					
Cost of sales		52,741,544	53,523,600	146,913,957	148,525,409
Construction contract cost		557,985	1,437,031	4,280,930	3,729,772
Service contract cost		1,842,912	1,752,935	5,357,447	5,314,747
		<u>55,142,441</u>	<u>56,713,566</u>	<u>156,552,334</u>	<u>157,569,928</u>
Gross profit		<u>12,518,017</u>	<u>12,260,902</u>	<u>35,182,657</u>	<u>34,821,368</u>
Other operating income		1,820,049	1,674,593	5,299,023	5,837,638
Expenses and charges:					
General and administrative and selling expense		12,465,252	12,019,451	34,438,631	35,008,829
Depreciation and amortization		1,990,611	2,429,285	6,045,309	6,589,029
Provision for doubtful debts		13,344	14,616	34,857	107,211
Total expenses and charges		<u>14,469,207</u>	<u>14,463,352</u>	<u>40,518,797</u>	<u>41,705,069</u>
Operating loss		<u>(131,141)</u>	<u>(527,857)</u>	<u>(37,117)</u>	<u>(1,046,063)</u>
Provision no longer required	7	1,097,753	1,792,612	1,097,753	4,163,514
Net investments (loss) income	8	(33,515)	1,236	2,616,137	195,803
Group's share of results from associates		856,260	950,082	2,928,242	2,243,198
Gain from sale of investment properties		-	988	-	1,262,768
Fixed assets written off		-	-	(774,115)	-
Other assets written off		(243,243)	-	(770,542)	-
Finance charges		<u>(1,506,323)</u>	<u>(1,985,352)</u>	<u>(4,616,514)</u>	<u>(5,521,067)</u>
Profit for the period before NLST		39,791	231,709	443,844	1,298,153
NLST		-	-	-	-
Net profit for the period		<u>39,791</u>	<u>231,709</u>	<u>443,844</u>	<u>1,298,153</u>
Attributable to :					
Parent Company's shareholders		39,791	231,709	443,844	1,296,495
Non-controlling interests		-	-	-	1,658
Net profit for the period		<u>39,791</u>	<u>231,709</u>	<u>443,844</u>	<u>1,298,153</u>
Earnings per share attributable to Parent Company's shareholders (fils)	9	<u>0.07</u>	<u>0.41</u>	<u>0.79</u>	<u>2.30</u>

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2013
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net profit for the period	39,791	231,709	443,844	1,298,153
Other comprehensive (loss) income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Foreign currency translation adjustments	75,622	9,130	(82,661)	34,938
Changes in fair value of investments available for sale	(31,086)	1,477,857	1,634	1,697,364
Effect of sale of investments available for sale	18,056	-	(1,403,538)	-
Effect of changes in other comprehensive income of associates	(492,973)	320,555	(3,476,931)	181,026
Other comprehensive (loss) income for the period	(430,381)	1,807,542	(4,961,496)	1,913,328
Total comprehensive (loss) income for the period	(390,590)	2,039,251	(4,517,652)	3,211,481
Attributable to:				
Shareholders of the parent company	(392,008)	2,039,251	(4,519,070)	3,203,078
Non-controlling interests	1,418	-	1,418	8,403
Total comprehensive (loss) income for the period	(390,590)	2,039,251	(4,517,652)	3,211,481

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2013

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders												
	Capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation surplus	Effect of changes in other comprehensive income of associates	Cumulative changes in fair value of investments available for sale	Foreign currency translation adjustments	Accumulated losses	Sub total	Non-controlling interests	Total
Balance as at December 31, 2012	57,882,878	-	(2,593,571)	-	-	1,072,655	(1,879,149)	1,563,956	(1,313,493)	(14,141,772)	40,591,504	257,730	40,849,234
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(3,476,931)	(1,401,904)	(82,661)	443,844	(4,517,652)	1,418	(4,516,234)
Balance as at September 30, 2013	57,882,878	-	(2,593,571)	-	-	1,072,655	(5,356,080)	162,052	(1,396,154)	(13,697,928)	36,073,852	259,148	36,333,000
Balance as at December 31, 2011	57,882,878	4,543,220	(2,593,571)	13,407,108	13,407,108	1,100,731	(2,572,683)	-	(1,171,830)	(45,721,907)	38,281,054	255,169	38,536,223
Total comprehensive income for the period	-	-	-	-	-	-	181,026	1,697,364	28,193	1,296,495	3,203,078	8,403	3,211,481
Accumulated losses written off (Note 14)	-	(4,543,220)	-	(13,407,108)	(13,407,108)	-	-	-	-	31,357,436	-	-	-
Balance as at September 30, 2012	57,882,878	-	(2,593,571)	-	-	1,100,731	(2,391,657)	1,697,364	(1,143,637)	(13,067,976)	41,484,132	263,572	41,747,704

The accompanying notes (1) to (15) 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 SEPTEMBER 30, 2013

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2013	2012
Cash flows from operating activities:		
Profit for the period before National Labor Support Tax	443,844	1,298,153
Adjustments:		
Depreciation and amortization	6,045,309	6,589,029
Provision for doubtful debts	34,857	107,211
Provision no longer required	(1,097,753)	(4,163,514)
Dividend income	-	(295,803)
Impairment loss for investments available for sale	-	100,000
Realized gain on sale of investments available for sale	(2,616,137)	-
Gain from sale of investment properties	-	(1,262,768)
Fixed assets written off	774,115	-
Other assets written off	770,542	-
Group's share of results from associates	(2,928,242)	(2,243,198)
Provision for end of service indemnity	1,391,925	1,352,038
Finance charges	4,616,514	5,521,067
	<u>7,434,974</u>	<u>7,002,215</u>
Changes in operating assets & liabilities :		
Accounts receivable and other debit balances	(346,926)	3,964,019
Due from related parties	(342,649)	102,357
Gross amount due from customers for contract work	(1,812,693)	(1,009,599)
Inventories	(1,979,914)	(660,691)
Accounts payable and other credit balances	4,460,394	3,520,914
Due to related party	(365,848)	(1,442,345)
Gross amount due to customers for contract work	44,565	595,361
Cash generated from operations	7,091,903	12,072,231
Payment for end of service indemnity	(1,279,203)	(1,387,685)
Net cash generated from operating activities	<u>5,812,700</u>	<u>10,684,546</u>
Cash flows from investing activities:		
Paid for purchase of fixed assets and other assets	(4,163,861)	(3,587,295)
Proceeds from sale of investment properties	-	4,568,523
Proceeds from sale of investments available for sale	7,380,564	-
Dividend income received	-	295,803
Net cash generated from investing activities	<u>3,216,703</u>	<u>1,277,031</u>
Cash flows from financing activities:		
Net movement in bank borrowings	(3,961,283)	(6,562,805)
Net movement in murabaha payable	(250,000)	(633,631)
Finance charges paid	(4,616,514)	(5,521,067)
Net cash used in financing activities	<u>(8,827,797)</u>	<u>(12,717,503)</u>
Net decrease in cash on hand and at banks	201,606	(755,926)
Cash on hand and at banks at the beginning of the period	5,768,700	8,160,211
Cash on hand and at banks at the end of the period	<u>5,970,306</u>	<u>7,404,285</u>

The accompanying notes (1) to (15) 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)
SEPTEMBER 30, 2013

(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 issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulation of the new amended law was issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulation, the companies have one year from the date of publishing the executive regulation till October 5, 2014 to comply with the new amended law.

The interim consolidated financial information was authorized for issue by the Board of Directors on November 14, 2013.

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, 2012, except for the implementation of the following standards which are effective January 1, 2013:

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories

- a) Items that will not be reclassified, subsequently to consolidated statement of profit or loss.
- b) Items that may be reclassified to consolidated statement of profit or loss when specific conditions are met.

IAS 16 Property, plant and equipment

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventories, otherwise if they meet definition of inventories as per IAS 2.

IFRS 7 Financial Instruments Disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2013

(All amounts are in Kuwaiti Dinars)

IFRS 10 Consolidated Financial Statements

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements

The Group shall determine the type of joint arrangement in which it is involved. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. Joint operators shall account for their share of assets, liabilities, revenue and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Joint venture shall apply equity method of accounting in accordance with IAS 28 - Investment in associates and Joint Ventures (2011), unlike IAS 31, the use of 'proportionate consolidation' is not permitted.

IFRS 12 Disclosure of Interests in other entities

The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement

This IFRS

- a) defines fair value
- b) sets out in a single IFRS a framework for measuring fair value
- c) requires disclosures about fair value measurements.

IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

The interim 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 consolidated financial information. Operating results for the period ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2012.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2013

(All amounts are in Kuwaiti Dinars)

3. 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>Interim condensed consolidated statement of financial position:</u>	Major shareholders	Companies under common control	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Due from related parties	924,528	-	924,528	581,879	968,897
Due to related party	-	443,928	443,928	809,776	841,643
Dividends receivable	-	-	-	1,301,700	-
<u>Interim condensed consolidated statement of profit or loss:</u>					
Rent			(1,013,759)	(1,553,734)	(1,165,445)

	Nine months ended September 30,	
	2013	2012
<u>Key management compensation:</u>		
Salaries and other short-term benefits	1,298,556	1,107,268
Termination benefits	122,156	128,748
	<u>1,420,712</u>	<u>1,236,016</u>

4. Investments available for sale

The movement during the period / year is as follows:

	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Balance at the beginning of the period / year	12,054,160	8,230,083	8,230,083
Additions	-	2,360,121	674,320
Disposals	(6,167,965)	-	-
Changes in fair value	1,634	1,563,956	1,697,364
Impairment loss	-	(100,000)	(100,000)
	<u>5,887,829</u>	<u>12,054,160</u>	<u>10,501,767</u>

5. 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 buildings of a subsidiary with net book value of KD 10,796,295 (December 31, 2012 – KD 9,650,235, September 30, 2012 – KD 9,650,235).

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2013

(All amounts are in Kuwaiti Dinars)

6. Treasury shares

	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
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)	1,412,981	1,427,254	1,541,434
Cost (KD)	2,593,571	2,593,571	2,593,571

7. Provision no longer required

During the period ended September 30, 2013 The group reversed provisions for doubtful debts no longer required amounting to KD 1,097,753 collected from Government entities resulting from out of court settlement (September 30, 2012 the group reversed provisions amounting to KD 4,163,514 representing an amount of KD 707,088 collected from Government entities, an amount of KD 843,183 that had been settled with a related party and an amount of KD 820,631 resulting from out of court settlement, and an amount of KD 1,792,612 inventory provision no longer required.)

8. Net Investments (loss) income

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Realized (loss) gain from sale investments available for sale	(33,515)	-	2,616,137	-
Impairment loss in investments available for sale	-	-	-	(100,000)
Cash dividends	-	1,236	-	295,803
	<u>(33,515)</u>	<u>1,236</u>	<u>2,616,137</u>	<u>195,803</u>

9. 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 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<u>Earnings:</u>				
Net profit for the period attributable to the parent company's shareholders	<u>39,791</u>	<u>231,709</u>	<u>443,844</u>	<u>1,296,495</u>
<u>Number of shares outstanding:</u>				
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>564,556,234</u>	<u>564,556,234</u>	<u>564,556,234</u>	<u>564,556,234</u>
Earnings per share attributable to the parent company's shareholders (fils)	<u>0.07</u>	<u>0.41</u>	<u>0.79</u>	<u>2.30</u>

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10. Working capital

The Group's current liabilities exceeded the current assets by the amount of KD 167,076,675 (December 31, 2012 – KD 174,368,540, September 30, 2012 KD 176,486,958). 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.

11. Contingent liabilities

	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Letters of guarantee	14,469,458	15,551,542	14,378,286
Letters of credit	2,080,813	2,350,843	1,829,717
	<u>16,550,271</u>	<u>17,902,385</u>	<u>16,208,003</u>

The Group's share of contingent liabilities of the associate are as follows:

a) Contingently liable in respect of the following:

	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Letters of guarantee	797,822	775,423	806,410

As per the decision No. 507 in 2006, the Ministry of Commerce and Industry cancelled the management contract of Kuwait Free Trade Zone in the state of Kuwait, Shuwaikh port dated May 30, 1998 between the Ministry of Commerce and Industry and National Real Estate Company K.S.C (Associate). Accordingly, the associate had recognized a provision amounting to KD 4,139,059 as a result of the loss of control over the free zone assets.

This provision was made on a conservative basis and not as surrender to the validity of the resolution.

The associate had filed a lawsuit under Ref. 939/2006 for an appeal against the decision of Ministry of Commerce and Industry for the cancellation of management contract for KFTZ. On October 2, 2013 the Court denied the legal case. The Associate appealed that ruling in front of court of appeal under reference No. 2309/2013 administrative 4 for which no session has yet been scheduled till date.

- b) The associate has certain properties constructed on land leased from the Government for 25 years. The Ministry of Finance had issued a resolution to terminate those contracts after the expiry of this 25 years period. However, the associate appealed against this resolution claiming for the renewal of those contracts for another 25 years with the same terms. The Court of Cassation in its session dated September 30, 2009 had decided that the contracts of those properties are expired and the properties are to be handed over to the Ministry of Finance and the Ministry had obtained possession of these properties from the associate on March 24, 2010, which would not have negative financial impact on its financial results as all necessary provisions in that regard are accounted in the records of the associate.

Both the Parent Company and Ministry of Finance have raised lawsuits demanding compensation which may result for both of them related to those real estates; such lawsuits are still under the consideration of the courts and experts department till date.

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As per the opinion of the associate's external legal counsel, there is no ability to comment on the possible financial impact of neither the Court of Cassation's verdict nor the possible compensations which might result for either parties. Taking that into consideration as well as the full provision recorded for those properties in the associate's records, the associate's management had decided that no additional provisions would be necessary to be recorded in the associate's records as at the date of consolidated financial statements.

- c) The associate had filed a legal case No. 277/2005 against Kuwait Ports Authority and a transport company claiming for the unpaid rent amount from their utilization of certain plots in Kuwait Free Trade Zone during management by the associate. The court of appeal in its session dated May 24, 2011 had confirmed the appealed ruling of the court of first instance obliging Kuwait Ports Authority and the transport company to jointly pay an amount of KD 6,956,416 to the associate for the areas and periods as mentioned in the court verdict. The associate had received the amount as stated in the Court ruling on October 11, 2011. Kuwait Ports Authority and the transport company again appealed that ruling in the Court of Cassation which is still under discussion with the Court.

This amount represents the portion of the rental income due from Kuwait Ports Authority which is recorded in the books of the associate. The associate previously recorded full provision for the total amount in its books. Provisions accounted earlier were not reversed for amount collected on conservative basis until a final ruling is to be issued which will not be appealed. Also the associate has raised a lawsuit against Kuwait Ports Authority to compensate her for the value of utilizing other sites in Kuwait Free Trade Zone; the court transferred the matter to experts department which is still under consideration till date.

12. 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:

	September 30, 2013	December 31, 2012 (Audited)	September 30, 2012
Less than 1 year	183,573	221,229	457,274
From 1 to 5 years	7,127,759	8,912,674	9,767,028
More than 5 years	16,095,418	15,066,314	14,656,107

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

- a) Capital commitments amounting to KD 102,264 (December 31, 2012 - KD 156,109 - September 30, 2012 - KD 4,427).

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- 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
2014 - 2018	43,682
2019	8,736
	<u>52,418</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.

13. Fair value of financial instruments

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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>September 30, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments available for sale	<u>18,370</u>	<u>-</u>	<u>-</u>	<u>18,370</u>
<u>December 31, 2012 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments available for sale	<u>6,184,964</u>	<u>289,548</u>	<u>2,360,121</u>	<u>8,834,633</u>
<u>September 30, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments available for sale	<u>6,480,928</u>	<u>-</u>	<u>-</u>	<u>6,480,928</u>

During the period ended September 30, 2013, there were no transfers between different levels of fair value measurement.

14. General Assembly

The Shareholders' Annual General Assembly held on May 16, 2013 approved not to distribute dividends for the year ended December 31, 2012.

The Shareholders' General Assembly held on September 7, 2012 approved not to distribute dividends for the year ended December 31, 2011 and to write off accumulated losses amounting to KD 31,357,436 as follows:

- KD 13,407,108 from statutory reserve,
- KD 13,407,108 from voluntary reserve,
- KD 4,543,220 from share premium.

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15. Segment information

	Nine months ended September 30, 2013				Total
	Retail	Investment	Contracting	Real Estate	
Total revenue	179,134,992	66,250	11,467,047	1,066,702	191,734,991
Gross profit	32,539,475	6,307	1,896,399	739,976	35,182,657
Net (loss) profit for the period	(3,665,686)	2,674,299	1,723,822	(288,591)	443,844
Depreciation and amortization	(5,327,686)	(103)	(128,410)	(589,110)	(6,045,309)
Finance charges	(1,331,643)	(2,800,351)	(48,009)	(436,511)	(4,616,514)
Total assets	121,612,199	107,259,330	12,640,281	35,177,885	276,689,695
Total Liabilities	206,540,170	9,520,153	8,438,350	15,858,022	240,356,695

	Nine months ended September 30, 2012				Total
	Retail	Investment	Contracting	Real Estate	
Total revenue	180,316,213	47,753	10,946,904	1,080,426	192,391,296
Gross profit	32,389,275	2,679	1,673,032	756,382	34,821,368
Net (loss) profit for the period	(353,719)	(649,523)	1,083,248	1,218,147	1,298,153
Depreciation and amortization	(5,905,729)	(116)	(149,289)	(533,895)	(6,589,029)
Finance charges	(1,999,932)	(2,989,730)	(59,801)	(471,604)	(5,521,067)
Total assets	129,410,282	115,268,172	10,438,414	32,072,174	287,189,042
Total Liabilities	210,023,618	11,189,417	8,365,653	15,862,650	245,441,338