

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2014  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)  
AND SUBSIDIARIES  
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## 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 September 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 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

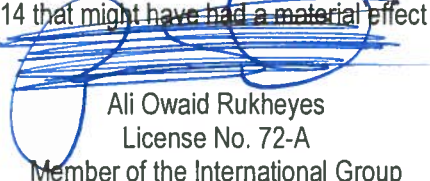
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim consolidated financial information performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons 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 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 September 30, 2014 that might have had a material effect on the Group's financial position or results of its operations.

  
Ali Owaid Rukheyes  
License No. 72-A  
Member of the International Group  
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Dr. Shuaib A. Shuaib  
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State of Kuwait  
November 13, 2014

**SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2014**  
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
<b>Current assets:</b>				
Cash on hand and at banks		4,981,986	6,896,370	5,970,306
Accounts receivable and other debit balances	3	19,081,039	13,558,959	14,511,639
Due from related parties	4	1,304,453	1,304,453	924,528
Gross amount due from customers for contract work		2,490,527	4,351,432	3,965,995
Inventories		28,198,878	25,098,214	23,989,629
Total current assets		<u>56,056,883</u>	<u>51,209,428</u>	<u>49,362,097</u>
Investments available for sale		6,858,430	6,858,430	5,887,829
Investment in associates	5	105,658,912	102,397,362	98,667,920
Investment properties		13,895,847	13,895,847	13,859,903
Fixed assets	6	87,681,803	89,925,472	91,064,581
Other assets		7,533,733	6,568,598	7,108,774
Goodwill		10,738,591	10,738,591	10,738,591
Total assets		<u>288,424,199</u>	<u>281,593,728</u>	<u>276,689,695</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank borrowings	7	46,337,103	95,686,808	95,385,300
Accounts payable and other credit balances		102,420,059	104,502,073	100,341,486
Due to related party	4	227,723	297,813	443,928
Murabaha payable	8	21,477,500	22,385,000	20,385,000
Gross amount due to customers for contract work		80,034	79,943	133,058
Provision for Contingent liabilities	9 - a	6,110,655	-	-
Total current liabilities		<u>176,653,074</u>	<u>222,951,637</u>	<u>216,688,772</u>
Bank borrowings – non current portion	7	60,985,665	11,840,622	15,777,749
Murabaha payable – non current portion	8	2,612,500	1,700,000	2,000,000
Provision for end of service indemnity		6,112,063	5,611,581	5,890,174
Total liabilities		<u>246,363,302</u>	<u>242,103,840</u>	<u>240,356,695</u>
<b>Equity:</b>				
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		(3,280,431)	(3,950,083)	(5,356,080)
Cumulative changes in fair value		162,253	162,253	162,052
Foreign currency translation adjustments		(1,593,738)	(1,350,766)	(1,396,153)
Accumulated losses		(10,143,089)	(12,271,532)	(13,697,928)
Total equity attributable to Parent Company's shareholders		<u>41,506,956</u>	<u>38,951,833</u>	<u>36,073,852</u>
Non-controlling interests		553,941	538,055	259,148
Total equity		<u>42,060,897</u>	<u>39,489,888</u>	<u>36,333,000</u>
Total liabilities and equity		<u>288,424,199</u>	<u>281,593,728</u>	<u>276,689,695</u>

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

Jamil Sultan Al-Essa  
Chairman

**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, 2014**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Operating revenue:					
Sales		65,145,425	64,302,504	188,912,876	179,609,412
Construction contract revenue		848,409	1,310,333	3,805,059	6,149,481
Service contract revenue		2,040,823	2,047,621	6,567,193	5,976,098
		<u>68,034,657</u>	<u>67,660,458</u>	<u>199,285,128</u>	<u>191,734,991</u>
Operating cost:					
Cost of sales		53,350,196	52,741,544	154,815,050	146,913,957
Construction contract cost		697,337	557,985	3,088,720	4,280,930
Service contract cost		1,750,685	1,842,912	5,698,933	5,357,447
		<u>55,798,218</u>	<u>55,142,441</u>	<u>163,602,703</u>	<u>156,552,334</u>
Gross profit		<u>12,236,439</u>	<u>12,518,017</u>	<u>35,682,425</u>	<u>35,182,657</u>
Other operating income		2,053,097	1,820,049	6,221,717	5,299,023
Expenses and charges:					
General and administrative and selling expense		14,871,996	12,465,252	38,017,631	34,438,631
Depreciation and amortization		1,734,385	1,990,611	5,034,974	6,045,309
Provisions	9	(3,283,540)	13,344	8,642,858	34,857
Total expenses and charges		<u>13,322,841</u>	<u>14,469,207</u>	<u>51,695,463</u>	<u>40,518,797</u>
Operating income (loss)		<u>966,695</u>	<u>(131,141)</u>	<u>(9,791,321)</u>	<u>(37,117)</u>
Provisions no longer required		-	1,097,753	209,143	1,097,753
Realized (loss) gain on sale of investments available for sale		-	(33,515)	-	2,616,137
Group's share of results from associates	5	1,162,900	856,260	3,698,983	2,928,242
Gain from sale of fixed assets	6	14,959	-	13,790,081	-
Fixed assets written off		-	-	-	(774,115)
Other assets written off		-	(243,243)	-	(770,542)
Impairment loss for investment in associates	5	-	-	(1,107,085)	-
Finance charges		<u>(1,435,340)</u>	<u>(1,506,323)</u>	<u>(4,336,237)</u>	<u>(4,616,514)</u>
Profit for the period before National Labor Supporting Tax (NLST) & Zakat		709,214	39,791	2,463,564	443,844
NLST		89,077	-	(190,768)	-
Zakat		35,631	-	(76,307)	-
Net profit for the period		<u>833,922</u>	<u>39,791</u>	<u>2,196,489</u>	<u>443,844</u>
Attributable to :					
Parent Company's shareholders		816,139	39,791	2,128,443	443,844
Non-controlling interests		17,783	-	68,046	-
Net profit for the period		<u>833,922</u>	<u>39,791</u>	<u>2,196,489</u>	<u>443,844</u>
Earnings per share attributable to Parent Company's shareholders - fils	11	<u>1.45</u>	<u>0.07</u>	<u>3.77</u>	<u>0.79</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 SEPTEMBER 30, 2014  
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2014	2013	2014	2013
Net profit for the period		833,922	39,791	2,196,489	443,844
<b>Other comprehensive income</b>					
<b>(comprehensive loss):</b>					
<u>Items that may be reclassified to interim</u>					
<u>condensed consolidated statement of profit</u>					
<u>or loss</u>					
Foreign currency translation adjustments		(274,951)	77,040	(295,132)	(81,243)
Changes in fair value of investments available for sale		-	(31,086)	-	1,634
Effect of sale of investments available for sale		-	18,056	-	(1,403,538)
Group's share from other comprehensive income (comprehensive loss) of associates	5	989,232	(492,973)	669,652	(3,476,931)
<b>Other comprehensive income</b>					
<b>(comprehensive loss) for the period</b>		714,281	(428,963)	374,520	(4,960,078)
Total comprehensive income (comprehensive loss) for the period		1,548,203	(389,172)	2,571,009	(4,516,234)
Attributable to:					
Shareholders of the Parent Company		1,585,775	(390,590)	2,555,123	(4,517,652)
Non-controlling interests		(37,572)	1,418	15,886	1,418
Total comprehensive income (comprehensive loss) for the period		1,548,203	(389,172)	2,571,009	(4,516,234)

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 SEPTEMBER 30, 2014**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders							Non-controlling interests	Total equity
	Capital	Treasury shares	Revaluation surplus	Effect of changes in other comprehensive income of associates	Cumulative changes in fair value	Foreign currency translation adjustments	Accumulated losses		
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	39,489,888
Total comprehensive income (comprehensive loss) for the period	-	-	-	669,652	-	(242,972)	2,128,443	2,555,123	2,571,009
<b>Balance as at September 30, 2014</b>	<b>57,882,877</b>	<b>(2,593,571)</b>	<b>1,072,655</b>	<b>(3,280,431)</b>	<b>162,253</b>	<b>(1,593,738)</b>	<b>(10,143,089)</b>	<b>41,506,956</b>	<b>42,060,897</b>
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	40,849,234
Total (comprehensive loss) comprehensive income for the period	-	-	-	(3,476,931)	(1,401,904)	(82,661)	443,844	(4,517,652)	(4,516,234)
<b>Balance as at September 30, 2013</b>	<b>57,882,877</b>	<b>(2,593,571)</b>	<b>1,072,655</b>	<b>(5,356,080)</b>	<b>162,052</b>	<b>(1,396,153)</b>	<b>(13,697,928)</b>	<b>36,073,852</b>	<b>36,333,000</b>

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 SEPTEMBER 30, 2014**  
(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Profit for the period before National Labor Support Tax & Zakat	2,463,564	443,844
Adjustments:		
Depreciation and amortization	5,034,974	6,045,309
Provisions	8,642,858	34,857
Provisions no longer required	(209,143)	(1,097,753)
Realized gain on sale of investments available for sale	-	(2,616,137)
Gain from sale of fixed assets	(13,790,081)	-
Fixed assets written off	-	774,115
Other assets written off	-	770,542
Impairment loss of investment in associates	1,107,085	-
Group's share of results from associates	(3,698,983)	(2,928,242)
Provision for end of service indemnity	890,726	1,391,925
Finance charges	4,336,237	4,616,514
	<u>4,777,237</u>	<u>7,434,974</u>
Changes in operating assets & liabilities :		
Accounts receivable and other debit balances	(5,312,937)	(346,926)
Due from related parties	-	(342,649)
Gross amount due from customers for contract work	1,231,186	(1,812,693)
Inventories	(4,100,664)	(1,979,914)
Accounts payable and other credit balances	(3,541,705)	4,460,394
Due to related party	(70,090)	(365,848)
Gross amount due to customers for contract work	91	44,565
Cash (used in) generated from operations	(7,016,882)	7,091,903
End of service indemnity paid	(390,244)	(1,279,203)
Net cash (used in) generated from operating activities	<u>(7,407,126)</u>	<u>5,812,700</u>
<b>Cash flows from investing activities:</b>		
Paid for purchase of fixed assets and other assets	(5,339,394)	(4,163,861)
Proceeds from sale of fixed assets	15,373,035	-
Proceeds from sale of investments available for sale	-	7,380,564
Net cash generated from investing activities	<u>10,033,641</u>	<u>3,216,703</u>
<b>Cash flows from financing activities:</b>		
Net movement in bank borrowings	(204,662)	(3,961,283)
Net movement in murabaha payable	-	(250,000)
Finance charges paid	(4,336,237)	(4,616,514)
Net cash used in financing activities	<u>(4,540,899)</u>	<u>(8,827,797)</u>
Net (decrease) increase in cash on hand and at banks	(1,914,384)	201,606
Cash on hand and at banks at the beginning of the period	6,896,370	5,768,700
Cash on hand and at banks at the end of the period	<u>4,981,986</u>	<u>5,970,306</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)**

**SEPTEMBER 30, 2014**

(All amounts are in Kuwaiti Dinars)

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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 November 13, 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)**

**SEPTEMBER 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 information.

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 September 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 an amount of KD 1,411,500 equivalent to USD 5,000,000 which represents a prepaid rent for a commercial center in the Republic of Lebanon paid till April 19, 2018.

**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	September 30,	December 31,	September 30,	
				2014	2013 (Audited)	2013	
Due from related parties	104,453	1,200,000	-	1,304,453	1,304,453	924,528	
Due to related party	-	-	227,723	227,723	297,813	443,928	
				<u>Nine months ended September 30,</u>			
				2014	2013		
 <u>Transactions included in the Interim condensed consolidated statement of profit or loss:</u>							
Rent	-	-	(1,094,612)	(1,094,612)	(1,013,759)		
				<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
				2014	2013	2014	2013
<b><u>Key management compensation:</u></b>							
Salaries and other short-term benefits		525,574	437,955	1,474,121	1,298,556		
Termination benefits		26,224	80,038	131,576	122,156		
		<u>551,798</u>	<u>517,993</u>	<u>1,605,697</u>	<u>1,420,712</u>		

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

**SEPTEMBER 30, 2014**

(All amounts are in Kuwaiti Dinars)

5. Investment in associates

The movement during the period / year is as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 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	3,698,983	5,262,668	2,928,242
Group share from associate other comprehensive income (comprehensive loss)	669,652	(2,070,934)	(3,476,931)
Foreign currency translation adjustments	-	17,384	28,365
Impairment of investment in associates	(1,107,085)	-	-
Balance at the end of the period / year	<u>105,658,912</u>	<u>102,397,362</u>	<u>98,667,920</u>

6. Fixed assets

On May 11, 2014 one of the Group's subsidiaries – Sultan Center Trading and General Contracting Company - W.L.L – sold lands at the managerial and commercial center in Al Jahraa – State of Kuwait with the book value amounted to KD 1,321,599 and the selling price of KD 15,000,000, that resulted in a gain of KD 13,678,401 which was recorded in the interim condensed consolidated statement of profit or loss, The subsidiary collected the full 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, mortgage of investment funds owned by subsidiary, mortgage of some of associates' shares, waiver right of the revenues of some branches of a subsidiary and mortgage of freehold land and building of subsidiaries with net book value of KD 22,222,294 (December 31, 2013 - KD 9,650,235; September 30, 2013 – KD 9,650,235).

During the period ended September 30,2014 the Group has signed bank facilities and restructure contracts with local banks as follows:

- 1 - On April 9, 2014 one of the Group's subsidiary – Sultan Center Trading and General Contracting Company 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 ending on March 30, 2015.
  - Mortgage of free hold land owned by a subsidiary, mortgage of investment fund owned by a subsidiary, and personal corporate guarantee by the Parent Company.
  
- 2 - On July 21, 2014 the Parent Company and some of its subsidiaries has signed bank facilities and restructure contract with local bank, including the following:
  - Granting the Parent Company and the subsidiaries loans and bank facilities with KD 76,250,000 including restructuring of some of the Group companies loans with an annual interest rate ranging from 1.75% to 2.5% over the Central Bank of Kuwait discount rate.
  - Mortgage of free hold land owned by a related party, mortgage of investment fund owned by a subsidiary, waiver of right as a guarantee for the revenues of some of a subsidiary stores and personal corporate guarantee by the Parent Company.

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3 - On September 18, 2014 the Parent Company has signed bank facilities and restructure contract with local bank, including the following:

- Granting the Parent Company loans and bank facilities with KD 19,172,000 including restructuring of some of the Group companies loans with an annual interest rate ranging from 1.75% to 2.5% over the Central Bank of Kuwait discount rate.
- Mortgage of free hold land owned by a subsidiary, mortgage of some investment shares owned by the Group and classified as investment in associates and personal corporate guarantee by some of the subsidiaries.

Accordingly bank borrowings were restructured as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Current portion	46,337,103	95,686,808	95,385,300
Non current portion	60,985,665	11,840,622	15,777,749
	<u>107,322,768</u>	<u>107,527,430</u>	<u>111,163,049</u>

8. Murabaha Payable

On April 8, 2014 the Parent Company has signed a bank financing contract for the purpose of restucuring the current outstanding murabaha. This contract includes the following:

- Granting the Parent Company Murabaha facilities 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 ending on April 1, 2015.
- Mortgage some investment shares owned by the Group and classified as investment in associate.

Accordingly bank borrowings were restructured as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Current portion	21,477,500	22,385,000	20,385,000
Non current portion	2,612,500	1,700,000	2,000,000
	<u>24,090,000</u>	<u>24,085,000</u>	<u>22,385,000</u>

9. Provisions

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Provision for Doubtful debts	(1,385,606)	13,344	629,719	34,857
Provision for slow moving inventory	-	-	1,000,000	-
Provision for legal case	(897,934)	-	902,484	-
Provision for contingent liabilities (a)	(1,000,000)	-	6,110,655	-
	<u>(3,283,540)</u>	<u>13,344</u>	<u>8,642,858</u>	<u>34,857</u>

- a) The Group will be restructuring its activities in Lebanon which may cause losses on its fixed assets and other assets. According to prudence principle, the Group made a provision amounting to KD 6,110,655 for such purpose.

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10. Treasury shares

	September 30, 2014	December 31, 2013 (Audited)	September 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)	1,541,434	1,355,891	1,412,981
Cost (KD)	2,593,571	2,593,571	2,593,571

Due to non availability of credit balances in retained earnings, reserves, share premium as of September 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.

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 September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<u>Earnings:</u>				
Net profit for the period attributable to the Parent Company's shareholders	816,139	39,791	2,128,443	443,844
<u>Number of shares outstanding:</u>				
	Shares	Shares	Shares	Shares
Weighted average number of issued shares	578,828,768	578,828,768	578,828,768	578,828,768
Weighted average number of treasury shares	(14,272,535)	(14,272,535)	(14,272,535)	(14,272,535)
Weighted average number of shares outstanding	564,556,233	564,556,233	564,556,233	564,556,233
Earnings per share attributable to the Parent Company's shareholders (fils)	1.45	0.07	3.77	0.79

12. Working capital

The Group's current liabilities exceeded the current assets by the amount of KD 120,596,191 (December 31, 2013 – KD 171,742,209, September 30, 2013 - KD 167,326,675) 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 are as follows:

	September 30, 2014	December 31, 2013 (Audited)	September 30, 2013
Letters of guarantee	14,016,095	12,567,983	14,469,458
Letters of credit	1,727,897	1,876,161	2,080,813
	15,743,992	14,444,144	16,550,271

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 disclosed in the audited financial statements for the year ended December 31, 2013.

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Provision for legal case amounting to KD 902,484 was accrued for during the period ended September 30, 2014 against legal case relating to the Group (note 9).

**14. Capital commitments**

One subsidiary 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. Additionally, 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:

	<u>September 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u> <u>(Audited)</u>	<u>September 30,</u> <u>2013</u>
Less than 1 year	203,635	174,255	183,573
From 1 to 5 years	6,118,189	8,696,530	7,127,759
More than 5 years	19,501,022	18,911,100	16,095,418

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

- a) Capital commitments amounting to KD 986,882 (December 31, 2013 - KD 3,092,922 - September 30, 2013 – KD 102,264).
- 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:

<u>Year</u>	<u>Amount</u>
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>September 30, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments available for sale	<u>8,435</u>	<u>-</u>	<u>8,435</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>September 30, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments available for sale	<u>18,370</u>	<u>-</u>	<u>18,370</u>

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During the period ended September 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

	Nine months ended September 30, 2014				
	Retail	Investment	Contracting	Real Estate	Total
Total revenue	187,845,462	-	10,479,365	960,301	199,285,128
Gross profit	33,681,961	-	1,368,865	631,599	35,682,425
Net (loss) profit for the period	(11,273,070)	772,319	(58,780)	12,756,020	2,196,489
Depreciation and amortization	(4,262,552)	38	(183,245)	(589,215)	(5,034,974)
Finance charges	(1,084,667)	(2,853,290)	(29,832)	(368,448)	(4,336,237)
Total assets	126,820,392	115,261,642	11,443,630	34,898,535	288,424,199
Total Liabilities	238,361,465	106,810	5,054,620	2,840,407	246,363,302

Nine months ended September 30, 2013

	Nine months ended September 30, 2013				
	Retail	Investment	Contracting	Real Estate	Total
Total revenue	179,134,992	66,250	11,467,047	1,066,702	191,734,991
Gross profit	32,539,475	6,307	1,896,899	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

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.