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**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

**Interim condensed consolidated financial information (Unaudited)
and independent auditors' review report for the six month period
ended 30 June 2013**

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

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State of Kuwait**

Interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2013

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Independent auditors' report on review of interim condensed consolidated financial information

To the Board of Directors' of Shuaiba Industrial Company K.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 30 June 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period then ended. The Parent Company's management is responsible for preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with the IAS 34.

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that, to the best of our knowledge and belief, neither violations of the Companies Law No. 25 of 2012, as amended, nor of the Articles and Memorandum of Association of the Parent Company, as amended, have occurred during the six month period ended 30 June 2013 that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

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Kuwait: 29 July 2013

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2013**

		30 June 2013	(Audited) 31 December 2012	30 June 2012
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,821,125	8,922,487	9,030,987
Investment in associate	4	2,488,470	2,353,846	2,149,905
Available for sale financial assets	5	140,358	188,741	208,230
		<u>11,449,953</u>	<u>11,465,074</u>	<u>11,389,122</u>
Current assets				
Inventories		2,829,940	3,122,689	2,694,688
Trade receivables		2,250,586	1,785,685	1,642,591
Other receivables		206,780	105,731	122,847
Due from related parties	6	-	66,000	-
Financial assets at fair value through profit or loss	7	538,364	477,997	635,863
Cash and cash equivalents	8	972,705	1,544,999	1,397,718
		<u>6,798,375</u>	<u>7,103,101</u>	<u>6,493,707</u>
Total assets		<u>18,248,328</u>	<u>18,568,175</u>	<u>17,882,829</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	9	6,137,405	6,137,405	6,137,405
Share premium		2,294,444	2,294,444	2,294,444
Statutory reserve		1,505,648	1,505,648	1,398,098
Voluntary reserve		1,414,640	1,414,640	1,307,090
Treasury shares	10	(253,265)	(253,265)	(253,265)
Treasury shares reserve		404,979	404,979	404,979
Fair value reserve		-	(31,696)	(52,199)
Foreign currency translation reserve		58,900	16,216	(36,788)
Retained earnings		4,354,592	4,091,889	3,962,507
Total equity		<u>15,917,343</u>	<u>15,580,260</u>	<u>15,162,271</u>
Non-current liabilities				
Non-current portion of term loans	11	577,941	677,941	803,272
Provision for staff indemnity		371,152	348,538	315,274
		<u>949,093</u>	<u>1,026,479</u>	<u>1,118,546</u>
Current liabilities				
Trade and other payables		1,181,892	1,556,671	709,060
Current portion of term loans	11	200,000	200,000	233,293
Notes payable		-	204,765	659,659
		<u>1,381,892</u>	<u>1,961,436</u>	<u>1,602,012</u>
Total liabilities		<u>2,330,985</u>	<u>2,987,915</u>	<u>2,720,558</u>
Total equity and liabilities		<u>18,248,328</u>	<u>18,568,175</u>	<u>17,882,829</u>

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

Chairman of the Board of Directors



**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Interim condensed consolidated statement of income (Unaudited)

For the six month period ended 30 June 2013

	Three month period ended 30 June		Six month period ended 30 June	
	2013	2012	2013	2012
Note	KD	KD	KD	KD
Sales	3,622,770	2,360,178	6,520,101	4,965,202
Cost of sales	(2,857,673)	(1,711,610)	(5,240,314)	(3,771,060)
Gross profit	765,097	648,568	1,279,787	1,194,142
Unrealised gain / (loss) on financial assets at fair value through profit or loss	13,714	(84,992)	43,465	(41,672)
Gain / (loss) on sale of financial assets at fair value through profit or loss	81,055	(15,955)	86,592	(16,067)
Gain on sale of available for sale financial assets	38,877	-	38,877	-
Impairment loss on available for sale financial assets	-	(82,800)	-	(82,800)
Share of results of associate	108,871	132,744	203,733	198,485
Foreign exchange (loss) /gain	(9,120)	10,894	11,294	8,916
Gain on disposal of property, plant and equipment	-	-	691	-
Dividend income	-	1,500	-	1,500
Other income	13,955	15,656	37,391	30,239
General and administrative expenses	(179,814)	(119,568)	(334,014)	(264,385)
Selling and distribution expenses	(241,275)	(143,309)	(427,734)	(319,692)
Provision for doubtful debts	(10,000)	-	(10,000)	-
Finance costs	(13,928)	(4,037)	(27,206)	(9,543)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat	567,432	358,701	902,876	699,123
KFAS	(5,107)	(3,228)	(8,126)	(6,292)
NLST	(14,187)	(8,931)	(22,572)	(17,441)
Zakat	(5,871)	(3,652)	(9,355)	(7,160)
Profit for the period	542,267	342,890	862,823	668,230
Earnings per share (basic and diluted) (fils)	12	9.04	5.71	14.38
			11.13	

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Interim condensed consolidated statement of comprehensive income (Unaudited)

For the six month period ended 30 June 2013

	Three month period ended		Six month period ended	
	30 June		30 June	
	2013	2012	2013	2012
	KD	KD	KD	KD
Profit for the period	<u>542,267</u>	<u>342,890</u>	<u>862,823</u>	<u>668,230</u>
Other comprehensive income:				
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Foreign currency translation adjustments	(47,760)	23,796	42,684	6,911
Change in fair value of available for sale financial assets	34,877	(21,003)	70,573	(9,128)
Transfer to consolidated statement of income on sale of available for sale financial assets	(38,877)	-	(38,877)	-
Transfer to consolidated statement of income on impairment of available for sale financial assets	-	82,800	-	82,800
Other comprehensive (loss) / income for the period	<u>(51,760)</u>	<u>85,593</u>	<u>74,380</u>	<u>80,583</u>
Total comprehensive income for the period	<u>490,507</u>	<u>428,483</u>	<u>937,203</u>	<u>748,813</u>

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information

Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait

Interim condensed consolidated statement of changes in equity (Unaudited)

For the six month period ended 30 June 2013

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2012	5,845,147	2,294,444	1,398,098	1,307,090	(253,265)	404,979	(125,871)	(43,699)	3,586,535	14,413,458
Profit for the period	-	-	-	-	-	-	-	-	668,230	668,230
Other comprehensive income for the period	-	-	-	-	-	-	73,672	6,911	-	80,583
Total comprehensive income for the period	-	-	-	-	-	-	73,672	6,911	668,230	748,813
Issue of bonus shares	292,258	-	-	-	-	-	-	-	(292,258)	-
Balance at 30 June 2012	<u>6,137,405</u>	<u>2,294,444</u>	<u>1,398,098</u>	<u>1,307,090</u>	<u>(253,265)</u>	<u>404,979</u>	<u>(52,199)</u>	<u>(36,788)</u>	<u>3,962,507</u>	<u>15,162,271</u>
Balance at 1 January 2013	6,137,405	2,294,444	1,505,648	1,414,640	(253,265)	404,979	(31,696)	16,216	4,091,889	15,580,260
Profit for the period	-	-	-	-	-	-	-	-	862,823	862,823
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	31,696	42,684	(600,120)	(600,120)
Balance at 30 June 2013	<u>6,137,405</u>	<u>2,294,444</u>	<u>1,505,648</u>	<u>1,414,640</u>	<u>(253,265)</u>	<u>404,979</u>	<u>-</u>	<u>58,900</u>	<u>4,354,592</u>	<u>15,917,343</u>

Transfer to reserves is made at the end of each financial year.

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Interim condensed consolidated statement of cash flows (Unaudited)

For the six month period ended 30 June 2013

	Note	Six month period ended 30 June	
		2013 KD	2012 KD
Operating activities			
Profit for the period		862,823	668,230
Adjustments for:			
Depreciation		222,957	151,106
Finance costs		27,206	9,543
Provision for staff indemnity		24,514	20,251
Share of results of associate		(203,733)	(198,485)
Unrealised (gain) / loss on financial assets at fair value through profit or loss		(43,465)	41,672
Realised gain on financial assets at fair value through profit or loss		(86,592)	-
Gain on sale of available for sale investments		(38,877)	-
Impairment loss on available for sale investment		-	82,800
Profit on disposal of property, plant & equipments		(691)	-
Provision for doubtful debts		10,000	-
		<u>774,142</u>	<u>775,117</u>
Movements in working capital:			
Decrease / (increase) in inventories		292,750	(180,265)
(Increase) / decrease in trade receivables		(474,901)	127,750
Increase in other receivables		(101,052)	(1,481)
Decrease in due from related parties		66,000	978
Decrease in trade and other payables		(420,073)	(482,577)
Decrease in notes payable		(204,765)	(640,009)
Cash used in operations		<u>(67,899)</u>	<u>(400,487)</u>
Staff indemnity paid		(1,931)	(1,845)
Net cash used in operating activities		<u>(69,830)</u>	<u>(402,332)</u>
Investing activities			
Net movement of financial assets at fair value through profit or loss		69,669	(221,479)
Purchase of property, plant and equipment		(78,981)	(344,565)
Proceeds on sale of available for sale financial assets		118,877	9,136
Proceeds from disposal of property, plant and equipment		691	-
Dividend received from investment in associate		67,100	177,115
Net cash from / (used in) investing activities		<u>177,356</u>	<u>(379,793)</u>
Financing activities			
Receipt of term loan		-	552,163
Repayment of term loan		(100,000)	(30,000)
Dividend paid		(553,573)	-
Finance costs paid		(28,295)	(10,053)
Net cash (used in) / from financing activities		<u>(681,868)</u>	<u>512,110</u>
Exchange differences on translating foreign operations		2,048	-
Net decrease in cash and cash equivalents		<u>(572,294)</u>	<u>(270,015)</u>
Cash and cash equivalents at beginning of the period		1,544,999	1,667,733
Cash and cash equivalents at end of the period	8	<u>972,705</u>	<u>1,397,718</u>

The notes on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2013

1. General information

Shuaiba Paper Products Company ("the Parent Company") is a Kuwaiti Shareholding Company established in 1978. At the extraordinary general assembly meeting held on 29 May 2007, the shareholders approved to change company's name to Shuaiba Industrial Company K.P.S.C. The Parent Company's shares are listed on the Kuwait Stock Exchange.

The Parent Company is engaged in the manufacture and sale of paper products. At the annual general assembly held on 29 March 2009, the shareholders approved the Group to conduct its activities in accordance with Islamic Sharia Principles.

The Parent Company is domiciled in Kuwait and the address of its principal place of business is Plot No. 150, Street No. 30, Block No.3, Subhan, State of Kuwait.

The interim condensed consolidated financial information of the Group for the six month period ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on _____.

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, 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).

According to articles 2 and 3 of the Decree, Executive Regulations, which shall be issued by the Ministry of Commerce and Industry by 26 September 2013 will determine the basis and rules which the Parent company shall adopt to regularise its affairs with the Companies Law as amended.

2. a) Basis of preparation

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2012 annual consolidated financial statements. 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 six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD).

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2012, except for the following:

- ***Amendment to IAS 1, 'Presentation of financial statements', regarding other comprehensive income***

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The amendment affects presentation only and had no impact on the Group's financial position or performance.

Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2013

2. a) **Basis of preparation (continued)**

- ***Amendment to IFRS 7, 'Financial Instruments: Disclosures' — assets liability offsetting***

The amendments to IFRS 7 require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments became effective on 1 January 2013. The amendment had no impact on the Group.

- ***IFRS 10 'Consolidated financial statements'***

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has:

- 1- Power over the investee;
- 2- Exposure or rights, to variable returns from its involvement with the investee; and
- 3- The ability to use its power over the investee to affect the amount of the returns.

The amendments became effective on 1 January 2013. The newly adopted standard had no impact on the Group.

- ***IFRS 12 Disclosure of Interests in Other Entities***

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. The amendments became effective on 1 January 2013. The newly adopted standard had no impact on the Group.

- ***IFRS 13 'Fair value measurement'***

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The amendments became effective on 1 January 2013. The newly adopted standard had no impact on the Group.

- ***Amendment to IFRSs 10, 11 and 12 on transition guidance***

These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The amendments became effective on 1 January 2013. These amendments had no impact on the Group.

2. b) **Basis of consolidation**

This interim condensed consolidated financial information for the six month period ended 30 June 2013 includes the Parent Company and its wholly owned subsidiary - Advance Technologies (International Agencies) Company W.L.L. The financial information of this subsidiary has been consolidated based on management accounts. The Group management do not expect any material differences in the figures if reviewed financial information would have been available as at 30 June 2013.

Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2013

3. Property, plant and equipment

	Leasehold land KD	Buildings KD	Machinery KD	Furniture and fixtures KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost							
Balance at 1 January 2012	555,000	2,050,831	5,016,668	558,912	221,793	3,052,242	11,455,446
Additions	-	81,245	17,464	30,565	7,325	258,275	394,874
Transfers	-	1,411,596	1,798,478	59,270	30,824	(3,300,168)	-
Disposals	-	-	-	(1,149)	(6,700)	-	(7,849)
Foreign currency exchange difference	-	25,811	30,410	722	505	-	57,448
Balance at 31 December 2012	555,000	3,569,483	6,863,020	648,320	253,747	10,349	11,899,919
Additions	-	-	-	-	-	78,981	78,981
Transfers	-	16,322	-	54,298	6,600	(77,220)	-
Disposals	-	-	-	-	(10,147)	-	(10,147)
Foreign currency exchange difference	-	19,800	22,535	1,006	439	-	43,780
Balance at 30 June 2013	555,000	3,605,605	6,885,555	703,624	250,639	12,110	12,012,533
Accumulated depreciation							
Balance at 1 January 2012	-	607,754	1,372,167	453,652	184,345	-	2,617,918
Charge for the year	-	107,932	198,417	43,215	17,471	-	367,035
Relating to disposals	-	-	-	(1,149)	(6,699)	-	(7,848)
Foreign currency exchange difference	-	137	151	21	18	-	327
Balance at 31 December 2012	-	715,823	1,570,735	495,739	195,135	-	2,977,432
Charge for the period	-	67,371	117,559	27,924	10,103	-	222,957
Relating to disposals	-	-	-	-	(10,147)	-	(10,147)
Foreign currency exchange difference	-	461	526	117	62	-	1,166
Balance at 30 June 2013	-	783,655	1,688,820	523,780	195,153	-	3,191,408
Carrying amount							
As at 30 June 2013	555,000	2,821,950	5,196,735	179,844	55,486	12,110	8,821,125
As at 31 December 2012	555,000	2,853,660	5,292,285	152,581	58,612	10,349	8,922,487
Annual depreciation rates	-	3.33%	3.33%	20%	20%	-	-

The Group's certain property, plant and equipment have been assigned as security for the term loan facility granted to the Group (see note 11).

The buildings are constructed on the leasehold land from the government of Kuwait.

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2013

4. Investment in associate

Name of associate	Country of incorporation	Ownership interest at 30 June 2013 %	Carrying value (Audited)		
			30 June 2013 KD	31 December 2012 KD	30 June 2012 KD
Yanbu Saudi Kuwaiti Paper Products Company Limited	Saudi Arabia	40	<u>2,488,470</u>	<u>2,353,846</u>	<u>2,149,905</u>

5. Available for sale financial assets

	(Audited)		
	30 June 2013 KD	31 December 2012 KD	30 June 2012 KD
Quoted securities	103,515	151,898	156,387
Unquoted securities	<u>36,843</u>	<u>36,843</u>	<u>51,843</u>
	<u>140,358</u>	<u>188,741</u>	<u>208,230</u>

Unquoted securities amounting to KD 36,843 (31 December 2012: KD 36,843 and 30 June 2012: KD 51,843) are carried at cost since their fair values could not be measured reliably. The management is not aware of any impairment in value of these investments. Available for sale financial assets are managed by a portfolio manager, under a portfolio management agreement.

6. Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management. Balances and transactions with related parties are as follows:

Statement of financial position	(Audited)		
	30 June 2013 KD	31 December 2012 KD	30 June 2012 KD
Due from related parties:			
• Other related parties	<u>-</u>	<u>66,000</u>	<u>-</u>
		Six month period ended 30 June	
		<u>2013</u>	<u>2012</u>
		KD	KD
Statement of income			
Key management compensation:			
• Salaries and other short-term benefits		29,676	20,400
• Terminal benefits		<u>2,942</u>	<u>2,942</u>

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
State of Kuwait**

Notes to the interim condensed consolidated financial information (Unaudited)

For the six month period ended 30 June 2013

7. Financial assets at fair value through profit and loss

	30 June 2013	(Audited) 31 December 2012	30 June 2012
	KD	KD	KD
Trading:			
Local quoted securities	429,364	379,497	441,363
Local unquoted securities	-	-	92,000
Local funds	109,000	98,500	102,500
	<u>538,364</u>	<u>477,997</u>	<u>635,863</u>

Financial assets at fair value through profit or loss are managed by a portfolio manager, under a portfolio management agreement.

8. Cash and cash equivalents

	30 June 2013	(Audited) 31 December 2012	30 June 2012
	KD	KD	KD
Cash and bank balances	968,586	912,241	1,052,968
Time deposits	-	576,806	318,166
Cash balance with portfolio manager	4,119	55,952	26,584
	<u>972,705</u>	<u>1,544,999</u>	<u>1,397,718</u>

The Group's time deposits with banks yield an average rate of Nil (31 December 2012: 0.55% to 1.125% and 30 June 2012: 0.55% to 1.125%) per annum and mature within one month from the date of deposit.

9. Share capital

The share capital consists of 61,374,050 (31 December 2012 and 30 June 2012: 61,374,050) authorized, issued and fully paid up shares of 100 fils each.

10. Treasury shares

	30 June 2013	(Audited) 31 December 2012	30 June 2012
Number of shares	1,361,956	1,361,956	1,361,956
Percentage of issued shares	2.22%	2.22%	2.22%
Market value (KD)	299,630	242,428	245,152
Cost (KD)	253,265	253,265	253,265

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

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For the six month period ended 30 June 2013

11. Term loans

	30 June 2013	(Audited) 31 December 2012	30 June 2012
	KD	KD	KD
Current portion	200,000	200,000	233,293
Non-current portion	<u>577,941</u>	<u>677,941</u>	<u>803,272</u>
	<u>777,941</u>	<u>877,941</u>	<u>1,036,565</u>

Term loans from local banks carry finance cost at 3.5% (31 December 2012 and 30 June 2012: 3.5%) per annum.

Certain Group's property, plant and equipment are pledged as collateral against the term loans obtained from a local bank (see note 3).

12. Earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2013	2012	2013	2012
Earnings per share is calculated as follows:				
Profit for the period (KD)	<u>542,267</u>	<u>342,890</u>	<u>862,823</u>	<u>668,230</u>
Weighted average number of shares outstanding:				
Number of issued shares	61,374,050	61,374,050	61,374,050	61,374,050
Less: Weighted average number of treasury shares	<u>(1,361,956)</u>	<u>(1,361,956)</u>	<u>(1,361,956)</u>	<u>(1,361,956)</u>
Weighted average number of shares outstanding	<u>60,012,094</u>	<u>60,012,094</u>	<u>60,012,094</u>	<u>60,012,094</u>
Earnings per share (Basic and diluted) (fils)	<u>9.04</u>	<u>5.71</u>	<u>14.38</u>	<u>11.13</u>

13. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reportable segments

The Group has identified four reportable segments such as industrial packaging division, consumer packaging division, flexible packaging division and trading division.

Industrial Packaging Division: Produces and supplies multi-wall paper sacks for industrial use.

Consumer Packaging Division: Produces and supplies various types of superior value and high quality bags and wrapping sheets to major regional and international flagships and chains.

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13. Operating segments (continued)

Flexible Packaging Division: Produces and supplies multi-ply printed and laminated films, including aluminum foil lamination.

Trading Division: Aims at importing and trading various types of paper related products such as photo copier paper, offset paper, NCR, coated paper and ink.

The following is an analysis of the Group's revenue and results by operating segments for the period:

	Three month period ended 30 June			
	2013	2012	2013	2012
	KD	KD	KD	KD
	Revenue		Segment result	
Industrial Packaging Division	2,584,218	1,376,547	515,764	396,057
Consumer Packaging Division	799,178	713,182	224,560	216,604
Flexible Packaging Division	216,928	226,013	22,943	29,559
Trading Division	22,446	44,436	1,830	6,348
	<u>3,622,770</u>	<u>2,360,178</u>	<u>765,097</u>	<u>648,568</u>
Unrealised gain / (loss) on financial assets at fair value through profit or loss			13,714	(84,992)
Gain / (loss) on sale of financial assets at fair value through profit or loss			81,055	(15,955)
Gain on sale of available for sale financial assets			38,877	-
Impairment loss on sale of available for sale financial assets			-	(82,800)
Share of results of associate			108,871	132,744
Foreign exchange (loss) / gain			(9,120)	10,894
Dividend income			-	1,500
Other income			13,955	15,656
General and administrative expenses			(179,814)	(119,568)
Selling and distribution expenses			(241,275)	(143,309)
Provision for doubtful debts			(10,000)	-
Finance costs			(13,928)	(4,037)
KFAS			(5,107)	(3,228)
NLST			(14,187)	(8,931)
Zakat			(5,871)	(3,652)
Profit for the period			<u>542,267</u>	<u>342,890</u>

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For the six month period ended 30 June 2013

13. Operating segments (continued)

	Six month period ended 30 June			
	2013	2012	2013	2012
	KD	KD	KD	KD
	Revenue		Segment result	
Industrial Packaging Division	4,520,839	2,873,237	838,870	706,061
Consumer Packaging Division	1,503,513	1,412,594	378,551	401,844
Flexible Packaging Division	434,733	469,439	56,623	62,586
Trading Division	61,016	209,932	5,743	23,651
	<u>6,520,101</u>	<u>4,965,202</u>	<u>1,279,787</u>	<u>1,194,142</u>
Unrealised gain / (loss) on financial assets at fair value through profit or loss			43,465	(41,672)
Gain / (loss) on sale of financial assets at fair value through profit or loss			86,592	(16,067)
Gain on sale of available for sale financial assets			38,877	-
Impairment loss on sale of available for sale financial assets			-	(82,800)
Share of results of associate			203,733	198,485
Foreign exchange gain			11,294	8,916
Profit on disposal of property, plant and equipment			691	-
Dividend income			-	1,500
Other income			37,391	30,239
General and administrative expenses			(334,014)	(264,385)
Selling and distribution expenses			(427,734)	(319,692)
Provision for doubtful debts			(10,000)	-
Finance costs			(27,206)	(9,543)
KFAS			(8,126)	(6,292)
NLST			(22,572)	(17,441)
Zakat			(9,355)	(7,160)
Profit for the period			<u>862,823</u>	<u>668,230</u>

The following is an analysis of the Group's revenue by geographical area for the period:

	Three month period ended 30 June		Six month period ended 30 June	
	2013	2012	2013	2012
	KD	KD	KD	KD
	Revenue		Revenue	
Kuwait	1,136,516	1,055,174	2,171,200	2,328,230
GCC	1,727,479	859,660	2,995,804	1,710,869
Asia	456,200	369,486	642,597	523,465
Africa	302,575	75,858	710,500	402,638
	<u>3,622,770</u>	<u>2,360,178</u>	<u>6,520,101</u>	<u>4,965,202</u>

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14. Contingent liabilities

	30 June 2013	(Audited) 31 December 2012	30 June 2012
	KD	KD	KD
Contingent liabilities			
Letters of credit	961,431	909,120	770,472
Letters of guarantee	122,975	147,033	119,850
	<u>1,084,406</u>	<u>1,056,153</u>	<u>890,322</u>

Operating lease commitments

The minimum operating lease commitments under non-cancelable operating leases are as follows:

	30 June 2013	(Audited) 31 December 2012	30 June 2012
	KD	KD	KD
Not later than one year	34,315	33,150	5,000
Later than one year but not later than five years	127,260	122,600	10,000

15. Annual general assembly meeting

The Annual General Assembly held on 22 April 2013, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2012 and approved a cash dividend of 10% equivalents to 10 fils per shares (2011: Nil) and bonus share Nil (2011: 5 shares for each 100 shares) to the shareholders on record as of the date of the Annual General Assembly.