

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

**Interim condensed consolidated financial information  
(Unaudited) and review report**  
For the nine month period ended 30 September 2016

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State of Kuwait**

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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. State of Kuwait**

**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 September 2016, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month 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 Auditor 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 books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, the Executive Regulation nor of the Memorandum and Articles of Association of the Parent Company, as amended, have occurred during the nine month period ended 30 September 2016 that might have had a material effect on the business of the Group or its consolidated financial position.

  
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Qais M. Al Nisf  
Licence No. 38 – A  
BDO Al Nisf & Partners

  
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Barrak Al-Ateeqi  
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Al-Ateeqi Certified Accountants  
Member firm of B.K.R. International

Kuwait: 26 October 2016

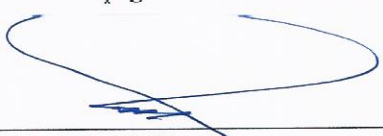


**Shuaiba Industrial Company K.P.S.C. and its subsidiary  
State of Kuwait**

**Interim condensed consolidated statement of financial position (Unaudited)  
As at 30 September 2016**

		30 September 2016	(Audited) 31 December 2015	30 September 2015
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	9,015,759	8,640,567	8,403,372
Investment in an associate	4	2,474,944	2,567,131	2,563,189
Available for sale financial assets		-	-	36,843
		<u>11,490,703</u>	<u>11,207,698</u>	<u>11,003,404</u>
<b>Current assets</b>				
Inventories		3,126,733	4,694,207	4,017,618
Trade receivables		2,924,476	2,463,022	2,790,437
Other receivables		406,057	776,733	409,434
Financial assets at fair value through profit or loss		219,016	176,072	215,669
Term deposits		650,000	100,000	-
Cash and cash equivalents	5	2,731,780	2,570,291	2,428,059
		<u>10,058,062</u>	<u>10,780,325</u>	<u>9,861,217</u>
<b>Total assets</b>		<u>21,548,765</u>	<u>21,988,023</u>	<u>20,864,621</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	6	8,055,343	6,444,275	6,444,275
Share premium		2,294,444	2,294,444	2,294,444
Statutory reserve		1,985,638	1,985,638	1,803,237
Voluntary reserve		1,894,630	1,894,630	1,712,229
Treasury shares	7	(164,740)	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283	471,283
Foreign currency translation reserve		439,225	492,544	491,576
Retained earnings		3,526,283	4,744,837	4,735,513
<b>Total equity</b>		<u>18,502,106</u>	<u>18,162,911</u>	<u>17,787,817</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current portion of term loans		684,667	272,000	364,000
Employee's end of service benefits		659,708	589,997	538,424
		<u>1,344,375</u>	<u>861,997</u>	<u>902,424</u>
<b>Current liabilities</b>				
Current portion of term loans		184,000	184,000	184,000
Trade and other payables		1,518,284	2,754,188	1,990,380
Due to a related party	10	-	24,927	-
		<u>1,702,284</u>	<u>2,963,115</u>	<u>2,174,380</u>
<b>Total liabilities</b>		<u>3,046,659</u>	<u>3,825,112</u>	<u>3,076,804</u>
<b>Total equity and liabilities</b>		<u>21,548,765</u>	<u>21,988,023</u>	<u>20,864,621</u>

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

  
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**Saleh Omran Abdullah Kannan**  
Chairman

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

**Interim condensed consolidated statement of profit or loss (Unaudited)**

For the nine month period ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
		KD	KD	KD	KD
Sales		3,398,587	3,609,108	11,626,324	11,666,587
Cost of sales		(2,532,573)	(2,793,570)	(8,543,692)	(8,963,943)
<b>Gross profit</b>		<u>866,014</u>	<u>815,538</u>	<u>3,082,632</u>	<u>2,702,644</u>
Unrealised (loss)/gain on financial assets at fair value through profit or loss		-	(6,824)	42,944	(37,737)
Share of results of an associate	4	1,421	5,205	24,919	15,676
Foreign exchange gain/(loss)		5,616	6,682	(8,173)	22,488
Gain on sale of property, plant and equipment		-	-	199	109
Other income		9,552	9,751	57,075	34,311
General and administrative expenses	8	(219,219)	(215,990)	(669,700)	(616,914)
Selling and distribution expenses		(245,295)	(206,655)	(757,726)	(690,075)
Finance costs		(11,600)	(10,765)	(30,341)	(31,180)
<b>Profit before provisions for Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat</b>		<u>406,489</u>	<u>396,942</u>	<u>1,741,829</u>	<u>1,399,322</u>
KFAS		(3,658)	(3,572)	(15,676)	(12,594)
NLST		(11,069)	(10,221)	(45,281)	(36,381)
Zakat		(4,427)	(4,089)	(18,112)	(14,553)
<b>Profit for the period</b>		<u><u>387,335</u></u>	<u><u>379,060</u></u>	<u><u>1,662,760</u></u>	<u><u>1,335,794</u></u>
<b>Basic and diluted earnings per share (fils)</b>	9	<u>4.88 Fils</u>	<u>4.77 Fils</u>	<u>20.94 Fils</u>	<u>16.83 Fils</u>

The notes on pages 7 to 16 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 nine month period ended 30 September 2016

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	KD	KD	KD	KD
<b>Profit for the period</b>	<u>387,335</u>	<u>379,060</u>	<u>1,662,760</u>	<u>1,335,794</u>
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Foreign currency translation differences	<u>(16,053)</u>	<u>(53,911)</u>	<u>(53,319)</u>	<u>227,738</u>
<b>Other comprehensive (loss)/income for the period</b>	<u>(16,053)</u>	<u>(53,911)</u>	<u>(53,319)</u>	<u>227,738</u>
<b>Total comprehensive income for the period</b>	<u><u>371,282</u></u>	<u><u>325,149</u></u>	<u><u>1,609,441</u></u>	<u><u>1,563,532</u></u>

The notes on pages 7 to 16 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 nine month period ended 30 September 2016

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
<b>At 1 January 2016</b>	6,444,275	2,294,444	1,985,638	1,894,630	(164,740)	471,283	492,544	4,744,837	18,162,911
Profit for the period	-	-	-	-	-	-	-	1,662,760	1,662,760
Other comprehensive loss for the period	-	-	-	-	-	-	(53,319)	-	(53,319)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(53,319)	1,662,760	1,609,441
Issue of bonus shares (Note 12)	1,611,068	-	-	-	-	-	-	(1,611,068)	-
Dividends	-	-	-	-	-	-	-	(1,270,246)	(1,270,246)
<b>At 30 September 2016</b>	<b>8,055,343</b>	<b>2,294,444</b>	<b>1,985,638</b>	<b>1,894,630</b>	<b>(164,740)</b>	<b>471,283</b>	<b>439,225</b>	<b>3,526,283</b>	<b>18,502,106</b>
<b>At 1 January 2015</b>	6,444,275	2,294,444	1,803,237	1,712,229	(253,265)	404,979	263,838	4,659,964	17,329,701
Profit for the period	-	-	-	-	-	-	-	1,335,794	1,335,794
Other comprehensive income for the period	-	-	-	-	-	-	227,738	-	227,738
Total comprehensive income for the period	-	-	-	-	-	-	227,738	1,335,794	1,563,532
Sale of treasury shares	-	-	-	-	88,525	66,304	-	-	154,829
Dividends	-	-	-	-	-	-	-	(1,260,245)	(1,260,245)
<b>At 30 September 2015</b>	<b>6,444,275</b>	<b>2,294,444</b>	<b>1,803,237</b>	<b>1,712,229</b>	<b>(164,740)</b>	<b>471,283</b>	<b>491,576</b>	<b>4,735,513</b>	<b>17,787,817</b>

The notes on pages 7 to 16 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 nine month period ended 30 September 2016

	Notes	Nine months ended 30 September	
		2016	2015
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,662,760	1,335,794
<i>Adjustments for:</i>			
Depreciation	3	352,475	340,432
Gain on sale of property, plant and equipment		(199)	(109)
Share of results of an associate	4	(24,919)	(15,676)
Unrealised (gain)/loss on financial assets at fair value through profit or loss		(42,944)	37,737
Provision for employee end of service benefits		78,052	67,135
Finance costs		30,341	31,180
		<u>2,055,566</u>	<u>1,796,493</u>
<i>Changes in working capital:</i>			
Inventories		1,567,474	(322,808)
Trade receivables		(461,454)	(540,533)
Other receivables		370,676	(168,345)
Due to a related party		(24,927)	-
Trade and other payables		(1,234,102)	(59,766)
<b>Cash flows generated from operations</b>		<u>2,273,233</u>	<u>705,041</u>
Employee's end of service benefits paid		(8,341)	(11,238)
<b>Net cash flows generated from operating activities</b>		<u>2,264,892</u>	<u>693,803</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	3	(751,174)	(97,477)
Placement of term deposit		(550,000)	-
Proceeds on sale of property, plant and equipment		200	109
Dividend received from an associate	4	97,080	128,160
<b>Net cash flows (used in)/generated from investing activities</b>		<u>(1,203,894)</u>	<u>30,792</u>
<b>FINANCING ACTIVITIES</b>			
Net movement in term loans		412,667	(149,941)
Dividends paid	12	(1,272,048)	(1,162,085)
Sale of treasury shares		-	154,829
Finance costs paid		(30,341)	(31,180)
<b>Net cash flows used in financing activities</b>		<u>(889,722)</u>	<u>(1,188,377)</u>
Effect of foreign currency translation		(9,787)	37,254
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>161,489</u>	<u>(426,528)</u>
Cash and cash equivalents at beginning of the period		2,570,291	2,854,587
<b>Cash and cash equivalents at end of the period</b>	5	<u>2,731,780</u>	<u>2,428,059</u>

The Group has the following non-cash transactions during the period which are not presented in the interim condensed consolidated statement of cash flows.

**NON CASH TRANSACTIONS :**

Issue of bonus shares	12	(1,611,068)	-
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The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.



**Notes to the interim condensed consolidated financial information (Unaudited)**

For the nine month period ended 30 September 2016

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**1. GENERAL INFORMATION**

Shuaiba Industrial Company K.P.S.C. (“the Parent Company”), is a public shareholding company incorporated in 1978 under the Laws of the State of Kuwait and is listed on the Kuwait Stock Exchange.

The Group comprises of the Parent Company and its subsidiary as described in Note 2.C (together referred to as the “Group”).

The Parent Company’s objectives are as follows:

1. Manufacture of paper cement bags for packing of cement and similar products.
2. Import and export material required for the Parent Company’s objectives.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Parent Company may also purchase such entities or affiliate them.

At the Annual General Assembly held on 29 March 2010, the shareholders approved the Group to conduct its activities in accordance with Islamic Sharia Principles.

The address of the Parent Company’s registered office is P.O. Box, 10088, Shuaiba 65451, State of Kuwait.

The interim condensed consolidated financial information of the Group for the nine month period ended 30 September 2016 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 26 October 2016.

**2. BASIS OF PREPARATION**

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. This interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2015.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Parent Company.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2015, except for the adoption of the following new standards and amendments effective as of 1 January 2016. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

The nature and the impact of each new standard or amendment are described below:



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the nine month period ended 30 September 2016

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**2. BASIS OF PREPARATION (CONTINUED)**

**a) New standards, interpretations and amendments effective from 1 January 2016**

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- Amendments to IAS 1 – Disclosure Initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.
- Amendments to IAS 27 – Equity method in separate financial statements.
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception.
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations.
- IFRS 14 – Regulatory Deferral Accounts.
- Annual improvements to IFRS 2012-2014 cycle

**b) Standards and interpretations issued but not effective**

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

*IFRS 9 - Financial Instruments*

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

*IFRS 15 - Revenue from contracts with customers*

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the nine month period ended 30 September 2016

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**2. BASIS OF PREPARATION (CONTINUED)**

**c) Basis of consolidation**

This interim condensed consolidated financial information for the nine month period ended 30 September 2016 includes the Parent Company and its wholly owned subsidiary - Advance Technologies International Agencies Company W.L.L. together (the "Group"). The financial information of this subsidiary has been consolidated based on management accounts for the nine month period ended 30 September 2016. The Group's management do not expect any material differences in the figures if the reviewed financial information would have been available for the period ended 30 September 2016.

**d) Judgements and estimates**

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.



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

**Notes to the interim condensed consolidated financial information (Unaudited)**

For the nine month period ended 30 September 2016

**3. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold	Buildings	Machinery	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	land						
<b>Cost</b>							
At 1 January 2015	555,000	3,659,871	7,082,084	762,341	228,421	-	12,287,717
Additions	-	67,518	331,903	31,521	4,500	350	435,792
Disposals	-	-	-	-	(1,850)	-	(1,850)
Foreign currency translation differences	-	57,880	68,078	4,185	1,279	-	131,422
At 31 December 2015 (Audited)	555,000	3,785,269	7,482,065	798,047	232,350	350	12,853,081
Additions	-	-	697,221	7,501	-	46,452	751,174
Disposals	-	-	-	-	(2,775)	-	(2,775)
Foreign currency translation differences	-	(11,065)	(14,800)	(840)	(237)	(24)	(26,966)
At 30 September 2016	555,000	3,774,204	8,164,486	804,708	229,338	46,778	13,574,514
<b>Accumulated depreciation</b>							
At 1 January 2015	-	996,553	1,955,988	609,047	185,071	-	3,746,659
Charge for the year	-	140,754	238,822	56,984	17,456	-	454,016
Relating to disposals	-	-	-	-	(1,849)	-	(1,849)
Foreign currency translation differences	-	5,181	5,925	1,891	691	-	13,688
At 31 December 2015 (Audited)	-	1,142,488	2,200,735	667,922	201,369	-	4,212,514
Charge for the period	-	98,326	198,461	44,739	10,949	-	352,475
Relating to disposals	-	-	-	-	(2,774)	-	(2,774)
Foreign currency translation differences	-	(1,293)	(1,501)	(494)	(172)	-	(3,460)
At 30 September 2016	-	1,239,521	2,397,695	712,167	209,372	-	4,558,755
<b>Net book value</b>							
At 30 September 2016	555,000	2,534,683	5,766,791	92,541	19,966	46,778	9,015,759
At 31 December 2015 (Audited)	555,000	2,642,781	5,281,330	130,125	30,981	350	8,640,567
At 30 September 2015	555,000	2,672,053	5,010,445	130,524	35,131	219	8,403,372
<b>Annual depreciation rates</b>	-	3.33%	3.33%	20%	20%	-	-

Certain property, plant and equipment have been assigned as security against term loans.

Buildings are constructed on leasehold lands from the government of Kuwait and the government of Dubai for a period of 5 year renewable for similar periods.

Notes to the interim condensed consolidated financial information (Unaudited)  
For the nine month period ended 30 September 2016

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges are included in the consolidated statement of profit or loss under the following categories:

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	KD	KD	KD	KD
Cost of sales	111,393	105,971	331,969	319,061
General and administrative expenses (Note 8)	5,902	6,182	17,602	18,467
Selling and distribution expenses	968	968	2,904	2,904
	<u>118,263</u>	<u>113,121</u>	<u>352,475</u>	<u>340,432</u>

4. INVESTMENT IN AN ASSOCIATE

Name of associate	Country of incorporation	Voting rights and equity interest (%)		Measurement Method	Activity	Carrying value		
		30 September				(Audited)		
		2016	2015			30 September 2016	31 December 2015	30 September 2015
		%	%			KD	KD	KD
Yanbu Saudi Kuwaiti Paper Products Company L.t.d. ("YSKPPC")	Kingdom of Saudi Arabia	40	40	Equity method	Paper products	<u>2,474,944</u>	<u>2,567,131</u>	<u>2,563,189</u>

Summarised financial information in respect of the Group's associate is set out below:

	30 September	(Audited)	30 September
	2016	31 December 2015	2015
	KD	KD	KD
<b>Associate's financial position:</b>			
Total assets	<u>6,743,555</u>	<u>7,332,829</u>	<u>7,221,990</u>
Total liabilities	<u>(556,196)</u>	<u>(915,001)</u>	<u>(814,018)</u>
Net assets	<u>6,187,359</u>	<u>6,417,828</u>	<u>6,407,972</u>
Group share of associate's net assets	<u>2,474,944</u>	<u>2,567,131</u>	<u>2,563,189</u>
<b>Associate's revenue and results:</b>			
Revenue	<u>4,883,196</u>	<u>4,976,458</u>	<u>3,758,925</u>
Profits	<u>62,299</u>	<u>89,628</u>	<u>39,190</u>
Share of results	<u>24,919</u>	<u>35,851</u>	<u>15,676</u>
Dividend received	<u>97,080</u>	<u>128,160</u>	<u>128,160</u>



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the nine month period ended 30 September 2016

**5. CASH AND CASH EQUIVALENTS**

	<b>30 September 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 September 2015</b>
	KD	KD	KD
Short term deposits	-	200,000	500,000
Bank balances	2,730,811	2,364,942	1,928,059
Cash on hand and with portfolio manager	969	5,349	-
	<u>2,731,780</u>	<u>2,570,291</u>	<u>2,428,059</u>

Short term deposits are placed with local banks and denominated in Kuwaiti Dinars with an average yield rate of Nil % (31 December 2015: 0.62% and 30 September 2015: 0.62%) per annum and mature within three months from the date of placement.

**6. SHARE CAPITAL**

The authorized, issued and paid up share capital is KD 8,055,343 (31 December 2015: KD 6,444,275 and 30 September 2015: KD 6,444,275) comprising of 80,553,436 shares of 100 fils each (31 December 2015: 64,442,750 and 30 September 2015: 64,442,750 shares of 100 fils each) and all shares are paid in cash.

The Extraordinary General Meeting of the shareholders held on 30 March 2016 approved the increase in authorised share capital by 25% through 16,110,686 bonus shares declared amounting to KD 1,611,068 (Note 12). The Parent Company's Memorandum and Articles of Association has been amended accordingly to reflect the increase in share capital.

**7. TREASURY SHARES**

	<b>30 September 2016</b>	<b>(Audited) 31 December 2015</b>	<b>30 September 2015</b>
Number of shares	1,163,078	930,462	930,462
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD )	302,400	362,880	386,142
Cost (KD)	164,740	164,740	164,740

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

**8. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	KD	KD
Staff costs	513,415	469,118
Depreciation	17,602	18,467
Communication expenses	22,734	20,779
Rental	18,932	15,779
Professional and advertisement fees	20,105	15,693
Local conveyance and travel expenses	52,231	52,211
Share market and portfolio expenses	6,492	7,331
Stationary and software expenses	18,189	17,536
	<u>669,700</u>	<u>616,914</u>



**Notes to the interim condensed consolidated financial information (Unaudited)  
For the nine month period ended 30 September 2016**

**9. BASIC AND DILUTED EARNINGS PER SHARE**

Earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period, excluding treasury shares.

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Earnings per share is calculated as follows:				
Profit for the period (KD)	387,335	379,060	1,662,760	1,335,794
Weighted average number of shares outstanding:				
Number of issued shares	80,553,436	80,553,436	80,553,436	80,553,436
Less: Weighted average number of treasury shares	(1,163,078)	(1,163,078)	(1,163,078)	(1,163,078)
Weighted average number of shares outstanding	79,390,358	79,390,358	79,390,358	79,390,358
<b>Basic and diluted earnings per share (fils)</b>	<b>4.88 Fils</b>	<b>4.77 Fils</b>	<b>20.94 Fils</b>	<b>16.83 Fils</b>

Earnings per share were 21.12 fils for the nine month period ended 30 September 2015, before retrospective adjustment to the number of shares following the bonus issue during the period (Note 12).

**10. RELATED PARTY BALANCES AND 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:

	<b>(Audited)</b>		
	<b>30 September 2016</b>	<b>31 December 2015</b>	<b>30 September 2015</b>
	KD	KD	KD

**Interim condensed consolidated statement of financial position**

a) Due to a related party:

- Yanbu Saudi Kuwaiti Paper Product Company Ltd.

-	24,927	-
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Amount due to a related party is payable on demand and is non-profit bearing.

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	KD	KD

**Interim condensed consolidated statement of profit or loss**

c) Key management compensation

- Salaries and other short-term benefits
- Termination benefits

211,424	201,630
16,897	15,028

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the nine month period ended 30 September 2016

**11. SEGMENTAL INFORMATION**

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Chief Executive Officer is the Group's chief operating decision maker and has grouped the Group's products into the following operating segments.

- *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 chains.
- *Flexible Packaging Division:* Produces and supplies multi-ply printed and laminated films, including aluminum foil lamination.
- *Trading Division:* Importing and trading in 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:

	<b>Three months ended 30 September</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	KD	KD	KD	KD
	<b>Revenue</b>		<b>Segment results</b>	
Industrial Packaging Division	2,129,946	2,330,483	498,715	447,761
Consumer Packaging Division	1,018,847	1,016,212	320,498	341,617
Flexible Packaging Division	246,934	221,524	46,693	22,242
Trading Division	2,860	40,889	108	3,918
	<u>3,398,587</u>	<u>3,609,108</u>	<u>866,014</u>	<u>815,538</u>
Unrealised gain on financial assets at fair value through profit or loss			-	(6,824)
Share of results of an associate			1,421	5,205
Foreign exchange gain			5,616	6,682
Other income			9,552	9,751
General and administrative expenses			(219,219)	(215,990)
Selling and distribution expenses			(245,295)	(206,655)
Finance costs			(11,600)	(10,765)
KFAS			(3,658)	(3,572)
NLST			(11,069)	(10,221)
Zakat			(4,427)	(4,089)
<b>Profit for the period</b>			<u>387,335</u>	<u>379,060</u>



Notes to the interim condensed consolidated financial information (Unaudited)  
For the nine month period ended 30 September 2016

11. SEGMENTAL INFORMATION (CONTINUED)

	Nine months ended 30 September			
	2016	2015	2016	2015
	KD	KD	KD	KD
	<b>Revenue</b>		<b>Segment results</b>	
Industrial Packaging Division	7,646,340	7,893,769	1,873,219	1,630,915
Consumer Packaging Division	3,143,357	2,926,044	1,047,284	1,000,414
Flexible Packaging Division	809,682	698,682	160,750	54,832
Trading Division	26,945	148,092	1,379	16,483
	<u>11,626,324</u>	<u>11,666,587</u>	<u>3,082,632</u>	<u>2,702,644</u>
Unrealised gain/(loss) on financial assets at fair value through profit or loss			42,944	(37,737)
Share of results of an associate			24,919	15,676
Foreign exchange (loss)/gain			(8,173)	22,488
Gain on sale of property, plant and equipment			199	109
Other income			57,075	34,311
General and administrative expenses			(669,700)	(616,914)
Selling and distribution expenses			(757,726)	(690,075)
Finance costs			(30,341)	(31,180)
KFAS			(15,676)	(12,594)
NLST			(45,281)	(36,381)
Zakat			(18,112)	(14,553)
<b>Profit for the period</b>			<u>1,662,760</u>	<u>1,335,794</u>

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

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
	KD	KD	KD	KD
Kuwait	1,102,897	1,142,834	3,977,232	3,853,231
GCC	1,821,524	1,928,052	6,089,701	6,249,369
Asia	330,915	336,575	965,691	898,232
Africa	143,251	201,647	593,700	665,755
	<u>3,398,587</u>	<u>3,609,108</u>	<u>11,626,324</u>	<u>11,666,587</u>

For the purpose of monitoring segment performance, the Group does not allocate its total assets and liabilities between segments.

12. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meetings of shareholders held on 30 March 2016, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2015 and approved the payment of cash dividend of 20% equivalents to 20 fils per share on outstanding shares excluding treasury shares (31 December 2014: 20% equivalent to 20 fils per share) and bonus share of 25% equivalent to 25 shares for each 100 shares (31 December 2014: nil) to the shareholders of the Parent Company's record as of the date of the Annual General Assembly Meeting.

An Extraordinary General Meeting of the shareholders was held on 30 March 2016 to approve the increase in authorised share capital by 25% due to bonus shares declared amounting to 16,110,686 shares.



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the nine month period ended 30 September 2016

**13. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

<b>30 September 2016</b>	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Total</u> KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	219,016	-	219,016
<b>Total</b>	<u>219,016</u>	<u>-</u>	<u>219,016</u>
<b>31 December 2015</b>	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Total</u> KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	176,072	-	176,072
<b>Total</b>	<u>176,072</u>	<u>-</u>	<u>176,072</u>
<b>30 September 2015</b>	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Total</u> KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	167,169	-	167,169
Local funds	-	48,500	48,500
<b>Total</b>	<u>167,169</u>	<u>48,500</u>	<u>215,669</u>

**14. CONTINGENT LIABILITIES AND COMMITMENTS**

	<u>30 September</u> <u>2016</u> KD	<b>(Audited)</b> <u>31 December</u> <u>2015</u> KD	<u>30 September</u> <u>2015</u> KD
<b>Capital commitments</b>			
For the purchase of property, plant and equipment	404,612	1,158,850	285,516
<b>Operating lease commitments</b>			
Not later than one year	68,588	62,061	53,214
Later than one year but not later than five years	274,352	212,244	212,856
	<u>342,940</u>	<u>274,305</u>	<u>266,070</u>
<b>Contingent liabilities</b>			
Letters of credit	6,341	377,173	568,703
Letters of guarantee	129,769	105,514	102,402
	<u>136,110</u>	<u>482,687</u>	<u>671,105</u>