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

Interim condensed consolidated financial information (Unaudited) and review report
For the three month period ended 31 March 2018

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Index **Pages**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To The Board of Directors,
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 31 March 2018, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and fair 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 condensed 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 and the interim condensed consolidated financial information for the three month period ended 31 March 2017 were audited and reviewed, respectively, by another auditor who expressed unmodified opinion and conclusion on those statements on 12 March 2018 and 2 May 2017 respectively.

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 IAS 34: Interim Financial Reporting.

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 account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three month period ended 31 March 2018, that might have had a material effect on business of the Group or its consolidated financial position.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 23 April 2018

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

Interim condensed consolidated statement of financial position (Unaudited)
As at 31 March 2018

	Notes	31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
ASSETS				
Non-current assets				
Property, plant and equipment	3	9,785,339	9,928,073	10,216,664
Investment in an associate	4	2,590,225	2,556,991	2,483,680
		12,375,564	12,485,064	12,700,344
Current assets				
Inventories		4,022,143	4,636,060	2,307,754
Trade and other receivables	5	3,793,092	3,634,708	3,403,999
Financial assets at fair value through profit or loss	6	64,036	66,118	124,870
Term deposit		-	600,000	-
Cash and cash equivalents	7	3,286,826	2,776,342	5,231,383
		11,166,097	11,713,228	11,068,006
Total assets		23,541,661	24,198,292	23,768,350
EQUITY AND LIABILITIES				
Equity				
Share capital	8	10,069,180	10,069,180	8,055,343
Share premium		2,294,444	2,294,444	2,294,444
Statutory reserve		2,387,708	2,387,708	2,185,527
Voluntary reserve		1,827,831	1,827,831	2,094,519
Treasury shares	9	(164,740)	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283	471,283
Foreign currency translation reserve		401,592	443,310	533,592
Retained earnings		2,076,091	1,699,081	3,967,008
Total equity		19,363,389	19,028,097	19,436,976
Liabilities				
Non-current liabilities				
Employee's end of service benefits		768,010	749,909	695,235
Term loans	10	1,151,988	1,299,292	1,685,644
		1,919,998	2,049,201	2,380,879
Current liabilities				
Term loans	10	644,000	386,352	184,000
Trade and other payables		1,614,274	2,734,642	1,766,495
		2,258,274	3,120,994	1,950,495
Total liabilities		4,178,272	5,170,195	4,331,374
Total equity and liabilities		23,541,661	24,198,292	23,768,350

Saleh Omran Abdullah Kannan
Chairman

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss (Unaudited)
For the three month period ended 31 March 2018

		Three months ended 31 March	
		2018	**2017**
	Notes	KD	KD
Sales		3,846,557	3,800,049
Cost of sales		(2,984,919)	(2,804,151)
Gross profit		861,638	995,898
Other income		36,027	59,710
Foreign exchange (loss)/gain		(5,022)	8,281
Share of results of an associate	4	45,738	31,309
Unrealised (loss)/gain on financial assets at fair value through profit or loss		(2,082)	22,413
General and administrative expenses	11	(246,401)	(200,810)
Selling and distribution expenses		(246,502)	(233,111)
Finance costs		(21,229)	(22,360)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		422,167	661,330
KFAS		(3,800)	(5,952)
NLST		(11,012)	(16,660)
Zakat		(4,405)	(6,664)
Profit for the period		402,950	632,054
Basic and diluted earnings per share (fils)	12	4.06	6.36

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income (Unaudited)

For the three month period ended 31 March 2018

	Three months ended 31 March	
	2018	**2017**
	KD	KD
Profit for the period	402,950	632,054
Other comprehensive loss items:		
Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:		
Foreign currency translation differences	(41,718)	(32,629)
Other comprehensive loss for the period	(41,718)	(32,629)
Total comprehensive income for the period	361,232	599,425

The notes on pages 7 to 22 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 three month period ended 31 March 2018

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
At 31 December 2017 ***("as previously reported")***	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,699,081	19,028,097
Impact on adoption of IFRS 9 at 1 January 2018 (Note 2.B.i)	-	-	-	-	-	-	-	(25,940)	(25,940)
At 1 January 2018 ("*Restated*")	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,673,141	19,002,157
Profit for the period	-	-	-	-	-	-	-	402,950	402,950
Other comprehensive loss for the period	-	-	-	-	-	-	(41,718)	-	(41,718)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(41,718)	402,950	361,232
At 31 March 2018	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	401,592	2,076,091	19,363,389
At 1 January 2017	8,055,343	2,294,444	2,185,527	2,094,519	(164,740)	471,283	566,221	3,334,954	18,837,551
Profit for the period	-	-	-	-	-	-		632,054	632,054
Other comprehensive loss for the period	-	-	-	-	-	-	(32,629)	-	(32,629)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(32,629)	632,054	599,425
At 31 March 2017	8,055,343	2,294,444	2,185,527	2,094,519	(164,740)	471,283	533,592	3,967,008	19,436,976

The notes on pages 7 to 22 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 three month period ended 31 March 2018

	Notes	Three months ended 31 March 2018 KD	Three months ended 31 March 2017 KD
OPERATING ACTIVITIES			
Profit for the period		402,950	632,054
Adjustments for:			
Depreciation	3	123,612	118,335
Share of results of an associate	4	(45,738)	(31,309)
Unrealised loss/(gain) on financial assets at fair value through profit or loss		2,082	(22,413)
Provision for employee end of service benefits		19,719	19,034
Finance costs		21,229	22,360
		523,854	738,061
Changes in working capital:			
Inventories		613,917	474,641
Trade and other receivables		(184,324)	(802,729)
Trade and other payables		(1,120,368)	(602,030)
Cash flows used in operations		(166,921)	(192,057)
Employee's end of service benefits paid		(1,418)	(1,961)
Net cash flows used in operating activities		(168,339)	(194,018)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(2,733)	(26,739)
Maturity of term deposit		600,000	1,650,000
Dividend received from an associate	4	-	97,588
Net cash flows generated from investing activities		597,267	1,720,849
FINANCING ACTIVITIES			
Net movement in term loans		110,344	-
Finance costs paid		(21,229)	(22,360)
Net cash flows generated from/(used in) financing activities		89,115	(22,360)
Effect of foreign currency translation		(7,559)	(9,819)
Net increase in cash and cash equivalents		510,484	1,494,652
Cash and cash equivalents at beginning of the period		2,776,342	3,736,731
Cash and cash equivalents at end of the period	7	3,286,826	5,231,383

The notes on pages 7 to 22 form an integral part of this interim condensed consolidated financial information.

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 Boursa Kuwait.

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 three month period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 23 April 2018.

2. BASIS OF PREPARATION

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRSs financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 2 (A and B).

Use of judgements and estimates
In preparing this interim condensed consolidated financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described below.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

2. BASIS OF PREPARATION (CONTINUED)

Use of judgements and estimates (continued)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Note 16.

Changes in significant accounting policies

Except as described below, the accounting policies applied in this interim condensed consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 15 *Revenue from Contracts with Customers* (see A below) and IFRS 9 *Financial Instruments* (see B below) from 1 January 2018. A number of other new amendments are effective from 1 January 2018 but they do not have a material effect on the Group's interim condensed consolidated financial information.

A) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, IFRICs 13, 15, 18, and SIC 31.

Adoption of IFRS 15 by the Group at 1 January 2018 had no impact on the Group's consolidated financial statements as at 31 December 2017 and the interim condensed consolidated financial information for the three month period ended 31 March 2018 as majority of the Group's revenues are within the scope of IFRS 15 as represented by the following:

Manufacturing and sale of paper products:

Performance obligations related to the Group's manufacturing and sale of paper products are satisfied at a point in time typically on delivery of the products as the Group predominantly manufactures those products to specific orders.

Other Revenue

The other revenue types of the Group are mainly represented by investments income from share of associate's results and the unrealized/realized gains/losses from financials assets at fair value through profit or loss which are outside the scope of IFRS 15.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method, see note below).

1 January 2018	Note	Impact of adopting IFRS 9 on opening balance
Retained earnings	5	(25,940)

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

i. Classification and measurement of financial assets and financial liabilities (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see i (b) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

i. Classification and measurement of financial assets and financial liabilities (continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Impact on adoption of IFRS 9
Financial assets				KD	KD	
Cash and cash equivalents		Loans and receivables	Amortised cost	2,776,342	2,776,342	-
Term deposit		Loans and receivables	Amortised cost	600,000	600,000	-
Equity securities	a	Designated as at FVTPL	Mandatorily at FVTPL	66,118	66,118	-
Accounts Receivables and other	b	Loans and	Amortised	3,520,321	3,494,381	(25,940)
Total				**6,962,781**	**6,936,841**	**(25,940)**

(a) Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

(b) Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of KD 25,940 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9. No additional trade receivables recognised at 1 January 2018 on the adoption of IFRS 15.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of cash and cash equivalents, term deposit and trade and other receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances, and term deposit for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

ii. Impairment of financial assets (continued)

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, including contract assets, are presented separately in the interim condensed consolidated statement of profit or loss.

Impact of the new impairment model
For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows:

Loss allowance at 31 December 2017 under IAS 39	**Amount (KD)**
Additional impairment recognised at 1 January 2018 on:	
- Trade and other receivables as at 31 December 2017 (Note 5)	(25,940)

Trade receivables and contract assets
The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of IFRS 9. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The ECLs were calculated based on actual credit loss experience over the past 3 years. The Group performed the calculation of ECL rates for its customers.

Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, geographic region and industry, delinquency status, age of relationship and type of product purchased where applicable.

Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

ii. Impairment of financial assets (continued)

The following table provides information about the exposure to credit risk and ECLs as at 1 January 2018.

	Weighted average loss rate	Gross carrying amount	Credit impaired
		KD	
0-90 days past due	0.39%	3,282,766	No
91-180 days past due	7.5%	107,482	No
181-270 days past due	12.5%	15,382	No
271-360 days past due	100%	38,043	No
Above 360 days past due	100%	78,191	Yes

- At 1 January 2018, as a result of adoption of IFRS 9, the Group recorded an additional provision for doubtful debts amounting to KD 25,940 (Note 5).

iii. Transition

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Buildings	Machinery	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	KD	KD	KD	KD	KD	KD	KD
Cost							
At 1 January 2017	555,000	3,797,855	8,248,665	810,335	229,845	1,474,741	15,116,441
Additions	-	-	-	-	-	151,643	151,643
Disposals	-	-	-	-	(7,930)	-	(7,930)
Transfers	-	45,000	1,549,164	22,577	9,643	(1,626,384)	-
Foreign currency exchange differences	-	(21,100)	(35,534)	(1,759)	(461)	-	(58,854)
At 31 December 2017	555,000	3,821,755	9,762,295	831,153	231,097	-	15,201,300
Additions	-	-	-	-	-	2,733	2,733
Foreign currency exchange differences	-	(8,330)	(16,887)	(736)	(187)	(3)	(26,143)
At 31 March 2018	555,000	3,813,425	9,745,408	830,417	230,910	2,730	15,177,890
Accumulated depreciation							
At 1 January 2017	-	1,274,193	2,582,797	726,045	213,473	-	4,796,508
Charge for the year	-	130,456	308,581	43,294	11,580	-	493,911
Relating to disposals	-	-	-	-	(7,798)	-	(7,798)
Foreign currency exchange differences	-	(3,376)	(4,283)	(1,342)	(393)	-	(9,394)
At 31 December 2017	-	1,401,273	2,887,095	767,997	216,862	-	5,273,227
Charge for the period	-	33,426	80,006	8,328	1,852	-	123,612
Foreign currency exchange differences	-	(1,514)	(2,031)	(597)	(146)	-	(4,288)
At 31 March 2018	-	1,433,185	2,965,070	775,728	218,568	-	5,392,551
Net book value							
At 31 March 2018	555,000	2,380,240	6,780,338	54,689	12,342	2,730	9,785,339
At 31 December 2017	555,000	2,420,482	6,875,200	63,156	14,235	-	9,928,073
At 31 March 2017	555,000	2,488,560	6,158,897	71,580	12,695	929,932	10,216,664
Annual depreciation rates	-	3.33%	3.33%	20%	20%	-	

Certain property, plant and equipment with carrying value of KD 5,406,725 (31 December 2017: KD 5,483,937 and 31 March 2017: KD 5,693,147) have been assigned as security against term loans (Note 10). Buildings are constructed on leasehold lands from the government of Kuwait and the government of Dubai for a period of 5 years and 15 years respectively, renewable for similar periods.

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 31 March	
	2018	**2017**
	KD	KD
Cost of sales	122,210	114,571
General and administrative expenses (Note 10)	1,402	3,522
Selling and distribution expenses	-	242
	123,612	118,335

4. INVESTMENT IN AN ASSOCIATE

Name of associate	Country of incorporation	Voting rights and equity interest (%) 31 March 2018	2017	Measurement method	Activity	Carrying value 31 March 2018	(Audited) 31 December 2017	31 March 2017
		%	%			KD	KD	KD
Yanbu Saudi Kuwaiti Paper Products Company L.t.d. ("YSKPPC")	Kingdom of Saudi Arabia	40	40	Equity method	Paper products	2,590,225	2,556,991	2,483,680

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

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
Associate's financial position:			
Total assets	7,810,666	7,195,454	7,807,993
Total liabilities	(1,335,103)	(802,976)	(1,598,793)
Net assets	6,475,563	6,392,478	6,209,200
Group share of net assets of the associate	2,590,225	2,556,991	2,483,680
Associate's revenue and results:			
Revenue	2,026,997	6,348,391	1,531,513
Profits and other comprehensive income	114,345	323,884	78,273
Share of results of the associate	45,738	129,554	31,309
Dividend received	-	97,587	97,588

5. TRADE AND OTHER RECEIVABLES

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
Trade receivables	3,521,864	3,482,835	3,160,295
Less: provision for doubtful debts	(87,659)	(61,719)	(70,750)
	3,434,205	3,421,116	3,089,545
Prepayments	239,303	114,387	226,783
Refundable deposits	72,115	69,588	58,238
Staff receivables	34,818	20,090	15,494
Others	12,651	9,527	13,939
	3,793,092	3,634,708	3,403,999

Movement in the provision for doubtful debts is as follows:

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
At the beginning of the period/year	61,719	70,750	70,750
Impact on adoption of IFRS 9 (Note 2.b.ii)	25,940	-	-
Write back during the period/year	-	(9,031)	-
At the end of the period/year	87,659	61,719	70,750

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

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

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 16.

7. CASH AND CASH EQUIVALENTS

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
Short term deposits	-	550,000	-
Bank balances	3,281,236	2,221,620	5,223,845
Cash on hand and with portfolio manager	5,590	4,722	7,538
	3,286,826	2,776,342	5,231,383

Short term deposits are placed with local banks and denominated in Kuwaiti Dinars with an average yield rate of Nil (31 December 2017: 1.88% and 31 March 2017: Nil) per annum and mature within three months from the date of placement.

8. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (31 December 2017: KD 10,069,180 and 31 March 2017: KD 8,055,343) comprising of 100,691,795 shares of 100 fils each (31 December 2017: 100,691,795 and 31 March 2017: 80,553,436 shares of 100 fils each) and all shares are paid in cash.

9. TREASURY SHARES

	31 March 2018	(Audited) 31 December 2017	31 March 2017
Number of shares	1,454,028	1,454,028	1,163,154
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD)	356,237	350,421	476,893
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.

10. TERM LOANS

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
Non-current portion	1,151,988	1,299,292	1,685,644
Current portion	644,000	386,352	184,000
	1,795,988	1,685,644	1,869,644

Term loans represent credit refinance facilities ("the facilities") obtained from a local bank. The facilities are used to finance purchases of equipment and machinery to expand the Group's plant. The facilities carry a profit rate of 3.5% semiannually (31 December 2017 and 31 March 2017: 3.5% semiannually) and repayable as shown below.

Facility amount	Payable amount	Current portion	Non current portion	Maturity date
KD	KD	KD	KD	
220,000	88,000	44,000	44,000	December 2019
2,800,000	1,707,988	600,000	1,107,988	November 2022
	1,795,988	644,000	1,151,988	

The facilities are secured by certain property, plant and equipment (Note 3) in favor of the bank. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum leverage ratio (current assets to current liabilities) of 1.5:1.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2018	**2017**
	KD	KD
Staff costs	173,937	140,572
Depreciation (Note 3)	1,402	3,522
Communication expenses	8,058	7,418
Travel expenses	7,411	8,118
Rental	8,213	6,963
Stationery expenses	7,996	5,539
Professional fees	28,785	12,136
Employees food and refreshment	2,223	1,618
Miscellaneous expenses	8,376	14,924
	246,401	200,810

12. 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.

	Three months ended 31 March	
	2018	**2017**
Profit for the period (KD)	402,950	632,054
Weighted average number of shares outstanding:		
Number of issued shares	100,691,795	100,691,795
Less: weighted average number of treasury shares	(1,454,028)	(1,454,028)
Weighted average number of shares outstanding	99,237,767	99,237,767
Basic and diluted earnings per share (fils)	4.06	6.36

13. 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:

	Three months ended 31 March	
	2018	**2017**
	KD	KD
Interim condensed consolidated statement of profit or loss		
Key management compensation		
• Salaries and other short-term benefits	118,846	118,846
• Termination benefits	5,633	5,633

14. 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:

	Three months ended 31 March			
	2018	**2017**	**2018**	**2017**
	KD	KD	KD	KD
	Revenue		**Segment results**	
Industrial Packaging Division	2,487,061	2,341,644	491,039	535,276
Consumer Packaging Division	1,146,339	1,123,842	338,169	377,250
Flexible Packaging Division	211,836	326,905	33,515	87,781
Trading Division	1,321	7,658	(1,085)	(4,409)
	3,846,557	3,800,049	861,638	995,898
Other income			36,027	59,710
Foreign exchange (loss)/gain			(5,022)	8,281
Share of results of an associate			45,738	31,309
Unrealised (loss)/gain on financial assets at fair value through profit or loss			(2,082)	22,413
General and administrative expenses			(246,401)	(200,810)
Selling and distribution expenses			(246,502)	(233,111)
Finance costs			(21,229)	(22,360)
KFAS			(3,800)	(5,952)
NLST			(11,012)	(16,660)
Zakat			(4,405)	(6,664)
Profit for the period			402,950	632,054

14. SEGMENTAL INFORMATION (CONTINUED)

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

	Three months ended 31 March	
	2018	**2017**
	KD	KD
Kuwait	1,274,180	1,391,396
GCC	1,373,773	1,898,994
Asia	754,863	400,745
Africa	443,741	99,526
USA	-	9,388
	3,846,557	3,800,049

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

15. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meetings of shareholders held on 22 April 2018, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2017 and approved the payment of cash dividend of 17% equivalents to 17 fils per share on outstanding shares excluding treasury shares (31 December 2016: 20% equivalent to 20 fils per share) and bonus share of Nil (31 December 2016: 25% equivalent to 25 shares for each 100 shares) to the shareholders of the Parent Company's record as of the date of the Annual General Assembly Meeting.

16. 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.

31 March 2018	**Level 1**	**Total**
	KD	KD
Financial assets at fair value through profit or loss		
Local quoted securities	64,036	64,036
Total	64,036	64,036

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

31 December 2017	Level 1	Total
	KD	KD
Financial assets at fair value through profit or loss		
Local quoted securities	66,118	66,118
Total	66,118	66,118

31 March 2017	Level 1	Total
	KD	KD
Financial assets at fair value through profit or loss		
Local quoted securities	124,870	124,870
Total	124,870	124,870

17. CONTINGENT LIABILITIES AND COMMITMENTS

	31 March 2018	(Audited) 31 December 2017	31 March 2017
	KD	KD	KD
Capital commitments			
For the purchase of property, plant and equipment	1,092,012	1,202,356	-
Operating lease commitments			
Not later than one year	77,638	74,377	74,617
Later than one year but not later than five years	177,996	134,015	298,468
	255,634	208,392	373,085
Contingent liabilities			
Letters of credit	268,330	339,382	225,383
Letters of guarantee	99,691	80,340	81,049
	368,021	419,722	306,432