

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

**Interim condensed consolidated financial information (Unaudited)
and review report**

For the six month period ended 30 June 2019

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

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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 30 June 2019, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six 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.

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 six month period ended 30 June 2019, 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: 6 August 2019

**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 2019**

		(Audited)	
	30 June	31 December	30 June
	2019	2018	2018
	KD	KD	KD
ASSETS			
Non-current assets			
Property, plant and equipment	9,367,140	9,557,095	9,725,650
Right of use	116,584	-	-
Investment in an associate	2,440,261	2,597,148	2,661,333
	<u>11,923,985</u>	<u>12,154,243</u>	<u>12,386,983</u>
Current assets			
Inventories	6,895,673	5,893,109	4,268,508
Trade and other receivables	3,811,904	3,780,641	3,963,095
Financial assets at fair value through profit or loss ("FVTPL")	-	71,584	64,916
Term deposits	-	620,000	-
Bank balances and cash	1,608,376	879,565	1,185,263
	<u>12,315,953</u>	<u>11,244,899</u>	<u>9,481,782</u>
Total assets	<u>24,239,938</u>	<u>23,399,142</u>	<u>21,868,765</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10,069,180	10,069,180	10,069,180
Share premium	2,294,444	2,294,444	2,294,444
Statutory reserve	2,495,568	2,495,568	2,387,708
Voluntary reserve	1,715,624	1,827,831	1,827,831
Treasury shares	(164,740)	(164,740)	(164,740)
Treasury shares reserve	471,283	471,283	471,283
Foreign currency translation reserve	505,701	506,784	479,559
Retained earnings	352,978	880,171	656,385
Total equity	<u>17,740,038</u>	<u>18,380,521</u>	<u>18,021,650</u>
Liabilities			
Non-current liabilities			
Employee's end of service benefits	807,147	778,500	815,690
Lease liabilities	13,295	-	-
Term loans	780,027	507,988	829,988
	<u>1,600,469</u>	<u>1,286,488</u>	<u>1,645,678</u>
Current liabilities			
Lease liabilities	82,420	-	-
Notes payables	496,641	-	-
Term loans	622,000	644,000	644,000
Trade and other payables	3,698,370	3,088,133	1,557,437
	<u>4,899,431</u>	<u>3,732,133</u>	<u>2,201,437</u>
Total liabilities	<u>6,499,900</u>	<u>5,018,621</u>	<u>3,847,115</u>
Total equity and liabilities	<u>24,239,938</u>	<u>23,399,142</u>	<u>21,868,765</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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 six month period ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
		KD	KD	KD	KD
Sales	8	3,861,762	3,764,711	7,857,582	7,611,268
Cost of sales		(3,362,699)	(3,161,830)	(6,830,326)	(6,255,906)
Gross profit		<u>499,063</u>	<u>602,881</u>	<u>1,027,256</u>	<u>1,355,362</u>
Share of results of an associate		(22,169)	50,891	5,116	96,629
Other income	8	57,043	30,454	93,789	66,481
Provision for expected credit losses		(13,326)	(14,752)	(40,335)	(14,752)
Write-back of provision for expected credit losses		-	10,069	-	10,069
Realized gain on financial assets at ("FVTPL")		-	-	1,738	-
Unrealized gain/(loss) on financial assets at ("FVTPL")		-	880	-	(1,202)
Foreign exchange (loss) /gain		(994)	11,632	2,118	6,610
General and administrative expenses		(213,816)	(246,275)	(415,995)	(492,676)
Selling and distribution expenses		(124,405)	(144,206)	(250,644)	(281,551)
Finance costs		(28,631)	(20,159)	(50,905)	(41,388)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		<u>152,765</u>	<u>281,415</u>	<u>372,138</u>	<u>703,582</u>
KFAS		(1,527)	(2,533)	(3,721)	(6,333)
NLST		(4,597)	(8,247)	(11,028)	(19,259)
Zakat		(1,839)	(3,299)	(4,411)	(7,704)
Profit for the period		<u>144,802</u>	<u>267,336</u>	<u>352,978</u>	<u>670,286</u>
Basic and diluted earnings per share (fils)	9	<u>1.46</u>	<u>2.69</u>	<u>3.56</u>	<u>6.75</u>

The notes on pages 7 to 18 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 2019

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	KD	KD	KD	KD
Profit for the period	144,802	267,336	352,978	670,286
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Foreign exchange differences on translation of foreign operations	(30,771)	77,967	(1,083)	36,249
Other comprehensive (loss) /income for the period	(30,771)	77,967	(1,083)	36,249
Total comprehensive income for the period	114,031	345,303	351,895	706,535

The notes on pages 7 to 18 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 2019

	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
At 1 January 2019	10,069,180	2,294,444	2,495,568	1,827,831	(164,740)	471,283	506,784	880,171	18,380,521
Profit for the period	-	-	-	-	-	-	-	352,978	352,978
Other comprehensive loss for the period	-	-	-	-	-	-	(1,083)	-	(1,083)
Total comprehensive income for the period	-	-	-	-	-	-	(1,083)	352,978	351,895
Transfer for dividends distribution (Note 12)	-	-	-	(112,207)	-	-	-	112,207	-
Dividends (Note 12)	-	-	-	-	-	-	-	(992,378)	(992,378)
At 30 June 2019	<u>10,069,180</u>	<u>2,294,444</u>	<u>2,495,568</u>	<u>1,715,624</u>	<u>(164,740)</u>	<u>471,283</u>	<u>505,701</u>	<u>352,978</u>	<u>17,740,038</u>
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	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	670,286	670,286
Other comprehensive loss for the period	-	-	-	-	-	-	36,249	-	36,249
Total comprehensive income for the period	-	-	-	-	-	-	36,249	670,286	706,535
Dividends (Note 12)	-	-	-	-	-	-	-	(1,687,042)	(1,687,042)
At 30 June 2018	<u>10,069,180</u>	<u>2,294,444</u>	<u>2,387,708</u>	<u>1,827,831</u>	<u>(164,740)</u>	<u>471,283</u>	<u>479,559</u>	<u>656,385</u>	<u>18,021,650</u>

The notes on pages 7 to 18 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 2019**

	Notes	Six months ended 30 June	
		2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit for the period		352,978	670,286
<i>Adjustments for:</i>			
Depreciation		245,271	244,822
Amortization	3	35,572	-
Share of results of an associate		(5,116)	(96,629)
Gain on sale of property, plant and equipment		(357)	-
Profit income	8	(7,617)	-
Provision for expected credit losses		40,335	14,752
Write-back of provision for expected credit losses		-	(10,069)
Realized gain on sale of financial assets at ("FVTPL")		(1,738)	-
Unrealized loss on financial assets at ("FVTPL")		-	1,202
Foreign exchange gain		(2,118)	(6,610)
Provision for employee end of service benefits		38,332	70,588
Finance costs		50,905	41,388
		<u>746,447</u>	<u>929,730</u>
<i>Changes in working capital:</i>			
Inventories		(1,002,568)	367,552
Trade and other receivables		83,637	(352,400)
Trade and other payables		570,737	(1,245,964)
Cash flows generated from/(used in) operations		<u>398,253</u>	<u>(301,082)</u>
Employee's end of service benefits paid		(9,674)	(5,017)
Net cash flows generated from / (used in) operating activities		<u>388,579</u>	<u>(306,099)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(54,686)	(24,480)
Proceeds from sale of property, plant and equipment		378	-
Proceeds from sale of financial assets at ("FVTPL")		73,322	-
Profit income received		7,617	-
Maturity of term deposits		620,000	600,000
Net cash flows generated from investing activities		<u>646,631</u>	<u>575,520</u>
FINANCING ACTIVITIES			
Dividends paid		(952,878)	(1,618,283)
Payment of lease liabilities		(47,783)	-
Notes payables		496,641	-
Net movement in term loans		250,039	(211,656)
Finance costs paid		(50,905)	(41,388)
Net cash flows used in financing activities		<u>(304,886)</u>	<u>(1,871,327)</u>
Effect of foreign currency translation		(1,513)	10,827
Net increase/(decrease) in bank balances and cash		<u>728,811</u>	<u>(1,591,079)</u>
Bank balances and cash at beginning of the period		879,565	2,776,342
Bank balances and cash at end of the period	4	<u>1,608,376</u>	<u>1,185,263</u>
The Group has the following non-cash activities during the period, which is not reflected in the interim condensed consolidated statement of cash flows.			
Non cash transactions :			
Impact of IFRS 16 adoption (Note 3)		143,498	-
Dividends receivables from investment in an associate (Note 10)		162,085	-
Transfer for dividends distribution (Note 12)		112,207	-
		<u>417,790</u>	<u>-</u>

The notes on pages 7 to 18 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 Bursa 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 Six month period ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 6 August 2019.

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 2018 (‘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 16 has been applied. Changes to significant accounting policies are described below.

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 16.

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).

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 2018.

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 2019.

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new amendments are effective from 1 January 2019 but they do not have a material effect on the Group's interim condensed consolidated financial information.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (*'short-term leases'*), and lease contracts for which the underlying asset is of low value (*'low-value assets'*).

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (Continued)

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

	<u>1 January 2019</u>
	<u>KD</u>
Assets	
Right of use	152,454
Prepayments	(8,956)
	<u>143,498</u>
Liabilities	
Lease liability	<u>143,498</u>

No impact on retained earnings as at 1 January 2019

The Group has lease contracts for various items of properties. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

i. Leases previously accounted for as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. At 1 January 2019, the Group didn't have any finance leases.

ii. Leases previously accounted for operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (continued)

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	2019
	KD
Operating lease commitments as at 31 December 2018	316,537
Weighted average incremental borrowing rate as at January 2019	5.2%
Discounted operating lease commitments at 1 January 2019	310,112
Less:	
Commitments relating to short-term leases	(166,614)
Lease liabilities as at 1 January 2019	143,498

3. SUMMARY OF NEW ACCOUNTING POLICIES

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period as result of application IFRS 16:

	<u>Right-of-use</u>	<u>Lease liabilities</u>
	KD	KD
As at 1 January 2019	152,454	143,498
Additions during the period	-	-
Amortization expenses	(35,572)	-
Interest expenses	-	2,360
Payments	-	(50,143)
Foreign currency translation differences	(298)	-
As at 30 June 2019	<u>116,584</u>	<u>95,715</u>

The Group recognised rent expense from short-term leases of KD 83,308 for the Six months ended 30 June 2019.

**Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2019**

3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)

The lease liabilities are classified in the interim condensed consolidated statement of financial position as follows:

	30 June 2019	(Audited) 31 December 2018	30 June 2018
	KD	KD	KD
Non-current portion	13,295	-	-
Current portion	82,420	-	-
	<u>95,715</u>	<u>-</u>	<u>-</u>

4. BANK BALANCES AND CASH

	30 June 2019	(Audited) 31 December 2018	30 June 2018
	KD	KD	KD
Bank balances	1,601,978	869,651	1,168,013
Cash on hand and with portfolio manager	6,398	9,914	17,250
	<u>1,608,376</u>	<u>879,565</u>	<u>1,185,263</u>

5. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (31 December 2018: KD 10,069,180 and 30 June 2018: KD 10,069,180) comprising of 100,691,795 shares of 100 fils each (31 December 2018: 100,691,795 and 30 June 2018: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

6. TREASURY SHARES

	30 June 2019	(Audited) 31 December 2018	30 June 2018
Number of shares	1,454,028	1,454,028	1,454,028
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD)	239,923	273,357	362,053
Cost (KD)	<u>164,740</u>	<u>164,740</u>	<u>164,740</u>

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.

7. NOTES PAYABLES

Notes payables obtained from local banks which mature within less than one year and carry an interest rate 1.5% (31 December 2018 and 30 June 2018: Nil) per annum over the Central Bank of Kuwait discount rate.

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**Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2019**

8. REVENUE

	For three month ended 30 June 2019						For three month ended 30 June 2018					
	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD
Sale of multi-wall paper	2,255,527	-	-	-	-	2,255,527	2,283,062	-	-	-	-	2,283,062
Sale of superior value and high quality bags and wrapping sheets	-	1,270,791	-	-	-	1,270,791	-	1,174,504	-	-	-	1,174,504
Sale of multi-ply printed and laminated films	-	-	335,444	-	-	335,444	-	-	306,813	-	-	306,813
Sale of other types	-	-	-	-	-	-	-	-	332	-	-	332
Waste sale	-	-	-	-	56,349	56,349	-	-	-	30,454	-	30,454
Total revenue from contracts with customers	2,255,527	1,270,791	335,444	-	56,349	3,918,111	2,283,062	1,174,504	306,813	332	30,454	3,795,165
Profit income	-	-	-	-	694	694	-	-	-	-	-	-
Total revenue	2,255,527	1,270,791	335,444	-	57,043	3,918,805	2,283,062	1,174,504	306,813	332	30,454	3,795,165
Geographical markets												
Kuwait	569,072	438,282	328,687	-	15,648	1,351,689	556,831	486,105	271,132	332	30,454	1,344,854
GCC	1,196,254	776,821	6,757	-	40,701	2,020,533	958,217	634,833	35,681	-	-	1,628,731
Asia	406,664	55,688	-	-	-	462,352	400,859	53,566	-	-	-	454,425
Africa	74,396	-	-	-	-	74,396	367,155	-	-	-	-	367,155
USA	9,141	-	-	-	-	9,141	-	-	-	-	-	-
Total revenue from contracts with customers	2,255,527	1,270,791	335,444	-	56,349	3,918,111	2,283,062	1,174,504	306,813	332	30,454	3,795,165
Timing of revenue recognition												
Goods transferred at a point in time	2,255,527	1,270,791	335,444	-	56,349	3,918,111	2,283,062	1,174,504	306,813	332	30,454	3,795,165
Source of revenue												
External customers	2,255,527	1,270,791	335,444	-	56,349	3,918,111	2,283,062	1,174,504	306,813	332	30,454	3,795,165

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
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Notes to the interim condensed consolidated financial information (Unaudited)
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8. REVENUE (CONTINUED)

	For six month ended 30 June 2019					For six month ended 30 June 2018						
	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD
Sale of multi-wall paper	4,682,631	-	-	-	-	4,682,631	4,770,123	-	-	-	-	4,770,123
Sale of superior value and high quality bags and wrapping sheets	-	2,468,889	-	-	-	2,468,889	-	2,320,843	-	-	-	2,320,843
Sale of multi-ply printed and laminated films	-	-	706,062	-	-	706,062	-	-	518,649	-	-	518,649
Sale of other types Waste sale	-	-	-	-	86,172	86,172	-	-	1,653	66,481	-	66,481
Total revenue from contracts with customers	<u>4,682,631</u>	<u>2,468,889</u>	<u>706,062</u>	<u>-</u>	<u>86,172</u>	<u>7,943,754</u>	<u>4,770,123</u>	<u>2,320,843</u>	<u>518,649</u>	<u>1,653</u>	<u>66,481</u>	<u>7,677,749</u>
Profit income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,789</u>	<u>7,951,371</u>	<u>4,770,123</u>	<u>2,320,843</u>	<u>518,649</u>	<u>1,653</u>	<u>66,481</u>	<u>7,677,749</u>
Total revenue	<u>4,682,631</u>	<u>2,468,889</u>	<u>706,062</u>	<u>-</u>	<u>93,789</u>	<u>7,951,371</u>	<u>4,770,123</u>	<u>2,320,843</u>	<u>518,649</u>	<u>1,653</u>	<u>66,481</u>	<u>7,677,749</u>
Geographical markets												
Kuwait	1,189,526	912,216	688,723	-	31,164	2,821,629	1,091,095	1,012,865	482,968	1,653	66,481	2,655,062
GCC	2,525,039	1,460,316	17,339	-	55,008	4,057,702	1,757,025	1,209,797	35,681	-	-	3,002,503
Asia	631,170	96,357	-	-	-	727,527	1,111,107	98,181	-	-	-	1,209,288
Africa	327,755	-	-	-	-	327,755	810,896	-	-	-	-	810,896
USA	9,141	-	-	-	-	9,141	-	-	-	-	-	-
Total revenue from contracts with customers	<u>4,682,631</u>	<u>2,468,889</u>	<u>706,062</u>	<u>-</u>	<u>86,172</u>	<u>7,943,754</u>	<u>4,770,123</u>	<u>2,320,843</u>	<u>518,649</u>	<u>1,653</u>	<u>66,481</u>	<u>7,677,749</u>
Timing of revenue recognition												
Goods transferred at a point in time	4,682,631	2,468,889	706,062	-	86,172	7,943,754	4,770,123	2,320,843	518,649	1,653	66,481	7,677,749
Source of revenue												
External customers	4,682,631	2,468,889	706,062	-	86,172	7,943,754	4,770,123	2,320,843	518,649	1,653	66,481	7,677,749

Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2019

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.

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
Profit for the period (KD)	144,802	267,336	352,978	670,286
<i>Weighted average number of shares outstanding:</i>				
Number of issued shares	100,691,795	100,691,795	100,691,795	100,691,795
Less: weighted average number of treasury shares	(1,454,028)	(1,454,028)	(1,454,028)	(1,454,028)
Weighted average number of shares outstanding	99,237,767	99,237,767	99,237,767	99,237,767
Basic and diluted earnings per share (fils)	1.46	2.69	3.56	6.75

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:

	(Audited)		
	30 June 2019	31 December 2018	30 June 2018
	KD	KD	KD
Interim condensed consolidated statement of financial position			
Investment in an associate	2,440,261	2,597,148	2,661,333
Dividend receivables from an associate	162,085	-	-
Dividends payable	189,217	149,717	200,188
Board of Directors' remuneration	-	30,000	22,000
	Three months ended 30 June	Six months ended 30 June	
	2019	2018	2019
	KD	KD	KD
Interim condensed consolidated statement of profit or loss			
Share of result of an associate	(22,169)	50,891	5,116
<i>Key management compensation</i>			
• Salaries and other short-term benefits	43,317	48,866	100,803
• Termination benefits	3,707	5,706	7,416
			11,339

Notes to the interim condensed consolidated financial information (Unaudited)
For the six month period ended 30 June 2019

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:

	Three months ended 30 June			
	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	2,255,527	2,283,062	134,998	267,234
Consumer Packaging Division	1,270,791	1,174,504	311,653	305,342
Flexible Packaging Division	335,444	306,813	52,412	30,553
Trading Division	-	332	-	(248)
	<u>3,861,762</u>	<u>3,764,711</u>	499,063	602,881
Share of results of an associate			(22,169)	50,891
Other income			57,043	30,454
Provision for expected credit losses			(13,326)	(14,752)
Write-back of provision for expected credit losses			-	10,069
Unrealized loss on financial assets at ("FVTPL")			-	880
Foreign exchange (loss)/gain			(994)	11,632
General and administrative expenses			(213,816)	(246,275)
Selling and distribution expenses			(124,405)	(144,206)
Finance costs			(28,631)	(20,159)
KFAS			(1,527)	(2,533)
NLST			(4,597)	(8,247)
Zakat			(1,839)	(3,299)
Profit for the period			<u>144,802</u>	<u>267,336</u>

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For the six month period ended 30 June 2019

11. SEGMENTAL INFORMATION (CONTINUED)

	Six months ended 30 June			
	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	4,682,631	4,770,123	330,946	666,892
Consumer Packaging Division	2,468,889	2,320,843	594,943	626,218
Flexible Packaging Division	706,062	518,649	101,361	63,585
Trading Division	-	1,653	-	(1,333)
	<u>7,857,582</u>	<u>7,611,268</u>	<u>1,027,256</u>	<u>1,355,362</u>
Share of results of an associate			5,116	96,629
Other income			93,789	66,481
Provision for expected credit losses			(40,335)	(14,752)
Write-back of provision for expected credit losses			-	10,069
Realized gain on sale of financial assets at ("FVTPL")			1,738	-
Unrealized loss on financial assets at ("FVTPL")			-	(1,202)
Foreign exchange gain			2,118	6,610
General and administrative expenses			(415,995)	(492,676)
Selling and distribution expenses			(250,644)	(281,551)
Finance costs			(50,905)	(41,388)
KFAS			(3,721)	(6,333)
NLST			(11,028)	(19,259)
Zakat			(4,411)	(7,704)
Profit for the period			<u>352,978</u>	<u>670,286</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 Ordinary General Assembly of the shareholders of the Parent Company held on 5 May 2019 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2018.
- Transfer of KD 112,207 from voluntary reserve to retained earnings for distribution of cash dividends for the financial year ended 31 December 2018
- Distribution of cash dividends of 10% equivalent to 10 fils per share on outstanding shares excluding treasury shares, amounting to KD 992,378 for the financial year ended 31 December 2018 to the shareholders of the Parent Company's record as at the accrual date (2017: KD 1,687,042).
- KD 30,000 as a remuneration to be paid to the Board of Directors for the financial year ended 31 December 2018 (2017: KD 30,000).

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13. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2019	(Audited) 31 December 2018	30 June 2018
	KD	KD	KD
Capital commitments			
For the purchase of property, plant and equipment	<u>519,973</u>	<u>1,092,012</u>	<u>1,092,012</u>
Contingent liabilities			
Letters of credit	-	4,730	243,699
Letters of guarantee	<u>81,620</u>	<u>85,779</u>	<u>88,032</u>
	<u>81,620</u>	<u>90,509</u>	<u>331,731</u>