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

**Interim condensed consolidated financial information (Unaudited)  
and Independent auditors' review report for the period ended 31 March  
2013**

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

**Interim condensed consolidated financial information (Unaudited)  
and Independent auditors' review report for the period ended 31 March  
2013**

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

**Interim condensed consolidated financial information (Unaudited)**

For the period ended 31 March 2013

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

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

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 31 March 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period then ended. The Parent Company's management is responsible for preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### ***Scope of review***


We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

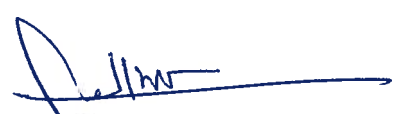
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the IAS 34.

### ***Report on other Legal and Regulatory Requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, nor of the Articles and Memorandum of Association of the Parent Company, as amended, have occurred during the three month period ended 31 March 2013 that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.

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

**Kuwait: 13 May 2013**

  
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**Barrak Al-Ateeqi**  
**License No. 69 "A"**  
**Al-Ateeqi Certified Accountants**  
**Member firm of B.K.R. International**

**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 2013**

|   |       | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|---|-------|--------------------------|---|--------------------------|
|   | Notes | KD                       | KD  | KD                       |
| <b>ASSETS</b>   |       |                          |   |                          |
| <b>Non-current assets</b>                             |       |                          |   |                          |
| Property, plant and equipment                         | 3     | 8,902,043                | 8,922,487                                 | 8,870,763                |
| Investment in associate                               | 4     | 2,452,747                | 2,353,846                                 | 2,170,481                |
| Available for sale financial assets                   | 5     | 224,357                  | 188,741                                   | 229,239                  |
|   |       | <u>11,579,147</u>        | <u>11,465,074</u>                         | <u>11,270,483</u>        |
| <b>Current assets</b>                                 |       |                          |   |                          |
| Inventories   |       | 2,930,818                | 3,122,689                                 | 2,111,701                |
| Trade receivables                                     |       | 2,166,719                | 1,785,685                                 | 1,879,775                |
| Other receivables                                     |       | 196,969                  | 105,731                                   | 194,566                  |
| Due from related parties                              | 13    | 36,000                   | 66,000                                    | 14,840                   |
| Financial assets at fair value through profit or loss | 6     | 540,736                  | 477,997                                   | 496,520                  |
| Cash and cash equivalents                             | 7     | 1,479,589                | 1,544,999                                 | 1,437,417                |
|   |       | <u>7,350,831</u>         | <u>7,103,101</u>                          | <u>6,134,819</u>         |
| <b>Total assets</b>                                   |       | <u>18,929,978</u>        | <u>18,568,175</u>                         | <u>17,405,302</u>        |
| <b>EQUITY AND LIABILITIES</b>                         |       |                          |   |                          |
| <b>Equity</b>   |       |                          |   |                          |
| Share capital   | 8     | 6,137,405                | 6,137,405                                 | 5,845,147                |
| Share premium   |       | 2,294,444                | 2,294,444                                 | 2,294,444                |
| Statutory reserve                                     |       | 1,505,648                | 1,505,648                                 | 1,398,098                |
| Voluntary reserve                                     |       | 1,414,640                | 1,414,640                                 | 1,307,090                |
| Treasury shares                                       | 9     | (253,265)                | (253,265)                                 | (253,265)                |
| Treasury shares reserve                               |       | 404,979                  | 404,979                                   | 404,979                  |
| Fair value reserve                                    |       | 4,000                    | (31,696)                                  | (113,996)                |
| Foreign currency translation reserve                  |       | 106,660                  | 16,216                                    | (60,584)                 |
| Retained earnings                                     |       | 4,412,445                | 4,091,889                                 | 3,911,875                |
| <b>Total equity</b>                                   |       | <u>16,026,956</u>        | <u>15,580,260</u>                         | <u>14,733,788</u>        |
| <b>Non-current liabilities</b>                        |       |                          |   |                          |
| Term loans  | 10    | 647,941                  | 677,941                                   | 803,272                  |
| Provision for staff indemnity                         |       | 361,456                  | 348,538                                   | 307,216                  |
|   |       | <u>1,009,397</u>         | <u>1,026,479</u>                          | <u>1,110,488</u>         |
| <b>Current liabilities</b>                            |       |                          |   |                          |
| Trade and other payables                              |       | 1,693,625                | 1,556,671                                 | 817,922                  |
| Current portion of term loans                         | 10    | 200,000                  | 200,000                                   | 233,293                  |
| Notes payable   | 11    | -                        | 204,765                                   | 509,811                  |
|   |       | <u>1,893,625</u>         | <u>1,961,436</u>                          | <u>1,561,026</u>         |
| <b>Total liabilities</b>                              |       | <u>2,903,022</u>         | <u>2,987,915</u>                          | <u>2,671,514</u>         |
| <b>Total equity and liabilities</b>                   |       | <u>18,929,978</u>        | <u>18,568,175</u>                         | <u>17,405,302</u>        |

The notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Chairman of the Board of Directors



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

**Interim condensed consolidated statement of income (Unaudited)**  
*For the period ended 31 March 2013*

|   | Note | <b>Three months ended<br/>31 March</b> |                    |
|---|------|--|--------------------|
|   |      | <b>2013</b>                            | <b>2012</b>        |
|   |      | KD                                     | KD                 |
| Sales   |      | 2,897,331                              | 2,605,024          |
| Cost of sales   |      | <u>(2,382,641)</u>                     | <u>(2,059,450)</u> |
| <b>Gross profit</b>   |      | 514,690                                | 545,574            |
| Unrealised gain on financial assets at fair value through profit or loss  |      | 29,751                                 | 43,320             |
| Gain / (loss) on sale of financial assets at fair value through profit or loss  |      | 5,537                                  | (112)              |
| Share of results of associate   |      | 94,862                                 | 65,742             |
| Foreign exchange gain / (loss)  |      | 20,414                                 | (1,978)            |
| Profit on disposal of property, plant and equipment   |      | 691                                    | -                  |
| Other income  |      | 23,436                                 | 14,584             |
| General and administrative expenses   |      | (154,200)                              | (144,818)          |
| Selling and distribution expenses   |      | (186,459)                              | (176,384)          |
| Finance costs   |      | <u>(13,278)</u>                        | <u>(5,506)</u>     |
| <b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat</b> |      | 335,444                                | 340,422            |
| KFAS  |      | (3,019)                                | (3,064)            |
| NLST  |      | (8,385)                                | (8,510)            |
| Zakat   |      | <u>(3,484)</u>                         | <u>(3,508)</u>     |
| <b>Profit for the period</b>  |      | <u>320,556</u>                         | <u>325,340</u>     |
| <b>Earnings per share (basic and diluted)</b>   | 12   | <u>5.34 Fils</u>                       | <u>5.42 Fils</u>   |

The notes on pages 7 to 14 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 period ended 31 March 2013*

|   | <b>Three months ended<br/>31 March</b> |                       |
|---|--|-----------------------|
|   | <b>2013</b>                            | <b>2012</b>           |
|   | <b>KD</b>                              | <b>KD</b>             |
| <b>Profit for the period</b>  | <u>320,556</u>                         | <u>325,340</u>        |
| <b>Other comprehensive income</b>   |  |                       |
| <i>Items that may be reclassified subsequently to the consolidated<br/>statement of income:</i> |  |                       |
| Foreign currency translation adjustments  | 90,444                                 | (16,885)              |
| Change in fair value of available for sale financial assets                                     | <u>35,696</u>                          | <u>11,875</u>         |
| <b>Other comprehensive income for the period</b>  | <u>126,140</u>                         | <u>(5,010)</u>        |
| <b>Total comprehensive income for the period</b>  | <u><u>446,696</u></u>                  | <u><u>320,330</u></u> |

The notes on pages 7 to 14 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 period ended 31 March 2013

|   | Share capital<br>KD | Share premium<br>KD | Statutory reserve<br>KD | Voluntary reserve<br>KD | Treasury shares<br>KD | Treasury shares reserve<br>KD | Fair value reserve<br>KD | Foreign currency translation reserve<br>KD | Retained earnings<br>KD | Total equity<br>KD |
|---|---------------------|---------------------|-------------------------|-------------------------|-----------------------|-------------------------------|--------------------------|--|-------------------------|--------------------|
| <b>Balance at 1 January 2012</b>          | 5,845,147           | 2,294,444           | 1,398,098               | 1,307,090               | (253,265)             | 404,979                       | (125,871)                | (43,699)                                   | 3,586,535               | 14,413,458         |
| Profit for the period                     | -                   | -                   | -                       | -                       | -                     | -                             | -                        | -  | 325,340                 | 325,340            |
| Other comprehensive income for the period | -                   | -                   | -                       | -                       | -                     | -                             | 11,875                   | (16,885)                                   | -                       | (5,010)            |
| Total comprehensive income for the period | -                   | -                   | -                       | -                       | -                     | -                             | 11,875                   | (16,885)                                   | 325,340                 | 320,330            |
| <b>Balance at 31 March 2012</b>           | <u>5,845,147</u>    | <u>2,294,444</u>    | <u>1,398,098</u>        | <u>1,307,090</u>        | <u>(253,265)</u>      | <u>404,979</u>                | <u>(113,996)</u>         | <u>(60,584)</u>                            | <u>3,911,875</u>        | <u>14,733,788</u>  |
| <b>Balance at 1 January 2013</b>          | 6,137,405           | 2,294,444           | 1,505,648               | 1,414,640               | (253,265)             | 404,979                       | (31,696)                 | 16,216                                     | 4,091,889               | 15,580,260         |
| Profit for the period                     | -                   | -                   | -                       | -                       | -                     | -                             | -                        | -  | 320,556                 | 320,556            |
| Other comprehensive income for the period | -                   | -                   | -                       | -                       | -                     | -                             | 35,696                   | 90,444                                     | -                       | 126,140            |
| Total comprehensive income for the period | -                   | -                   | -                       | -                       | -                     | -                             | 35,696                   | 90,444                                     | 320,556                 | 446,696            |
| <b>Balance at 31 March 2013</b>           | <u>6,137,405</u>    | <u>2,294,444</u>    | <u>1,505,648</u>        | <u>1,414,640</u>        | <u>(253,265)</u>      | <u>404,979</u>                | <u>4,000</u>             | <u>106,660</u>                             | <u>4,412,445</u>        | <u>16,026,956</u>  |

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

The notes on pages 7 to 14 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 period ended 31 March 2013*

|  | Note | Three months ended 31 March |                  |
|--|------|-----------------------------|------------------|
|  |      | 2013                        | 2012             |
|  |      | KD                          | KD               |
| <b>Operating activities</b>  |      |                             |                  |
| Profit for the period  |      | 320,556                     | 325,340          |
| Adjustments for:   |      |                             |                  |
| Depreciation   |      | 110,641                     | 75,572           |
| Finance costs  |      | 13,278                      | 5,506            |
| Profit on disposal of property, plant and equipment                            |      | (691)                       | -                |
| Provision for staff indemnity  |      | 12,918                      | 10,547           |
| Share of results of associate  |      | (94,862)                    | (65,742)         |
| Unrealised gain on financial assets at fair value through profit or loss       |      | (29,751)                    | (43,320)         |
| (Gain) / loss on financial assets at fair value through profit or loss         |      | (5,537)                     | 112              |
|  |      | <u>326,552</u>              | <u>308,015</u>   |
| Movements in working capital:  |      |                             |                  |
| Decrease in inventories  |      | 191,871                     | 402,722          |
| Increase in trade receivables  |      | (381,034)                   | (109,434)        |
| Increase in other receivables  |      | (91,238)                    | (73,199)         |
| Increase in due from related parties   |      | 30,000                      | (13,863)         |
| Increase / (decrease) in trade and other payables                              |      | 130,067                     | (362,768)        |
| Decrease in notes payable  |      | (204,765)                   | (789,857)        |
| <b>Cash generated from / (used in) operations</b>                              |      | <u>1,453</u>                | <u>(638,384)</u> |
| Staff indemnity paid   |      | -                           | (199)            |
| <b>Net cash from / (used in) operating activities</b>                          |      | <u>1,453</u>                | <u>(638,583)</u> |
| <b>Investing activities</b>  |      |                             |                  |
| Purchase of financial assets at fair value through profit or loss              |      | (55,934)                    | -                |
| Proceed from disposal of financial assets at fair value through profit or loss |      | 28,463                      | 2,744            |
| Purchase of property, plant and equipment                                      |      | (38,819)                    | (108,807)        |
| Proceeds on disposal of property, plant and equipment                          |      | 691                         | -                |
| Dividend received from investment in associate                                 |      | 33,572                      | -                |
| <b>Net cash used in investing activities</b>                                   |      | <u>(32,027)</u>             | <u>(106,063)</u> |
| <b>Financing activities</b>  |      |                             |                  |
| Receipt of term loan   |      | -                           | 552,161          |
| Repayment of term loan   |      | (30,000)                    | (30,000)         |
| Finance costs paid   |      | (6,391)                     | (7,831)          |
| <b>Net cash (used in) / from financing activities</b>                          |      | <u>(36,391)</u>             | <u>514,330</u>   |
| Effect of foreign currency translation   |      | 1,556                       | -                |
| <b>Net decrease in cash and cash equivalents</b>                               |      | <u>(65,409)</u>             | <u>(230,316)</u> |
| Cash and cash equivalents at beginning of the period                           |      | 1,544,999                   | 1,677,733        |
| <b>Cash and cash equivalents at end of the period</b>                          | 7    | <u>1,479,589</u>            | <u>1,437,417</u> |

The notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the period ended 31 March 2013*

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**1. GENERAL INFORMATION**

Shuaiba Paper Products Company (“the Parent Company”) is a Kuwaiti Shareholding Company established in 1978. At the extraordinary general assembly meeting held on 29 May 2007, the shareholders approved the change of the name of the Company to Shuaiba Industrial Company. The Parent Company’s shares are listed on the Kuwait Stock Exchange.

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

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

The interim condensed consolidated financial information of the Group for the three month period ended 31 March 2013 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 13 May 2013.

The Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the “Companies Law”), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

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

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2012 annual consolidated financial statements. In the opinion of management all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD).

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

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

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

## 2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)  
For the period ended 31 March 2013

3. PROPERTY, PLANT AND EQUIPMENT

| Cost                                 | Leasehold | Buildings | Machinery | Furniture and | Motor    | Capital work | Total      |
|--------------------------------------|-----------|-----------|-----------|---------------|----------|--------------|------------|
|                                      | land      | KD        | KD        | fixtures      | vehicles | in progress  |            |
| Balance at 1 January 2012            | 555,000   | 2,050,831 | 5,016,668 | 558,912       | 221,793  | 3,052,242    | 11,455,446 |
| Additions                            | -         | 81,245    | 17,464    | 30,565        | 7,325    | 258,275      | 394,874    |
| Transfers                            | -         | 1,411,596 | 1,798,478 | 59,270        | 30,824   | (3,300,168)  | -          |
| Disposals                            | -         | -         | -         | (1,149)       | (6,700)  | -            | (7,849)    |
| Foreign currency exchange difference | -         | 25,811    | 30,410    | 722           | 505      | -            | 57,448     |
| Balance at 31 December 2012          | 555,000   | 3,569,483 | 6,863,020 | 648,320       | 253,747  | 10,349       | 11,899,919 |
| Additions                            | -         | -         | -         | -             | -        | 38,819       | 38,819     |
| Transfers                            | -         | 1,566     | -         | 30,034        | 6,600    | (38,200)     | -          |
| Disposals                            | -         | -         | -         | -             | (10,147) | -            | (10,147)   |
| Foreign currency exchange difference | -         | 23,760    | 27,042    | 1,039         | 529      | -            | 52,370     |
| Balance at 31 March 2013             | 555,000   | 3,594,809 | 6,890,062 | 679,393       | 250,729  | 10,968       | 11,980,961 |
| <b>Accumulated depreciation</b>      |           |           |           |               |          |              |            |
| Balance at 1 January 2012            | -         | 607,754   | 1,372,167 | 453,652       | 184,345  | -            | 2,617,918  |
| Charge for the year                  | -         | 107,932   | 198,417   | 43,215        | 17,471   | -            | 367,035    |
| Relating to disposals                | -         | -         | -         | (1,149)       | (6,699)  | -            | (7,848)    |
| Foreign currency exchange difference | -         | 137       | 151       | 21            | 18       | -            | 327        |
| Balance at 31 December 2012          | -         | 715,823   | 1,570,735 | 495,739       | 195,135  | -            | 2,977,432  |
| Charge for the period                | -         | 33,499    | 58,893    | 13,109        | 5,140    | -            | 110,641    |
| Relating to disposals                | -         | -         | -         | -             | (10,147) | -            | (10,147)   |
| Foreign currency exchange difference | -         | 389       | 450       | 101           | 52       | -            | 992        |
| Balance at 31 March 2013             | -         | 749,711   | 1,630,078 | 508,949       | 190,180  | -            | 3,078,918  |
| <b>Carrying amount</b>               |           |           |           |               |          |              |            |
| As at 31 March 2013                  | 555,000   | 2,845,098 | 5,259,984 | 170,444       | 60,549   | 10,968       | 8,902,043  |
| As at 31 December 2012               | 555,000   | 2,853,660 | 5,292,285 | 152,581       | 58,612   | 10,349       | 8,922,487  |
| <b>Annual depreciation rates</b>     | -         | 3.33%     | 3.33%     | 20%           | 20%      | -            | -          |

The Group's certain property, plant and equipment have been assigned as security for the term loan facility granted to the Group (see note 10).

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

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4. INVESTMENT IN ASSOCIATE

| Name of associate                                     | Country of incorporation | Ownership interest at 31 March 2013<br>% | Carrying value (Audited) |                        |                     |
|---|--------------------------|--|--------------------------|------------------------|---------------------|
|   |                          |  | 31 March 2013<br>KD      | 31 December 2012<br>KD | 31 March 2012<br>KD |
| Yanbu Saudi Kuwaiti Paper Products Company ("YSKPPC") | Saudi Arabia             | 40%                                      | 2,452,747                | 2,353,846              | 2,170,481           |

5. AVAILABLE FOR SALE FINANCIAL ASSETS

|                     | 31 March 2013<br>KD | (Audited)<br>31 December 2012<br>KD | 31 March 2012<br>KD |
|---------------------|---------------------|-------------------------------------|---------------------|
| Quoted securities   | 187,514             | 151,898                             | 177,396             |
| Unquoted securities | 36,843              | 36,843                              | 51,843              |
|                     | <u>224,357</u>      | <u>188,741</u>                      | <u>229,239</u>      |

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

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|                           | 31 March 2013<br>KD | (Audited)<br>31 December 2012<br>KD | 31 March 2012<br>KD |
|---------------------------|---------------------|-------------------------------------|---------------------|
| <b>Trading:</b>           |                     |                                     |                     |
| Local quoted securities   | 441,236             | 379,497                             | 272,520             |
| Local unquoted securities | -                   | -                                   | 108,000             |
| Local funds               | 99,500              | 98,500                              | 116,000             |
|                           | <u>540,736</u>      | <u>477,997</u>                      | <u>496,520</u>      |

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

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**7. CASH AND CASH EQUIVALENTS**

|                                     | <b>31 March<br/>2013</b> | <b>(Audited)<br/>1 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|-------------------------------------|--------------------------|--|--------------------------|
|                                     | KD                       | KD                                       | KD                       |
| Cash and bank balances              | 901,784                  | 912,241                                  | 1,266,757                |
| Time deposits                       | 550,000                  | 576,806                                  | 154,326                  |
| Cash balance with portfolio manager | 27,805                   | 55,952                                   | 16,334                   |
|                                     | <u>1,479,589</u>         | <u>1,544,999</u>                         | <u>1,437,417</u>         |

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

**8. SHARE CAPITAL**

The share capital consists of 61,374,047 (31 December 2012: 61,374,047 and 31 March 2012: 58,451,474) authorized, issued and fully paid up shares of 100 fils each.

**9. TREASURY SHARES**

|                             | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|-----------------------------|--------------------------|---|--------------------------|
| Number of shares            | 1,361,956                | 1,361,956                                 | 1,297,101                |
| Percentage of issued shares | 2.22%                    | 2.22%                                     | 2.22%                    |
| Market value (KD )          | 269,667                  | 242,428                                   | 280,174                  |

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

**10. TERM LOANS**

|                     | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|---------------------|--------------------------|---|--------------------------|
|                     | KD                       | KD  | KD                       |
| Current portion     | 200,000                  | 200,000                                   | 233,293                  |
| Non-current portion | 647,941                  | 677,941                                   | 803,272                  |
|                     | <u>847,941</u>           | <u>877,941</u>                            | <u>1,036,562</u>         |

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

Certain Group's property, plant and equipment and time deposits are pledged as collateral against the term loans obtained from a local bank.

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11. NOTES PAYABLE

Notes payable represent promissory notes issued by local banks which mature within three months from the issue date and bear an average finance cost of nil (31 December 2012 and 31 March 2012: 5.75%) per annum and are unsecured.

12. EARNINGS PER SHARE

|  | <b>Three months ended 31 March</b> |                    |
|--|------------------------------------|--------------------|
|  | <b>2013</b>                        | <b>2012</b>        |
| Earnings per share is calculated as follows:     |                                    |                    |
| Profit for the period (KD)                       | <u>320,556</u>                     | <u>325,340</u>     |
| Weighted average number of shares outstanding:   |                                    |                    |
| Number of issued shares                          | 61,374,047                         | 61,374,047         |
| Less: Weighted average number of treasury shares | <u>(1,361,956)</u>                 | <u>(1,361,956)</u> |
| Weighted average number of shares outstanding    | <u>60,012,091</u>                  | <u>60,012,091</u>  |
| Earnings per share (Basic and diluted)           | <u>5.34 Fils</u>                   | <u>5.42 Fils</u>   |

13. RELATED PARTY TRANSACTIONS

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

|  | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|--|--------------------------|---|--------------------------|
|  | KD                       | KD  | KD                       |
| <b>Statement of financial position</b>   |                          |   |                          |
| a) Due from related parties:             |                          |   |                          |
| • Other related parties                  | <u>36,000</u>            | <u>66,000</u>                             | <u>14,840</u>            |
|  |                          | <b>Three months ended 31 March</b>        |                          |
|  |                          | <b>2013</b>                               | <b>2012</b>              |
|  |                          | KD  | KD                       |
| <b>Statement of income</b>               |                          |   |                          |
| b) Key management compensation           |                          |   |                          |
| • Salaries and other short-term benefits |                          | 14,820                                    | 10,200                   |
| • Terminal benefits                      |                          | <u>3,106</u>                              | <u>3,106</u>             |

**Notes to the interim condensed consolidated financial information (Unaudited)**  
*For the period ended 31 March 2013*

**14. SEGMENT 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 and is reconciled to the Group's consolidated statement of income.

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

|  | <b>Three months ended 31 March</b> |                  |                       |                |
|--|------------------------------------|------------------|-----------------------|----------------|
|  | <u>2013</u>                        | <u>2012</u>      | <u>2013</u>           | <u>2012</u>    |
|  | KD                                 | KD               | KD                    | KD             |
|  | <b>Revenue</b>                     |                  | <b>Segment result</b> |                |
| Industrial Packaging Division  | 1,936,620                          | 1,496,690        | 323,106               | 310,004        |
| Commercial Packaging Division  | 704,336                            | 699,412          | 153,991               | 185,240        |
| Flexible Packaging Division  | 217,805                            | 243,426          | 33,680                | 33,027         |
| Trading Division   | <u>38,570</u>                      | <u>165,496</u>   | <u>3,913</u>          | <u>17,303</u>  |
|  | <u>2,897,331</u>                   | <u>2,605,024</u> | 514,690               | 545,574        |
| Unrealised gain on financial assets at fair value through profit or loss       |                                    |                  | 29,751                | 43,320         |
| Gain / (loss) on sale of financial assets at fair value through profit or loss |                                    |                  | 5,537                 | (112)          |
| Share of results of associate  |                                    |                  | 94,862                | 65,742         |
| Foreign exchange gain / (loss)   |                                    |                  | 20,414                | (1,978)        |
| Profit on disposal of property, plant and equipment                            |                                    |                  | 691                   | -              |
| Other income   |                                    |                  | 23,436                | 14,584         |
| General and administrative expenses  |                                    |                  | (154,200)             | (144,818)      |
| Selling and distribution expenses  |                                    |                  | (186,459)             | (176,384)      |
| Finance costs  |                                    |                  | (13,278)              | (5,506)        |
| KFAS   |                                    |                  | (3,019)               | (3,064)        |
| NLST   |                                    |                  | (8,385)               | (8,510)        |
| Zakat  |                                    |                  | <u>(3,484)</u>        | <u>(3,508)</u> |
| <b>Profit for the period</b>   |                                    |                  | <u>320,556</u>        | <u>325,340</u> |

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

|        | <b>Three months ended</b> |                  |
|--------|---------------------------|------------------|
|        | <b>31 March</b>           |                  |
|        | <u>2013</u>               | <u>2012</u>      |
|        | KD                        | KD               |
|        | <b>Revenue</b>            |                  |
| Kuwait | 1,034,684                 | 1,273,056        |
| GCC    | 1,268,325                 | 851,209          |
| Asia   | 186,397                   | 153,979          |
| Africa | <u>407,925</u>            | <u>326,780</u>   |
|        | <u>2,897,331</u>          | <u>2,605,024</u> |



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**15. COMMITMENTS AND CONTINGENT LIABILITIES**

|                               | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|-------------------------------|--------------------------|---|--------------------------|
|                               | KD                       | KD  | KD                       |
| <b>Commitments</b>            |                          |   |                          |
| Capital commitments           | -                        | -   | 58,354                   |
| <b>Contingent liabilities</b> |                          |   |                          |
| Letters of credit             | 2,695,059                | 909,120                                   | 712,948                  |
| Letters of guarantee          | 123,354                  | 147,033                                   | 283,605                  |
|                               | <u>2,818,413</u>         | <u>1,056,153</u>                          | <u>996,553</u>           |

**Operating lease commitments**

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

|   | <b>31 March<br/>2013</b> | <b>(Audited)<br/>31 December<br/>2012</b> | <b>31 March<br/>2012</b> |
|---|--------------------------|---|--------------------------|
|   | KD                       | KD  | KD                       |
| Not later than one year                           | 34,315                   | 33,150                                    | 5,000                    |
| Later than one year but not later than five years | 127,260                  | 122,600                                   | 10,000                   |

**16. ANNUAL GENERAL ASSEMBLY MEETING**

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