

**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 2015**

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

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<b>Index</b>	<b>Pages</b>
Independent auditors' review report	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of income (Unaudited)	3
Interim condensed consolidated statement of comprehensive income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5
Interim condensed consolidated statement of cash flows (Unaudited)	6
Notes to the interim condensed consolidated financial information (Unaudited)	7-17



Al Johara Tower, 6<sup>th</sup> Floor  
Khaled Ben Al Waleed Street, Sharq  
P.O. Box 25578, Safat 13116  
Kuwait  
Tel: +965 2242 6999  
Fax: +965 2240 1666  
www.bdo.com.kw



P.O. Box : 636, Safat - 13007 Kuwait  
Tel : + 965 - 22412880 / 22-410885  
Fax: + 965 - 22454248  
Ali Al-Salem Str., Thuwaini Bldg. 3<sup>rd</sup> Flr.  
E-Mail: [alateeqi@ateeqipas.com](mailto:alateeqi@ateeqipas.com)  
Website: [www.ateeqipas.com](http://www.ateeqipas.com)

**Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Shuaiba Industrial Company K.P.S.C.**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 30 June 2015, and the related interim condensed consolidated statements of profit or loss, profit or loss, other comprehensive income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

***Scope of review***


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

***Conclusion***


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

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, and its Executive Regulations or of the Memorandum and Articles of Association of the Parent Company, as amended, have occurred during the six month period ended 30 June 2015 that might have had a material effect on the business of the Group or its consolidated financial position.

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

**Kuwait: 3 August 2015**

  
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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 30 June 2015**

		30 June 2015	(Audited) 31 December 2014	30 June 2014
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	8,454,875	8,541,058	8,631,859
Investment in an associate	4	2,611,711	2,590,021	2,412,725
Available for sale financial assets	5	36,843	36,843	36,843
		<u>11,103,429</u>	<u>11,167,922</u>	<u>11,081,427</u>
<b>Current assets</b>				
Inventories		3,754,451	3,694,810	3,322,615
Trade receivables		2,818,889	2,249,904	2,706,464
Other receivables		485,687	241,089	219,000
Due from related parties	13	-	-	94,753
Financial assets at fair value through profit or loss	6	222,494	253,406	272,108
Cash and cash equivalents	7	2,085,849	2,854,587	1,672,684
		<u>9,367,370</u>	<u>9,293,796</u>	<u>8,287,624</u>
<b>Total assets</b>		<u>20,470,799</u>	<u>20,461,718</u>	<u>19,369,051</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	6,444,275	6,444,275	6,444,275
Share premium		2,294,444	2,294,444	2,294,444
Statutory reserve		1,803,237	1,803,237	1,653,044
Voluntary reserve		1,712,229	1,712,229	1,562,036
Treasury shares	9	(164,740)	(253,265)	(253,265)
Treasury shares reserve		471,283	404,979	404,979
Foreign currency translation reserve		545,487	263,838	20,808
Retained earnings		4,356,453	4,659,964	4,186,500
<b>Total equity</b>		<u>17,462,668</u>	<u>17,329,701</u>	<u>16,312,821</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provision for staff indemnity		526,556	482,090	453,193
Non-current portion of term loans	10	364,000	456,000	597,941
		<u>890,556</u>	<u>938,090</u>	<u>1,051,134</u>
<b>Current liabilities</b>				
Current portion of term loans	10	211,941	241,941	200,000
Trade and other payables		1,905,634	1,951,986	1,805,096
		<u>2,117,575</u>	<u>2,193,927</u>	<u>2,005,096</u>
<b>Total liabilities</b>		<u>3,008,131</u>	<u>3,132,017</u>	<u>3,056,230</u>
<b>Total equity and liabilities</b>		<u>20,470,799</u>	<u>20,461,718</u>	<u>19,369,051</u>

The notes on pages 7 to 17 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 income (Unaudited)  
For the six month period ended 30 June 2015**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
		KD	KD	KD	KD
Sales		4,006,248	3,532,375	8,057,479	6,556,211
Cost of sales		(3,043,433)	(2,736,183)	(6,170,373)	(5,143,234)
<b>Gross profit</b>		<u>962,815</u>	<u>796,192</u>	<u>1,887,106</u>	<u>1,412,977</u>
Unrealised loss on financial assets at fair value through profit or loss		(6,702)	(30,009)	(30,913)	(75,632)
Share of results of an associate	4	5,344	29,499	10,471	42,275
Foreign exchange gain / (loss)		5,250	118	15,806	(3,898)
Gain on disposal of property, plant and equipment		109	-	109	-
Other income		10,751	26,782	24,560	47,813
General and administrative expenses	11	(203,039)	(197,361)	(400,920)	(378,485)
Selling and distribution expenses		(227,825)	(196,946)	(483,424)	(355,130)
Finance costs		(10,236)	(15,078)	(20,415)	(25,842)
<b>Profit before provisions for Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat</b>		<u>536,467</u>	<u>413,197</u>	<u>1,002,380</u>	<u>664,078</u>
KFAS		(4,829)	(3,718)	(9,022)	(5,976)
NLST		(14,161)	(10,330)	(26,160)	(16,602)
Zakat		(5,664)	(4,251)	(10,464)	(7,091)
<b>Profit for the period</b>		<u>511,813</u>	<u>394,898</u>	<u>956,734</u>	<u>634,409</u>
<b>Earnings per share (basic and diluted)</b>	12	<u>8.06</u>	<u>6.27</u>	<u>15.06</u>	<u>10.07</u>

The notes on pages 7 to 17 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 2015**

	<b>Three month ended 30 June</b>		<b>Six month ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Profit for the period</b>	<u>511,813</u>	<u>394,898</u>	<u>956,734</u>	<u>634,409</u>
<b>Other comprehensive income items:</b>				
Foreign currency translation adjustments	<u>97,509</u>	<u>8,504</u>	<u>281,649</u>	<u>140</u>
Other comprehensive income for the period	<u>97,509</u>	<u>8,504</u>	<u>281,649</u>	<u>140</u>
<b>Total comprehensive income for the period</b>	<u>609,322</u>	<u>403,402</u>	<u>1,238,383</u>	<u>634,549</u>

The notes on pages 7 to 17 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 2015

	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
As at 1 January 2015	6,444,275	2,294,444	1,803,237	1,712,229	(253,265)	404,979	263,838	4,659,964	17,329,701
Profit for the period	-	-	-	-	-	-	-	956,734	956,734
Other comprehensive income for the period	-	-	-	-	-	-	281,649	-	281,649
Total comprehensive income for the period	-	-	-	-	-	-	281,649	956,734	1,238,383
Sale of treasury shares	-	-	-	-	88,525	66,304	-	-	154,829
Dividends paid	-	-	-	-	(164,740)	471,283	545,487	(1,260,245)	(1,260,245)
As at 30 June 2015	6,444,275	2,294,444	1,803,237	1,712,229	(164,740)	471,283	545,487	4,356,453	17,462,668
As at 1 January 2014	6,137,405	2,294,444	1,653,044	1,562,036	(253,265)	404,979	20,668	4,579,106	16,398,417
Profit for the period	-	-	-	-	-	-	-	634,409	634,409
Other comprehensive income for the period	-	-	-	-	-	-	140	-	140
Total comprehensive income for the period	-	-	-	-	-	-	140	634,409	634,549
Bonus shares issued	306,870	-	-	-	-	-	-	(306,870)	-
Dividends paid	-	-	-	-	-	-	-	(720,145)	(720,145)
As at 30 June 2014	6,444,275	2,294,444	1,653,044	1,562,036	(253,265)	404,979	20,808	4,186,500	16,312,821

The notes on pages 7 to 17 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 2015**

	Notes	Six months ended 30 June	
		2015 KD	2014 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		956,734	634,409
<i>Adjustments for:</i>			
Depreciation	3	227,311	224,089
Unrealised loss on financial assets at fair value through profit or loss		30,912	75,632
Share of results of an associate		(10,471)	(42,475)
Gain on disposal of property, plant and equipment		(109)	-
Finance costs		20,415	25,842
Provision for staff indemnity		47,960	55,152
		<u>1,272,752</u>	<u>972,649</u>
<i>Working capital changes:</i>			
Inventories		(59,641)	(63,654)
Trade receivables		(568,985)	(87,504)
Other receivables		(244,598)	(88,475)
Due from related parties		-	(94,753)
Trade and other payables		(163,354)	(252,824)
<b>Cash flows generated from operations</b>		<u>236,174</u>	<u>385,439</u>
Staff indemnity paid		(3,931)	(10,084)
<b>Net cash flows generated from operating activities</b>		<u>232,243</u>	<u>375,355</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	3	(37,412)	(24,258)
Proceeds on disposal of property, plant and equipment		109	-
Dividend received from investment in an associate		128,160	180,366
<b>Net cash flows generated from investing activities</b>		<u>90,857</u>	<u>156,108</u>
<b>FINANCING ACTIVITIES</b>			
Net movement in term loans		(122,000)	120,000
Dividends paid		(1,143,243)	(720,145)
Sale of treasury shares		154,829	-
Finance costs paid		(20,415)	(25,842)
<b>Net cash flows used in from financing activities</b>		<u>(1,130,829)</u>	<u>(625,987)</u>
Effect of foreign currency translation		38,991	458
<b>Net decrease in cash and cash equivalents</b>		<u>(768,738)</u>	<u>(94,066)</u>
Cash and cash equivalents at beginning of the period		2,854,587	1,766,750
<b>Cash and cash equivalents at end of the period</b>	7	<u>2,085,849</u>	<u>1,672,684</u>

The notes on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.



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

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015**

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**1. GENERAL INFORMATION**

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

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

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

The interim condensed consolidated financial information of the Group for the six month period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 3 August 2015.

**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 2014 annual consolidated financial statements. In the opinion of management all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following new standards and amendments effective as of 1 January 2015. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial information of the Group.

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

**IAS 19 Employee Benefits (Amendment)**

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

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

**Annual Improvements 2010-2012 Cycle**

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in this interim condensed consolidated financial information. it includes:

- **IFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

These amendments do not impact the Group's accounting policies.

- **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This amendment does not impact the Group's accounting policy.

- **IFRS 8 Operating Segments**

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12 and has not presented a reconciliation of the total of the reportable segments' assets to the Group's assets and the total of the reportable segments' liabilities to the Group's liabilities as such reconciliations are not reported to the Group's chief operating decision maker.

- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

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

• **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

**Annual Improvements 2011-2013 Cycle**

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial information. They include:

• **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is not relevant for the Group and its subsidiaries.

• **IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

• **IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

**Basis of consolidation**

This interim condensed consolidated financial information for the six month period ended 30 June 2015 includes the Parent Company and its wholly owned subsidiary - Advance Technologies (International Agencies) Company W.L.L. together (the "Group"). The financial information of this subsidiary has been consolidated based on management accounts for the six month period ended 30 June 2015. The Group's management do not expect any material differences in the figures if the reviewed financial information would have been available for the period ended 30 June 2015.

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

Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015

3. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold land KD	Buildings KD	Machinery KD	Furniture and fixtures KD	Motor vehicles KD	Capital work in progress KD	Total KD
Balance at 1 January 2014	555,000	3,602,451	6,865,273	727,570	221,143	196,020	12,167,457
Additions	-	-	-	-	-	42,009	42,009
Transfers	-	-	201,327	30,702	6,000	(238,029)	-
Foreign currency exchange difference	-	57,420	65,352	4,069	1,278	-	128,119
Balance at 31 December 2014	555,000	3,659,871	7,131,952	762,341	228,421	-	12,337,585
Additions	-	-	-	-	4,500	32,912	37,412
Disposals	-	-	-	-	(1,849)	-	(1,849)
Transfers	-	-	-	352	-	(352)	-
Foreign currency exchange difference	-	51,480	58,590	3,489	1,147	284	114,990
Balance at 30 June 2015	555,000	3,711,351	7,190,542	766,182	232,219	32,844	12,488,138
<b>Accumulated depreciation</b>							
Balance at 1 January 2014	-	852,301	1,765,337	551,948	166,183	-	3,335,769
Charge for the year	-	141,384	237,251	56,193	18,504	-	453,332
Foreign currency exchange difference	-	2,868	3,268	906	384	-	7,426
Balance at 31 December 2014	-	996,553	2,005,856	609,047	185,071	-	3,796,527
Charge for the period	-	71,549	118,978	27,972	8,812	-	227,311
Relating to disposals	-	-	-	-	(1,849)	-	(1,849)
Foreign currency exchange difference	-	4,288	4,883	1,529	574	-	11,274
Balance at 30 June 2015	-	1,072,390	2,129,717	638,548	192,608	-	4,033,263
<b>Carrying amount</b>							
As at 30 June 2015	555,000	2,638,961	5,060,825	127,634	39,611	32,844	8,454,875
As at 31 December 2014	555,000	2,663,318	5,126,096	153,294	43,350	-	8,541,058
As at 30 June 2014	555,000	2,680,445	4,983,010	156,269	51,730	205,405	8,631,859
Annual depreciation rates	-	3.33%	3.33%	20%	20%	-	-

The Group's certain property, plant and equipment have been assigned as security for the term loan facility granted to the Group (see note 10).  
The buildings are constructed on leaseholds lands from the Government of Kuwait and the Government of Dubai.

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

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015**

**4. INVESTMENT IN AN ASSOCIATE**

Name of associate	Country of incorporation	Ownership interest		Carrying value		
		30 June		30 June	(Audited)	30 June
		2015	2014	2015	31 December	2014
		%	%	KD	KD	KD
Yanbu Saudi Kuwaiti Paper Products Company ("YSKPPC")	Saudi Arabia	40	40	2,611,711	2,590,021	2,412,725

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

	30 June 2015	(Audited) 31 December 2014	30 June 2014
	KD	KD	KD
<b>Associate's financial position:</b>			
Total assets	7,495,132	7,780,985	7,374,179
Total liabilities	965,854	1,305,932	1,342,366
Net assets	6,529,278	6,475,053	6,031,813
Group share of net assets of an associate	2,611,711	2,590,021	2,412,725
<b>Associate's revenue and results:</b>			
Total revenue	2,652,950	6,747,556	3,426,786
Total profits	26,178	319,436	105,687
Share of results of an associate	10,471	127,774	42,275

**5. AVAILABLE FOR SALE FINANCIAL ASSETS**

	30 June 2015	(Audited) 31 December 2014	30 June 2014
	KD	KD	KD
Unquoted securities	36,843	36,843	36,843

Unquoted securities amounting to KD 36,843 (31 December 2014: KD 36,843 and 30 June 2014: KD 36,843) are carried at cost less impairment (if any) 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**

	30 June 2015	(Audited) 31 December 2014	30 June 2014
	KD	KD	KD
<b>Trading:</b>			
Local quoted securities	166,494	188,906	192,108
Local funds	56,000	64,500	80,000
	222,494	253,406	272,108

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015**

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

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

**7. CASH AND CASH EQUIVALENTS**

	<b>30 June 2015</b>	<b>(Audited) 31 December 2014</b>	<b>30 June 2014</b>
	KD	KD	KD
Cash at bank and on hand	1,885,654	2,354,112	1,671,103
Short term deposits	200,000	500,000	-
Cash balance with portfolio manager	195	475	1,581
	<u>2,085,849</u>	<u>2,854,587</u>	<u>1,672,684</u>

The Group's short term deposits with banks yield at an average rate of 0.62% (31 December 2014: 0.62% and 30 June 2014: nil %) per annum and mature within 90 days from the date of deposit.

**8. SHARE CAPITAL**

The authorized, issued and paid up share capital is KD 6,444,275 (31 December 2014: KD 6,444,275 and 30 June 2014: KD 6,444,275) comprising of 64,442,750 shares of 100 fils each (31 December 2014: 64,442,750 and 30 June 2014: 64,442,750 shares of 100 fils each) and all shares are in cash.

**9. TREASURY SHARES**

	<b>30 June 2015</b>	<b>(Audited) 31 December 2014</b>	<b>30 June 2014</b>
Number of shares	930,462	1,430,462	1,430,352
Percentage of issued shares	1.44%	2.22%	2.22%
Market value (KD)	386,142	357,616	429,106
Cost (KD)	164,740	253,265	253,265

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

**10. TERM LOANS**

	<b>30 June 2015</b>	<b>(Audited) 31 December 2014</b>	<b>30 June 2014</b>
	KD	KD	KD
Non-current portion	364,000	456,000	597,941
Current portion	211,941	241,941	200,000
	<u>575,941</u>	<u>697,941</u>	<u>797,941</u>

Term loans from local banks carry a finance cost at 3.5% (31 December 2014 and 30 June 2014: 3.5%) per annum.

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

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

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015**

**11. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	KD	KD
Staff cost	304,556	279,467
Depreciation	12,285	13,791
Communication	13,581	12,562
Rental Expenses	10,362	9,311
Professional expenses and advertisement fee	11,369	17,457
Stationery and software expenses	10,450	14,182
Local travel and conveyance expenses	34,003	27,272
Share market and portfolio expense	4,314	4,443
	<u>400,920</u>	<u>378,485</u>

**12. EARNINGS PER SHARE**

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

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Earnings per share is calculated as follows:				
Profit for the period (KD)	<u>511,813</u>	<u>394,898</u>	<u>956,734</u>	<u>634,409</u>
Weighted average number of shares outstanding:				
Number of issued shares	64,442,750	64,442,750	64,442,750	64,442,750
Less: Weighted average number of treasury shares	<u>(930,462)</u>	<u>(1,430,352)</u>	<u>(930,462)</u>	<u>(1,430,352)</u>
Weighted average number of shares outstanding	<u>63,512,288</u>	<u>63,012,398</u>	<u>63,512,288</u>	<u>63,012,398</u>
Earnings per share (Basic and diluted) (fils)	<u>8.06</u>	<u>6.27</u>	<u>15.06</u>	<u>10.07</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>30 June 2015</b>	<b>(Audited) 31 December 2014</b>	<b>30 June 2014</b>
	KD	KD	KD
<b>Consolidated statement of financial position</b>			
a) Due from related parties:			
• Other related parties	-	-	<u>94,753</u>

Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015

13. RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2015 KD	2014 KD
<b>Consolidated statement of income</b>		
b) Key management compensation		
• Salaries and other short-term benefits	152,525	149,085
• Termination benefits	10,019	10,019

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 month period ended 30 June			
	2015 KD	2014 KD	2015 KD	2014 KD
	<b>Revenue</b>		<b>Segment result</b>	
Industrial Packaging Division	2,754,991	2,373,191	594,656	503,814
Consumer Packaging Division	965,963	875,531	345,228	264,465
Flexible Packaging Division	240,849	168,858	18,044	12,594
Trading Division	44,445	114,795	4,886	15,319
	<u>4,006,248</u>	<u>3,532,375</u>	<u>962,814</u>	<u>796,192</u>
Unrealised loss on financial assets at fair value through profit or loss			(6,702)	(30,009)
Share of results of an associate			5,344	29,499
Foreign exchange gain			5,250	118
Profit on disposal of property, plant and equipment			109	-
Other income			10,751	26,782
General and administrative expenses			(203,039)	(197,361)
Selling and distribution expenses			(227,825)	(196,946)
Finance costs			(10,236)	(15,078)
KFAS			(4,828)	(3,718)
NLST			(14,161)	(10,330)
Zakat			(5,664)	(4,251)
<b>Profit for the period</b>			<u>511,813</u>	<u>394,898</u>



Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015

14. SEGMENTAL INFORMATION (Continued)

	Six month period ended 30 June			
	2015	2014	2015	2014
	KD	KD	KD	KD
	Revenue		Segment result	
Industrial Packaging Division	5,563,285	4,306,026	1,183,151	859,598
Consumer Packaging Division	1,909,833	1,691,870	658,800	482,292
Flexible Packaging Division	477,158	371,193	32,590	46,769
Trading Division	107,203	187,122	12,565	24,318
	<u>8,057,479</u>	<u>6,556,211</u>	<u>1,887,106</u>	<u>1,412,977</u>
Unrealised loss on financial assets at fair value through profit or loss			(30,913)	(75,632)
Share of results of an associate			10,471	42,275
Foreign exchange gain / (loss)			15,806	(3,898)
Profit on disposal of property, plant and equipment			109	-
Other income			24,560	47,813
General and administrative expenses			(400,920)	(378,485)
Selling and distribution expenses			(483,424)	(355,130)
Finance costs			(20,415)	(25,842)
KFAS			(9,022)	(5,976)
NLST			(26,160)	(16,602)
Zakat			(10,464)	(7,091)
Profit for the period			<u>956,734</u>	<u>634,409</u>

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

	Three month period ended		Six month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	KD	KD	KD	KD
	Revenue		Revenue	
Kuwait	1,371,352	1,233,021	2,720,010	2,378,232
GCC	2,249,972	1,917,939	4,313,137	3,419,406
Asia	239,608	201,950	561,657	478,403
Africa	145,316	179,465	462,675	280,170
	<u>4,006,248</u>	<u>3,532,375</u>	<u>8,057,479</u>	<u>6,556,211</u>

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 13 April 2015, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2014 and approved a cash dividend of 20% equivalent to 20 fils per share (2013: 12% equivalent to 12 fils per share) and bonus share of nil (2013: 5% equivalent to 5 shares for each 100 shares) to the shareholders of record as of the date of the Annual General Assembly.

Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2015

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

30 June 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	166,494	-	166,494
Local funds	-	56,000	56,000
<b>Total</b>	<u>166,494</u>	<u>56,000</u>	<u>222,494</u>

31 December 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	188,906	-	188,906
Local funds	-	64,500	64,500
<b>Total</b>	<u>188,906</u>	<u>64,500</u>	<u>253,406</u>

30 June 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	KD	KD	KD
<b>Financial assets at fair value through profit or loss</b>			
Local quoted securities	192,108	-	192,108
Local funds	-	80,000	80,000
<b>Total</b>	<u>192,108</u>	<u>80,000</u>	<u>272,108</u>

17. CONTINGENT LIABILITIES AND COMMITMENTS

	<u>30 June</u>	<u>(Audited)</u>	<u>30 June</u>
	2015	31 December	2014
	KD	KD	KD
<b>Capital commitments</b>			
For the acquisition of property, plant and equipment	498,468	229,728	-
<b>Operating lease commitments</b>			
Not later than one year	52,290	50,456	50,080
Later than one year but not later than five years	209,160	201,824	200,320
	<u>261,450</u>	<u>252,280</u>	<u>250,400</u>

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

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the six month period ended 30 June 2015

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**17. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)**

**Contingent liabilities**

Letters of credit	378,857	1,348,742	224,847
Letters of guarantee	<u>116,751</u>	<u>60,753</u>	<u>47,747</u>
	<u>495,608</u>	<u>1,409,495</u>	<u>272,594</u>