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

Interim condensed consolidated financial information (Unaudited) and review report
For the nine month period ended 30 September 2018

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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 September 2018, and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine 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 ("ISA") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 and the interim condensed consolidated financial information for the nine month period ended 30 September 2017 were audited and reviewed, respectively, by another auditor who expressed unmodified opinion and conclusion on those statements on 12 March 2018 and 13 November 2017, respectively.

Conclusion

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

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts 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 nine month period ended 30 September 2018, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.

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

Kuwait: 5 November 2018

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

Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2018

	Notes	30 September 2018 KD	(Audited) 31 December 2017 KD	30 September 2017 KD
ASSETS				
Non-current assets				
Property, plant and equipment	3	9,641,222	9,928,073	10,057,047
Investment in an associate		2,548,947	2,556,991	2,481,039
		12,190,169	12,485,064	12,538,086
Current assets				
Inventories		4,788,463	4,636,060	3,920,878
Trade and other receivables	4	3,758,713	3,634,708	4,054,958
Financial assets at fair value through profit or loss ("FVTPL")	5	72,041	66,118	83,247
Term deposit		-	600,000	500,000
Cash and cash equivalents	6	1,869,674	2,776,342	2,069,661
		10,488,891	11,713,228	10,628,744
Total assets		22,679,060	24,198,292	23,166,830
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		2,387,708	2,387,708	2,185,527
Voluntary reserve		1,827,831	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		503,218	443,310	462,975
Retained earnings		845,756	1,699,081	1,482,432
Total equity		18,234,680	19,028,097	18,628,932
Liabilities				
Non-current liabilities				
Employees' end of service benefits		758,536	749,909	731,952
Term loans	7	829,988	1,299,292	1,492,468
		1,588,524	2,049,201	2,224,420
Current liabilities				
Term loans	7	644,000	386,352	285,176
Trade and other payables	8	2,211,856	2,734,642	2,028,302
		2,855,856	3,120,994	2,313,478
Total liabilities		4,444,380	5,170,195	4,537,898
Total equity and liabilities		22,679,060	24,198,292	23,166,830

Saleh Omran Abdullah Kannan
Chairman

The notes on pages 7 to 23 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 profit or loss (Unaudited)
For the nine month period ended 30 September 2018

	Notes	Three months ended 30 September 2018	Three months ended 30 September 2017	Nine months ended 30 September 2018	Nine months ended 30 September 2017
Sales		3,517,375	3,928,492	11,128,643	11,715,656
Cost of sales		(2,905,632)	(3,109,960)	(8,946,569)	(8,955,724)
Gross profit		611,743	818,532	2,182,074	2,759,932
Gain on sale of property, plant and equipment		-	-	-	2,101
Share of results of an associate		22,239	3,682	118,868	48,143
Other income		40,380	32,135	106,861	142,319
Provision for doubtful debts	4	(7,605)	-	(22,357)	-
Write-back of provision for doubtful debts	4	963	-	11,032	-
Unrealized gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")		7,125	(14,407)	5,923	(19,210)
Foreign exchange gain/(loss)		3,906	(4,553)	10,516	(10,835)
General and administrative expenses	9	(225,543)	(181,401)	(718,219)	(605,489)
Selling and distribution expenses		(238,913)	(244,889)	(735,433)	(697,437)
Finance costs		(18,308)	(21,543)	(59,696)	(67,441)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		195,987	387,556	899,569	1,552,083
KFAS		(1,763)	(3,488)	(8,096)	(13,969)
NLST		(3,467)	(10,016)	(22,726)	(39,771)
Zakat		(1,386)	(4,007)	(9,090)	(15,909)
Profit for the period		189,371	370,045	859,657	1,482,434
Basic and diluted earnings per share (fils)	10	1.91	3.73	8.66	14.94

The notes on pages 7 to 23 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine month period ended 30 September 2018

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Profit for the period	189,371	370,045	859,657	1,482,434
Other comprehensive income items:				
Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:				
Foreign exchange differences on translation of foreign operations	23,659	(34,535)	59,908	(103,246)
Other comprehensive income/(loss) for the period	23,659	(34,535)	59,908	(103,246)
Total comprehensive income for the period	213,030	335,510	919,565	1,379,188

The notes on pages 7 to 23 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)
For the nine month period ended 30 September 2018

	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 31 December 2017 ***("as previously reported")***	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,699,081	19,028,097
Impact on adoption of IFRS 9 at 1 January 2018 (Note 2.B.ii)	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	859,657	859,657
Other comprehensive income for the period	-	-	-	-	-	-	59,908	-	59,908
Total comprehensive income for the period	-	-	-	-	-	-	59,908	859,657	919,565
Dividends (Note 13)	-	-	-	-	-	-	-	(1,687,042)	(1,687,042)
At 30 September 2018	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	503,218	845,756	18,234,680
At 1 January 2017	8,055,343	2,294,444	2,185,527	2,094,519	(164,740)	471,283	566,221	3,334,954	18,837,551
Profit for the period	-	-	-	-	-	-	-	1,482,434	1,482,434
Other comprehensive loss for the period	-	-	-	-	-	-	(103,246)	-	(103,246)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(103,246)	1,482,434	1,379,188
Issue of bonus shares (Note 13)	2,013,837	-	-	(266,688)	-	-	-	(1,747,149)	-
Dividends (Note 13)	-	-	-	-	-	-	-	(1,587,807)	(1,587,807)
At 30 September 2017	10,069,180	2,294,444	2,185,527	1,827,831	(164,740)	471,283	462,975	1,482,432	18,628,932

The notes on pages 7 to 23 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)
For the nine month period ended 30 September 2018

	Notes	Nine months ended 30 September 2018 KD	Nine months ended 30 September 2017 KD
OPERATING ACTIVITIES			
Profit for the period		859,657	1,482,434
Adjustments for:			
Depreciation	3	366,011	369,227
Gain on sale of property, plant and equipment		-	(2,101)
Share of results of an associate		(118,868)	(48,143)
Provision for doubtful debts	4	22,357	-
Write-back of provision for doubtful debts	4	(11,032)	-
Unrealised (gain)/loss on financial assets at fair value through profit or loss ("FVTPL")		(5,923)	19,210
Provision for employees' end of service benefits		113,084	63,186
Finance costs		59,696	67,441
Foreign exchange (gain)/loss		(10,516)	10,835
		1,274,466	1,962,089
Changes in working capital:			
Inventories		(152,403)	(1,138,473)
Trade and other receivables		(14,822)	(1,453,688)
Trade and other payables		(551,137)	(296,526)
Cash flows generated from/(used in) operations		556,104	(926,598)
Employees' end of service benefits paid		(104,771)	(9,396)
Net cash flows generated from/(used in) operating activities		451,333	(935,994)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(51,974)	(153,133)
Proceeds from sale of property, plant and equipment		-	2,239
Maturity of term deposit		600,000	1,150,000
Dividend received from an associate		7,154	97,588
Net cash flows generated from investing activities		555,180	1,096,694
FINANCING ACTIVITIES			
Dividends paid	13	(1,658,691)	(1,657,534)
Net movement in term loans		(211,656)	(92,000)
Finance costs paid		(59,696)	(41,412)
Cash flows used in financing activities		(1,930,043)	(1,790,946)
Effect of foreign currency translation differences		16,862	(36,824)
Net decrease in cash and cash equivalents		(906,668)	(1,667,070)
Cash and cash equivalents at the beginning of the period		2,776,342	3,736,731
Cash and cash equivalents at the end of the period	6	1,869,674	2,069,661

The notes on pages 7 to 23 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 Boursa Kuwait.

The Parent Company's objectives are as follows:
1. Manufacture of paper cement bags for packing of cement and similar products.
2. Import and export material required for the Parent Company's objectives.

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

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

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

The interim condensed consolidated financial information of the Group for the nine month period ended 30 September 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 5 November 2018.

2. BASIS OF PREPARATION

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017 ('last annual consolidated 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 consolidated financial statements. Changes to significant accounting policies are described in Note 2 (A and B).

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

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

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

Further information about the assumptions made in measuring fair values is included in Note 14.

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

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

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

A) IFRS 15 Revenue from Contracts with Customers

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

Adoption of IFRS 15 by the Group at 1 January 2018 had no impact on the Group's consolidated financial statements as at 31 December 2017 and the interim condensed consolidated financial information for the nine month period ended 30 September 2018 as majority of the Group's revenues are within the scope of IFRS 15 as represented by the following:

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

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

2. BASIS OF PREPARATION (CONTINUED)

A) IFRS 15 Revenue from Contracts with Customers (Continued)

The disaggregation of the Group's revenue from contracts with customers is set out below

	For the nine month period ended 30 September 2018				
	Industrial Packaging Division	**Consumer Packaging Division**	**Flexible Packaging Division**	**Trading Division**	**Total**
	KD	KD	KD	KD	KD
Sale of multi-wall paper	6,892,776	-	-	-	6,892,776
Sale of superior value and high quality bags and wrapping sheets	-	3,466,336	-	-	3,466,336
Sale of multi-ply printed and laminated films	-	-	767,089	-	767,089
Sale of other types	-	-	-	2,442	2,442
Total revenue from contracts with customers	6,892,776	3,466,336	767,089	2,442	11,128,643
Geographical markets					
Kuwait	1,627,901	1,358,995	730,519	2,442	3,719,857
GCC	2,560,817	1,965,859	36,570	-	4,563,246
Asia	1,498,171	141,482	-	-	1,639,653
Africa	1,205,887	-	-	-	1,205,887
Total revenue from contracts with customers	6,892,776	3,466,336	767,089	2,442	11,128,643
Timing of revenue recognition					
Goods transferred at a point in time	6,892,776	3,466,336	767,089	2,442	11,128,643
Total revenue from contracts with customers	6,892,776	3,466,336	767,089	2,442	11,128,643
Revenue					
External customers	6,892,776	3,466,336	767,089	2,442	11,128,643
Total revenue from contracts with customers	6,892,776	3,466,336	767,089	2,442	11,128,643

The Group recognised provision for doubtful debts on trade receivables arising from contracts with customers, included in the interim condensed consolidated statement of profit or loss, amounting to KD 22,357 for the nine month period ended 30 September 2018 (30 September 2017: Nil (Note 4).

2. BASIS OF PREPARATION (CONTINUED)

A) IFRS 15 Revenue from Contracts with Customers (Continued)

The disaggregation of the Group's revenue from contracts with customers is set out below (Continued)

	For the nine month period ended 30 September 2017				
	Industrial Packaging Division	**Consumer Packaging Division**	**Flexible Packaging Division**	**Trading Division**	**Total**
	KD	KD	KD	KD	KD
Sale of multi-wall paper	7,319,455	-	-	-	7,319,455
Sale of superior value and high quality bags and wrapping sheets	-	3,443,020	-	-	3,443,020
Sale of multi-ply printed and laminated films	-	-	940,438	-	940,438
Sale of other types				12,743	12,743
Total revenue from contracts with customers	7,319,455	3,443,020	940,438	12,743	11,715,656
Geographical markets					
Kuwait	1,539,587	1,491,300	940,438	12,743	3,984,068
GCC	3,805,268	1,779,449	-	-	5,584,717
Asia	1,718,149	122,354	-	-	1,840,503
Africa	256,451	40,529	-	-	296,980
USA	-	9,388	-	-	9,388
Total revenue from contracts with customers	7,319,455	3,443,020	940,438	12,743	11,715,656
Timing of revenue recognition					
Goods transferred at a point in time	7,319,455	3,443,020	940,438	12,743	11,715,656
Total revenue from contracts with customers	7,319,455	3,443,020	940,438	12,743	11,715,656
Revenue					
External customers	7,319,455	3,443,020	940,438	12,743	11,715,656
Total revenue from contracts with customers	7,319,455	3,443,020	940,438	12,743	11,715,656

The Group's segmental information is disclosed in Note 12.

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial instruments

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

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

1 January 2018	Note	Impact of adopting IFRS 9 on opening balance (KD)
Retained earnings	4	(25,940)

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

i. Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

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

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

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

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

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

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

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Impact on adoption of IFRS 9
Financial liabilities				KD	KD	KD
Term loans	c	Loans and borrowings	Amortised cost	1,685,644	1,685,644	-
Trade and other payables (excluding advances from customers)	c	Payables	Amortised cost	2,726,438	2,726,438	-
Total				**4,412,082**	**4,412,082**	-

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

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

(c) The accounting for the Group's financial liabilities remains the same as it was under IAS 39.

ii. Impairment of financial assets

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

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

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

ii. Impairment of financial assets (continued)

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

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

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

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

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

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

Loss allowance at 31 December 2017 under IAS 39	**Amount (KD)**
Additional impairment recognised at 1 January 2018 on:	
- Trade and other receivables as at 31 December 2017 (Note 4)	(25,940)

2. BASIS OF PREPARATION (CONTINUED)

B) IFRS 9 Financial Instruments (Continued)

ii. Impairment of financial assets (continued)

Trade receivables and contract assets

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

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

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

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

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

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

- At 1 January 2018, as a result of adoption of IFRS 9, the Group recorded an additional provision for doubtful debts amounting to KD 25,940 (Note 4).

iii. Transition

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

3. PROPERTY, PLANT AND EQUIPMENT

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Opening balance	9,928,073	10,319,933	10,319,933
Additions	51,974	151,643	153,133
Disposals (net)	-	(132)	(132)
Depreciation charge	(366,011)	(493,911)	(369,227)
Foreign currency translation differences	27,186	(49,460)	(46,660)
	9,641,222	9,928,073	10,057,047

Certain property, plant and equipment with carrying value of KD 5,302,311 (31 December 2017: KD 5,483,937 and 30 September 2017: KD 5,558,742) are assigned as security against term loans (Note 7). Buildings are constructed on leasehold lands from the Government of Kuwait and the Government of Dubai for a period of 5 years and 15 years, respectively, renewable for similar periods.

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

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
Cost of sales	119,489	123,170	361,438	359,729
General and administrative expenses (Note 9)	1,699	1,660	4,573	8,772
Selling and distribution expenses	-	242	-	726
	121,188	125,072	366,011	369,227

4. TRADE AND OTHER RECEIVABLES

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Trade receivables	3,437,166	3,482,835	3,846,115
Less: provision for doubtful debts	(98,952)	(61,719)	(70,750)
	3,338,214	3,421,116	3,775,365
Dividends receivables	135,932	-	-
Prepayments	149,809	114,387	179,975
Refundable deposits	78,876	69,588	74,590
Staff receivables	25,073	20,090	19,745
VAT	25,054	-	-
Others	5,755	9,527	5,283
	3,758,713	3,634,708	4,054,958

4. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the provision for doubtful debts is as follows:

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
At the beginning of the period/year	61,719	70,750	70,750
Impact on adoption of IFRS 9 (Note 2.B)	25,940	-	-
Charge during the period	22,357	-	-
Write back during the period/year	(11,032)	(9,031)	-
Translation effect	(32)	-	-
At the end of the period/year	98,952	61,719	70,750

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

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

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

Valuation techniques of financial assets at fair value through profit or loss ("FVTPL") are disclosed in Note 14.

6. CASH AND CASH EQUIVALENTS

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Short term deposits	-	550,000	500,000
Bank balances	1,856,730	2,221,620	1,565,771
Cash on hand and with portfolio manager	12,944	4,722	3,890
	1,869,674	2,776,342	2,069,661

Short term deposits denominated in Kuwaiti Dinars are placed with local banks and mature within three months from the placement date. The average yield rate at 31 December 2017 was 1.88% per annum.

7. TERM LOANS

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Non-current portion	829,988	1,299,292	1,492,468
Current portion	644,000	386,352	285,176
	1,473,988	1,685,644	1,777,644

7. TERM LOANS (CONTINUED)

Term loans represent credit refinance facilities (the "facilities") obtained from a local bank. The facilities are used to finance purchases of equipment and machinery to expand the Group's plant. The facilities carry a profit rate of 3.5% semiannually (31 December 2017 and 30 September 2017: 3.5% semiannually) and repayable as shown below:

Facility amount	Payable amount	Current portion	Non current portion	Maturity date
KD	KD	KD	KD	
220,000	66,000	44,000	22,000	December 2019
2,800,000	1,407,988	600,000	807,988	November 2022
	1,473,988	644,000	829,988	

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

8. TRADE AND OTHER PAYABLES

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Trade payables	1,600,143	2,104,760	1,444,142
Dividends payable	159,779	131,429	152,822
Accrued expenses	299,810	243,585	224,122
Accrued staff leave	102,689	126,116	117,246
Advances from customers	7,179	8,204	20,321
Kuwait Foundation for the Advancement of Sciences ("KFAS")	8,096	18,196	13,970
National Labour Support Tax ("NLST")	25,070	52,349	39,771
Zakat	9,090	20,003	15,908
Board of Directors' remuneration	-	30,000	-
	2,211,856	2,734,642	2,028,302

9. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
Staff costs	157,123	126,895	515,936	434,064
Depreciation (Note 3)	1,699	1,660	4,573	8,772
Communication expenses	8,869	7,757	24,555	22,730
Travel expenses	12,350	8,486	30,560	24,890
Rent expenses	9,187	8,213	26,862	23,388
Stationery expenses	7,043	9,342	23,186	21,712
Professional fees	10,739	8,838	53,905	31,641
Employees food and refreshment	2,149	1,840	6,758	5,136
Miscellaneous expenses	16,384	8,370	31,884	33,156
	225,543	181,401	718,219	605,489

10. 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 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Profit for the period (KD)	189,371	370,045	859,657	1,482,434
Weighted average number of shares outstanding:				
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)	1.91	3.73	8.66	14.94

11. 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:

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Interim condensed consolidated statement of financial position			
Dividend receivables from an associate	135,932	-	-
Dividends payable (Note 8)	159,779	131,429	152,822
Board of Directors' remuneration (Note 8)	-	30,000	-

	Three months ended 30 September		Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
	KD	KD	KD	KD
Interim condensed consolidated statement of profit or loss				
Share of result of an associate	22,239	3,682	118,868	48,143
Key management compensation				
Salaries and other short-term benefits	39,700	50,896	174,413	218,987
Termination benefits	28,316	5,633	39,655	16,897
Board of Directors' committees' remuneration	-	-	22,000	-

12. 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 September			
	2018	**2017**	**2018**	**2017**
	KD	KD	KD	KD
	Segment revenues		**Segment results**	
Industrial Packaging Division	2,122,653	2,474,316	291,697	406,996
Consumer Packaging Division	1,145,493	1,123,287	302,651	334,746
Flexible Packaging Division	248,440	328,293	18,661	77,347
Trading Division	789	2,596	(1,266)	(557)
	3,517,375	3,928,492	611,743	818,532
Share of results of an associate			22,239	3,682
Other income			40,380	32,135
Provision for doubtful debts			(7,605)	-
Write-back of provision for doubtful debts			963	-
Unrealised gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")			7,125	(14,407)
Foreign exchange gain/(loss)			3,906	(4,553)
General and administrative expenses			(225,543)	(181,401)
Selling and distribution expenses			(238,913)	(244,889)
Finance costs			(18,308)	(21,543)
KFAS			(1,763)	(3,488)
NLST			(3,467)	(10,016)
Zakat			(1,386)	(4,007)
Profit for the period			189,371	370,045

12. SEGMENTAL INFORMATION (CONTINUED)

	Nine months ended 30 September			
	2018	**2017**	**2018**	**2017**
	KD	KD	KD	KD
	Segment revenues		**Segment results**	
Industrial Packaging Division	6,892,776	7,319,455	1,138,506	1,418,755
Consumer Packaging Division	3,466,336	3,443,020	962,961	1,123,371
Flexible Packaging Division	767,089	940,438	83,206	223,578
Trading Division	2,442	12,743	(2,599)	(5,772)
	11,128,643	11,715,656	2,182,074	2,759,932
Gain on sale of property, plant and equipment			-	2,101
Share of results of an associate			118,868	48,143
Other income			106,861	142,319
Provision for doubtful debts			(22,357)	-
Write-back of provision for doubtful debts			11,032	-
Unrealized gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")			5,923	(19,210)
Foreign exchange gain/(loss)			10,516	(10,835)
General and administrative expenses			(718,219)	(605,489)
Selling and distribution expenses			(735,433)	(697,437)
Finance costs			(59,696)	(67,441)
KFAS			(8,096)	(13,969)
NLST			(22,726)	(39,771)
Zakat			(9,090)	(15,909)
Profit for the period			859,657	1,482,434

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

	Three months ended 30 September		**Nine months ended 30 September**	
	2018	**2017**	**2018**	**2017**
	KD	KD	KD	KD
Kuwait	1,131,275	1,206,684	3,719,857	3,984,068
GCC	1,560,743	2,059,970	4,563,246	5,584,717
Asia	430,365	492,153	1,639,653	1,840,503
Africa	394,992	169,685	1,205,887	296,980
USA	-	-	-	9,388
	3,517,375	3,928,492	11,128,643	11,715,656

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

13. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 22 April 2018 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2017.

- Distribution of cash dividends of 17% equivalent to 17 fils per share on outstanding shares excluding treasury shares, amounting to KD 1,687,042 for the financial year ended 31 December 2017 to the shareholders of the Parent Company's record as at the accrual date (2016: KD 1,587,807 and KD 2,013,837 representing cash dividends and bonus shares, respectively. The bonus shares were issued through utilisation of retained earnings and voluntary reserve by KD 1,747,149 and KD 266,688, respectively).

- KD 30,000 as a remuneration to be paid to the Board of Directors for the financial year ended 31 December 2017 (2016: KD 35,000).

14. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

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

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

30 September 2018	**Level 1**	**Total**
	KD	KD
Financial assets at fair value through profit or loss ("FVTPL")		
Local quoted securities	72,041	72,041

31 December 2017 (Audited)	**Level 1**	**Total**
	KD	KD
Financial assets at fair value through profit or loss ("FVTPL")		
Local quoted securities	66,118	66,118

30 September 2017	**Level 1**	**Total**
	KD	KD
Financial assets at fair value through profit or loss ("FVTPL")		
Local quoted securities	83,247	83,247

15. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2018	(Audited) 31 December 2017	30 September 2017
	KD	KD	KD
Capital commitments			
For the purchase of property, plant and equipment	1,092.012	1,202,356	-
Operating lease commitments			
Not later than one year	50,518	74,377	74,377
Later than one year but not later than five years	156,793	134,015	297,508
	207,311	208,392	371,885
Contingent liabilities			
Letters of credit	14,117	339,382	187,661
Letters of guarantee	21,405	80,340	80,463
	35,522	419,722	268,124