

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

**Interim condensed consolidated financial information (Unaudited)  
and review report**  
For the three month period ended 31 March 2019

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

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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To The Board of Directors,  
Shuaiba Industrial Company K.P.S.C.  
State of Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 31 March 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of review*


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

### *Conclusion*

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

### **Report on other legal and regulatory requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three month period ended 31 March 2019, that might have had a material effect on business of the Group or its consolidated financial position.



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

**Kuwait: 15 May 2019**



**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 2019

		<b>(Audited)</b>		
		<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
		<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Notes</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	9,474,621	9,557,095	9,785,339
Right of use	3	134,634	-	-
Investment in an associate		2,470,082	2,597,148	2,590,225
		<u>12,079,337</u>	<u>12,154,243</u>	<u>12,375,564</u>
<b>Current assets</b>				
Inventories		6,892,279	5,893,109	4,022,143
Trade and other receivables	5	4,087,608	3,780,641	3,793,092
Financial assets at fair value through profit or loss ("FVTPL")	6	-	71,584	64,036
Term deposits		-	620,000	-
Bank balances and cash	7	2,864,532	879,565	3,286,826
		<u>13,844,419</u>	<u>11,244,899</u>	<u>11,166,097</u>
<b>Total assets</b>		<u>25,923,756</u>	<u>23,399,142</u>	<u>23,541,661</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	10,069,180	10,069,180	10,069,180
Share premium		2,294,444	2,294,444	2,294,444
Statutory reserve		2,495,568	2,495,568	2,387,708
Voluntary reserve		1,827,831	1,827,831	1,827,831
Treasury shares	9	(164,740)	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283	471,283
Foreign currency translation reserve		536,472	506,784	401,592
Retained earnings		1,088,347	880,171	2,076,091
<b>Total equity</b>		<u>18,618,385</u>	<u>18,380,521</u>	<u>19,363,389</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employee's end of service benefits		789,539	778,500	768,010
Lease liabilities	3	62,288	-	-
Term loans	10	1,080,027	507,988	1,151,988
		<u>1,931,854</u>	<u>1,286,488</u>	<u>1,919,998</u>
<b>Current liabilities</b>				
Lease liabilities	3	69,346	-	-
Notes payables	11	285,690	-	-
Term loans	10	644,000	644,000	644,000
Trade and other payables	12	4,374,481	3,088,133	1,614,274
		<u>5,373,517</u>	<u>3,732,133</u>	<u>2,258,274</u>
<b>Total liabilities</b>		<u>7,305,371</u>	<u>5,018,621</u>	<u>4,178,272</u>
<b>Total equity and liabilities</b>		<u>25,923,756</u>	<u>23,399,142</u>	<u>23,541,661</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**Saleh Omran Abdullah Kannan**  
Chairman

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

**Interim condensed consolidated statement of profit or loss (Unaudited)**  
For the three month period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019	2018
		KD	KD
Sales			
Cost of sales	13	3,995,820	3,846,557
<b>Gross profit</b>		<u>(3,467,627)</u>	<u>(3,094,076)</u>
		528,193	752,481
Share of results of an associate		27,285	45,738
Other income	13	36,746	36,027
Provision for expected credit losses		(27,009)	-
Realized gain on financial assets at ("FVTPL")		1,738	-
Unrealized loss on financial assets at ("FVTPL")		-	(2,082)
Foreign exchange gain/(loss)		3,112	(5,022)
General and administrative expenses	14	(202,179)	(246,401)
Selling and distribution expenses		(126,239)	(137,345)
Finance costs		(22,274)	(21,229)
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat</b>			
KFAS		219,373	422,167
NLST		(2,194)	(3,800)
Zakat		(6,431)	(11,012)
<b>Profit for the period</b>		<u>(2,572)</u>	<u>(4,405)</u>
		<u>208,176</u>	<u>402,950</u>
<b>Basic and diluted earnings per share (fils)</b>	15	<u>2.10</u>	<u>4.06</u>

The notes on pages 7 to 20 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 three month period ended 31 March 2019

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>KD</b>	<b>KD</b>
<b>Profit for the period</b>	<u>208,176</u>	<u>402,950</u>
<b>Other comprehensive income items:</b>		
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>		
Foreign currency translation differences	<u>29,688</u>	<u>(41,718)</u>
<b>Total other comprehensive income/(loss) for the period</b>	<u>29,688</u>	<u>(41,718)</u>
<b>Total comprehensive income for the period</b>	<u>237,864</u>	<u>361,232</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.



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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the three month period ended 31 March 2019

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
<b>At 1 January 2019</b>	10,069,180	2,294,444	2,495,568	1,827,831	(164,740)	471,283	506,784	880,171	18,380,521
Profit for the period	-	-	-	-	-	-	-	208,176	208,176
Other comprehensive income for the period	-	-	-	-	-	-	29,688	-	29,688
Total comprehensive income for the period	-	-	-	-	-	-	29,688	208,176	237,864
<b>At 31 March 2019</b>	<u>10,069,180</u>	<u>2,294,444</u>	<u>2,495,568</u>	<u>1,827,831</u>	<u>(164,740)</u>	<u>471,283</u>	<u>536,472</u>	<u>1,088,347</u>	<u>18,618,385</u>
<b>At 31 December 2017 ("as previously reported")</b>	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,699,081	19,028,097
Impact on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(25,940)	(25,940)
<b>At 1 January 2018 ("Restated")</b>	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,673,141	19,002,157
Profit for the period	-	-	-	-	-	-	-	402,950	402,950
Other comprehensive loss for the period	-	-	-	-	-	-	(41,718)	-	(41,718)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(41,718)	402,950	361,232
<b>At 31 March 2018</b>	<u>10,069,180</u>	<u>2,294,444</u>	<u>2,387,708</u>	<u>1,827,831</u>	<u>(164,740)</u>	<u>471,283</u>	<u>401,592</u>	<u>2,076,091</u>	<u>19,363,389</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of cash flows (Unaudited)**  
For the three month period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019	2018
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		208,176	402,950
<i>Adjustments for:</i>			
Depreciation	4	122,516	123,612
Amortization	3	17,787	-
Share of results of an associate		(27,285)	(45,738)
Gain on sale of property, plant and equipment		(357)	-
Profit income		(6,922)	-
Provision for expected credit losses	5	27,009	-
Realized gain on financial assets at ("FVTPL")		(1,738)	-
Unrealized loss on financial assets at ("FVTPL")		-	2,082
Foreign exchange (gain) /loss		(3,112)	5,022
Provision for employee end of service benefits		18,366	19,719
Finance costs		22,274	21,229
		<u>376,714</u>	<u>528,876</u>
<i>Changes in working capital:</i>			
Inventories		(999,229)	613,917
Trade and other receivables		(177,382)	(184,324)
Trade and other payables		1,286,348	(1,120,368)
<b>Cash flows generated from / (used in) operations</b>		<u>486,451</u>	<u>(161,899)</u>
Employee's end of service benefits paid		(7,502)	(1,418)
<b>Net cash flows generated from / (used in) operating activities</b>		<u>478,949</u>	<u>(163,317)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(25,471)	(2,733)
Proceeds from sale of property, plant and equipment		378	-
Proceeds from sale of financial assets at ("FVTPL")		73,322	-
Profit income received		6,922	-
Maturity of term deposits		620,000	600,000
<b>Net cash flows generated from investing activities</b>		<u>675,151</u>	<u>597,267</u>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(11,864)	-
Notes payables		285,690	-
Net movement in term loans		572,039	110,344
Finance costs paid		(22,274)	(21,229)
<b>Net cash flows generated from financing activities</b>		<u>823,591</u>	<u>89,115</u>
Effect of foreign currency translation		7,276	(12,581)
<b>Net increase in bank balances and cash</b>		<u>1,984,967</u>	<u>510,484</u>
Bank balances and cash at beginning of the period		879,565	2,776,342
<b>Bank balances and cash at end of the period</b>	7	<u>2,864,532</u>	<u>3,286,826</u>

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.



**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2019

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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 Boursa Kuwait:

The Parent Company’s objectives are as follows:

1. Manufacture of paper cement bags for packing of cement and similar products.
2. Import and export material required for the Parent Company’s objectives.

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

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

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

The interim condensed consolidated financial information of the Group for the three month period ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2019.

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2018 (‘last annual financial statements’). They do not include all of the information required for a complete set of IFRSs financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements. This is the first set of the Group’s financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described below.

**Use of judgements and estimates**

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16.

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



Notes to the interim condensed consolidated financial information (Unaudited)  
For the three month period ended 31 March 2019

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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 19.

Changes in significant accounting policies

Except as described below, the accounting policies applied in this interim condensed consolidated financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

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

**IFRS 16 Leases**

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

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

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



Notes to the interim condensed consolidated financial information (Unaudited)  
For the three month period ended 31 March 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (Continued)

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

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

No impact on retained earnings as at 1 January 2019

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

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

*i. Leases previously accounted for as finance leases*

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

*ii. Leases previously accounted for operating leases*

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



Notes to the interim condensed consolidated financial information (Unaudited)  
For the three month period ended 31 March 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (continued)

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

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

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

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

3. SUMMARY OF NEW ACCOUNTING POLICIES

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

**Right-of-use assets**

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

**3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)**

**Lease liabilities**

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

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

**Short-term leases and leases of low-value assets**

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

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

	<b>Right-of-use assets</b>	<b>Lease liabilities</b>
	KD	KD
<b>As at 1 January 2019</b>	152,454	143,498
Additions during the period	-	-
Amortization expenses	(17,787)	-
Interest expenses	-	908
Payments	-	(12,772)
Foreign currency translation differences	(33)	-
<b>As at 31 March 2019</b>	<u>134,634</u>	<u>131,634</u>

The Group recognised rent expense from short-term leases of KD 41,654 for the three months ended 31 March 2019.



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

**Notes to the interim condensed consolidated financial information (Unaudited)**  
For the three month period ended 31 March 2019

**3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)**

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

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Non-current portion	62,288	-	-
Current portion	69,346	-	-
	<u>131,634</u>	<u>-</u>	<u>-</u>

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Opening balance	9,557,095	9,928,073	9,928,073
Additions	25,471	86,997	2,733
Disposals (net)	(21)	-	-
Depreciation charge	(122,516)	(487,105)	(123,612)
Foreign currency translation differences	14,592	29,130	(21,855)
	<u>9,474,621</u>	<u>9,557,095</u>	<u>9,785,339</u>

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

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	KD	KD
Cost of sales	120,923	122,210
General and administrative expenses (Note 14)	1,593	1,402
	<u>122,516</u>	<u>123,612</u>

Certain property, plant and equipment with carrying value of KD 5,187,415 (31 December 2018: KD 5,262,470 and 31 March 2018: KD 5,406,725) are assigned as security against term loans (Note 10). Buildings are constructed on leasehold lands from the Government of Kuwait and the Government of Dubai for a period of 5 years and 15 years, respectively, renewable for similar period



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**5. TRADE AND OTHER RECEIVABLES**

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Trade receivables	3,747,576	3,629,410	3,521,864
Less: provision for expected credit loss	(120,436)	(93,327)	(87,659)
	<u>3,627,140</u>	<u>3,536,083</u>	<u>3,434,205</u>
Dividends receivables	162,538	-	-
Prepayments	203,542	113,301	239,303
Refundable deposits	65,419	78,774	72,115
Staff receivables	17,175	16,423	34,818
Others	11,794	36,060	12,651
	<u>4,087,608</u>	<u>3,780,641</u>	<u>3,793,092</u>

Movement in the provision for expected credit loss is as follows:

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
At the beginning of the period/year	93,327	61,719	61,719
Impact on adoption of IFRS 9	-	25,940	25,940
Charge during the period/year	27,009	17,197	-
Write back during the period/year	-	(11,519)	-
Foreign currency translation differences	100	(10)	-
At the end of the period/year	<u>120,436</u>	<u>93,327</u>	<u>87,659</u>

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

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Local quoted security	<u>-</u>	<u>71,584</u>	<u>64,036</u>

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

Valuation techniques of financial assets at fair value through profit or loss are disclosed in Note 19.

**7. BANK BALANCES AND CASH**

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Bank balances	2,855,810	869,651	3,281,236
Cash on hand and with portfolio manager	8,722	9,914	5,590
	<u>2,864,532</u>	<u>879,565</u>	<u>3,286,826</u>

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8. SHARE CAPITAL

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

9. TREASURY SHARES

	31 March 2019	(Audited) 31 December 2018	31 March 2018
Number of shares	1,454,028	1,454,028	1,454,028
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD )	239,915	273,357	356,237
Cost (KD)	164,740	164,740	164,740

The Parent Company is committed to retain reserves, share premium and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

10. TERM LOANS

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	KD	KD	KD
Non-current portion	1,080,027	507,988	1,151,988
Current portion	644,000	644,000	644,000
	<u>1,724,027</u>	<u>1,151,988</u>	<u>1,795,988</u>

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 2018 and 31 March 2018: 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	44,000	44,000	-	December 2019
2,800,000	1,680,027	600,000	1,080,027	November 2022
	<u>1,724,027</u>	<u>644,000</u>	<u>1,080,027</u>	

The facilities are secured by certain property, plant and equipment (Note 4) in favor of the bank. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum leverage ratio (current assets to current liabilities) of 1.5:1.

11. NOTES PAYABLES

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



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**12. TRADE AND OTHER PAYABLES**

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
Trade payables	3,697,527	2,462,427	1,007,050
Dividends payable	142,286	149,717	127,009
Accrued expenses	133,878	121,860	231,623
Staff payables	325,410	226,380	130,623
Advances from customers	15,762	49,328	8,203
KFAS	11,901	9,707	21,997
NLST	34,084	27,653	63,361
Zakat	13,633	11,061	24,408
Board of Directors' remuneration	-	30,000	-
	<u>4,374,481</u>	<u>3,088,133</u>	<u>1,614,274</u>

**13. REVENUE**

	<b>For the three months ended 31 March 2019</b>					
	<b>Industrial Packaging Division</b>	<b>Consumer Packaging Division</b>	<b>Flexible Packaging Division</b>	<b>Trading Division</b>	<b>Other income</b>	<b>Total</b>
	KD	KD	KD	KD	KD	KD
Sale of multi-wall paper	2,427,104	-	-	-	-	2,427,104
Sale of superior value and high quality bags and wrapping sheets	-	1,198,098	-	-	-	1,198,098
Sale of multi-ply printed and laminated films	-	-	370,618	-	-	370,618
Sale of other types	-	-	-	-	-	-
Waste sale	-	-	-	-	29,824	29,824
<b>Total revenue from contracts with customers</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>29,824</u>	<u>4,025,644</u>
Profit income	-	-	-	-	6,922	6,922
<b>Total revenue</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>36,746</u>	<u>4,032,566</u>
<b>Geographical markets</b>						
Kuwait	620,456	473,934	360,034	-	15,517	1,469,941
GCC	1,328,783	683,495	10,584	-	14,307	2,037,169
Asia	224,506	40,669	-	-	-	265,175
Africa	253,359	-	-	-	-	253,359
<b>Total revenue from contracts with customers</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>29,824</u>	<u>4,025,644</u>
Profit income	-	-	-	-	6,922	6,922
<b>Total revenue</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>36,746</u>	<u>4,032,566</u>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	2,427,104	1,198,098	370,618	-	29,824	4,025,644
<b>Total revenue from contracts with customers</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>29,824</u>	<u>4,025,644</u>
Profit income	-	-	-	-	6,922	6,922
<b>Total revenue</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>36,746</u>	<u>4,032,566</u>
<b>Revenue</b>						
External customers	2,427,104	1,198,098	370,618	-	29,824	4,025,644
<b>Total revenue from contracts with customers</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>29,824</u>	<u>4,025,644</u>
Profit income	-	-	-	-	6,922	6,922
<b>Total Revenue</b>	<u>2,427,104</u>	<u>1,198,098</u>	<u>370,618</u>	<u>-</u>	<u>36,746</u>	<u>4,032,566</u>



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**13. REVENUE (CONTINUED)**

	For the three months ended 31 March 2018					
	Industrial Packaging Division	Consumer Packaging Division	Flexible Packaging Division	Trading Division	Other income	Total
	KD	KD	KD	KD	KD	KD
Sale of multi-wall paper	2,487,061	-	-	-	-	2,487,061
Sale of superior value and high quality bags and wrapping sheets	-	1,146,339	-	-	-	1,146,339
Sale of multi-ply printed and laminated films	-	-	211,836	-	-	211,836
Sale of other types	-	-	-	1,321	-	1,321
Waste sale	-	-	-	-	36,027	36,027
<b>Total revenue from contracts with customers</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
Profit income	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
<b>Geographical markets</b>						
Kuwait	534,255	526,768	211,836	1,321	20,415	1,294,595
GCC	798,966	574,807	-	-	15,612	1,389,385
Asia	710,099	44,764	-	-	-	754,863
Africa	443,741	-	-	-	-	443,741
<b>Total revenue from contracts with customers</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
Profit income	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	2,487,061	1,146,339	211,836	1,321	36,027	3,882,584
<b>Total revenue from contracts with customers</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
Profit income	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
<b>Revenue</b>						
External customers	2,487,061	1,146,339	211,836	1,321	36,027	3,882,584
<b>Total revenue from contracts with customers</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>
Profit income	-	-	-	-	-	-
<b>Total Revenue</b>	<b>2,487,061</b>	<b>1,146,339</b>	<b>211,836</b>	<b>1,321</b>	<b>36,027</b>	<b>3,882,584</b>

**14. GENERAL AND ADMINISTRATIVE EXPENSES**

	Three months ended 31 March	
	2019	2018
	KD	KD
Staff costs	145,925	173,937
Depreciation (Note 4)	1,593	1,402
Communication expenses	8,121	8,058
Travel expenses	11,923	7,411
Rental	3,913	8,213
Stationery expenses	5,413	7,996
Professional fees	16,208	28,785
Employees food and refreshment	1,668	2,223
Miscellaneous expenses	7,415	8,376
	<u>202,179</u>	<u>246,401</u>

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15. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 31 March	
	2019	2018
Profit for the period (KD)	208,176	402,950
<i>Weighted average number of shares outstanding:</i>		
Number of issued shares	100,691,795	100,691,795
Less: weighted average number of treasury shares	(1,454,028)	(1,454,028)
Weighted average number of shares outstanding	99,237,767	99,237,767
<b>Basic and diluted earnings per share (fils)</b>	<b>2.10</b>	<b>4.06</b>

16. 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:

	31 March 2019	(Audited) 31 December 2018	31 March 2018
	KD	KD	KD
<b>Interim condensed consolidated statement of financial position</b>			
Investment in an associate	2,470,082	2,597,148	2,590,225
Dividend receivables from an associate (Note 5)	162,538	-	-
Dividends payable (Note 12)	142,286	149,717	127,009
Board of Directors' remuneration (Note 12)	-	30,000	-
<b>Three months ended 31 March</b>			
	2019	2018	
	KD	KD	
<b>Interim condensed consolidated statement of profit or loss</b>			
Share of result of an associate		27,285	45,738
<i>Key management compensation</i>			
• Salaries and other short-term benefits		57,486	118,846
• Termination benefits		3,709	5,633

17. 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.



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**17. SEGMENTAL INFORMATION (CONTINUED)**

- *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:

	<b>Three months ended 31 March</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	KD	KD	KD	KD
	<b>Revenue</b>		<b>Segment results</b>	
Industrial Packaging Division	2,427,104	2,487,061	195,948	399,658
Consumer Packaging Division	1,198,098	1,146,339	283,290	320,876
Flexible Packaging Division	370,618	211,836	48,955	33,032
Trading Division	-	1,321	-	(1,085)
	<u>3,995,820</u>	<u>3,846,557</u>	528,193	752,481
Share of results of an associate			27,285	45,738
Other income			36,746	36,027
Provision for expected credit losses			(27,009)	-
Realized gain on financial assets at ("FVTPL")			1,738	-
Unrealized loss on financial assets at ("FVTPL")			-	(2,082)
Foreign exchange gain/(loss)			3,112	(5,022)
General and administrative expenses			(202,179)	(246,401)
Selling and distribution expenses			(126,239)	(137,345)
Finance costs			(22,274)	(21,229)
KFAS			(2,194)	(3,800)
NLST			(6,431)	(11,012)
Zakat			(2,572)	(4,405)
<b>Profit for the period</b>			<u>208,176</u>	<u>402,950</u>

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

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	KD	KD
Kuwait	1,454,424	1,274,180
GCC	2,022,862	1,373,773
Asia	265,175	754,863
Africa	253,359	443,741
	<u>3,995,820</u>	<u>3,846,557</u>

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



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**18. ANNUAL GENERAL ASSEMBLY MEETING**

The Annual General Assembly meetings of shareholders held on 5 May 2019, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2018 and approved the payment of cash dividend of 10% equivalents to 10 fils per share on outstanding shares excluding treasury shares (31 December 2017: 17% equivalent to 17 fils per share).

**19. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

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

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

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

**31 March 2019**

	<u>Level 1</u>	<u>Total</u>
	KD	KD
<b>Financial assets at fair value through profit or loss</b>		
Local quoted securities	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**31 December 2018**

	<u>Level 1</u>	<u>Total</u>
	KD	KD
<b>Financial assets at fair value through profit or loss</b>		
Local quoted securities	71,584	71,584
<b>Total</b>	<u>71,584</u>	<u>71,584</u>

**31 March 2018**

	<u>Level 1</u>	<u>Total</u>
	KD	KD
<b>Financial assets at fair value through profit or loss</b>		
Local quoted securities	64,036	64,036
<b>Total</b>	<u>64,036</u>	<u>64,036</u>

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20. CONTINGENT LIABILITIES AND COMMITMENTS

	<b>31 March 2019</b>	<b>(Audited) 31 December 2018</b>	<b>31 March 2018</b>
	KD	KD	KD
<b>Capital commitments</b>			
For the purchase of property, plant and equipment	<u>519,973</u>	<u>1,092,012</u>	<u>1,092,012</u>
<b>Operating lease commitments</b>			
Not later than one year	-	79,184	77,638
Later than one year but not later than five years	-	93,429	177,996
	<u>-</u>	<u>172,613</u>	<u>255,634</u>
<b>Contingent liabilities</b>			
Letters of credit	-	4,730	268,330
Letters of guarantee	81,836	85,779	99,691
	<u>81,836</u>	<u>90,509</u>	<u>368,021</u>