H.H. Sheikh
Nawaf Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait

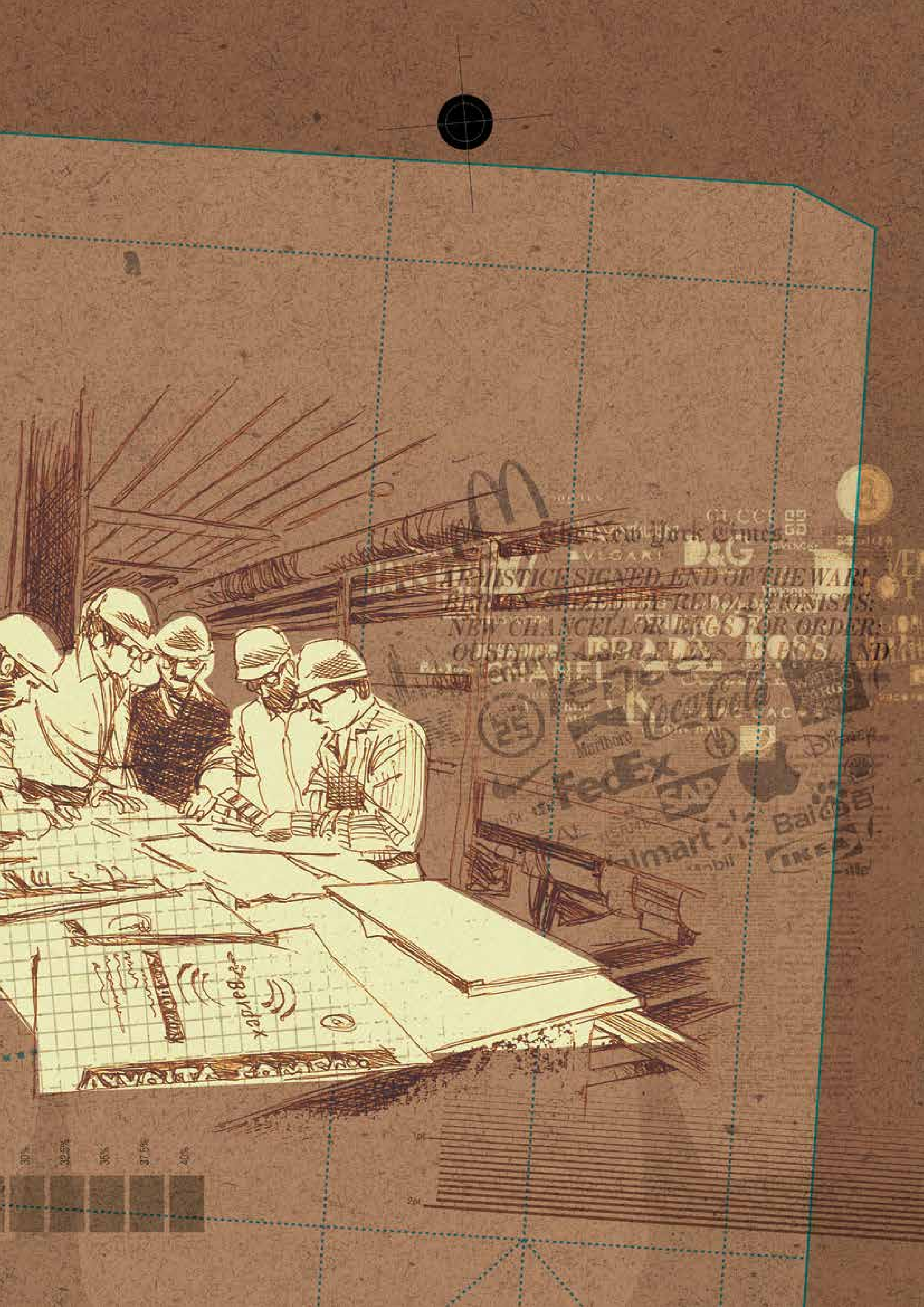
H.H. Sheikh
Meshal Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait

SHUAIBA INDUSTRIAL CO. (K.P.S.C)

IT ALL STARTS

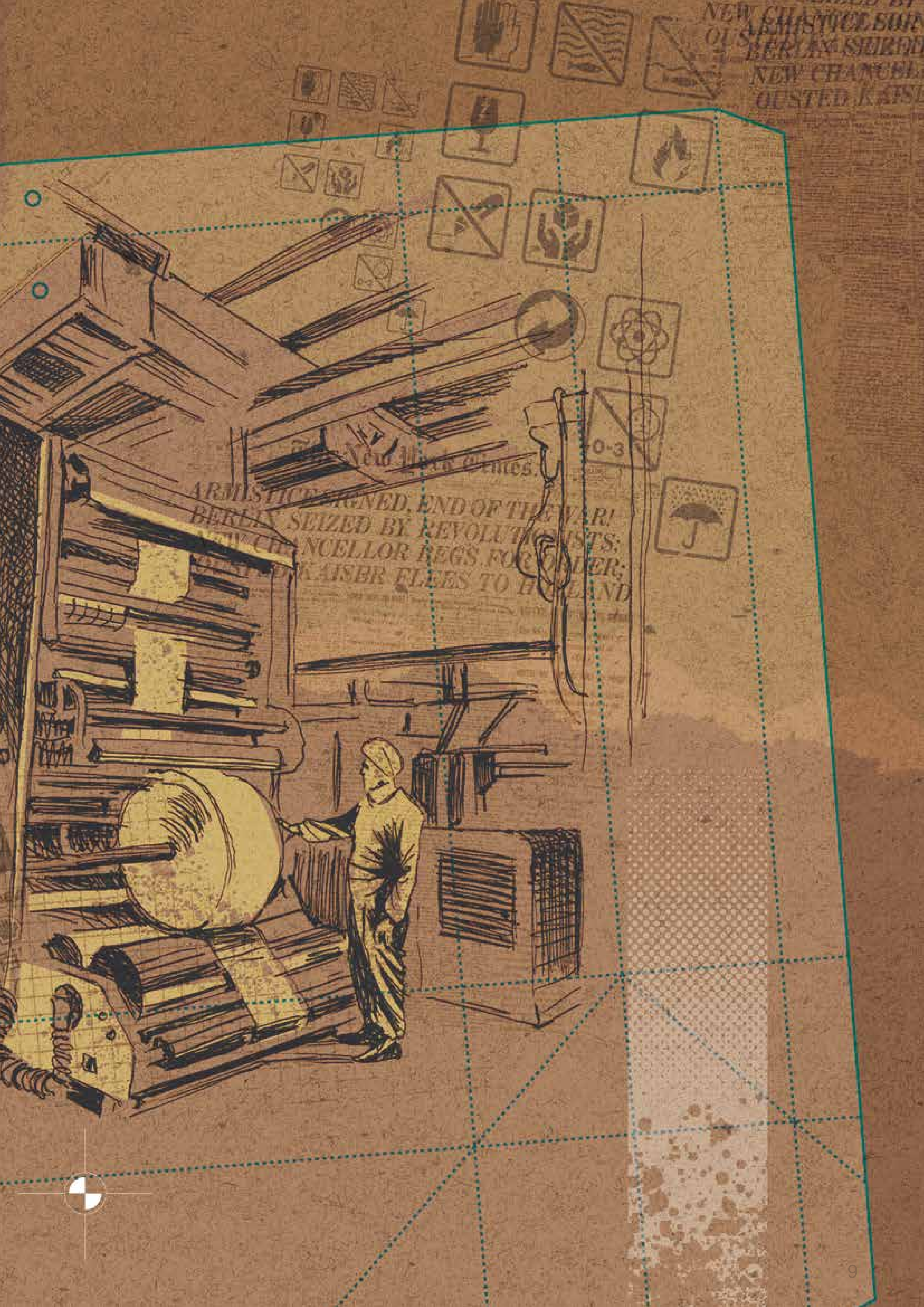
WITH A **BAG**

CONTENT


The New York Times.
ARMISTICE SIGNED, END OF THE WAR!
NEW CHANCELLOR BEGS FOR ORDER;
GUCCI
D&G
CHANEL
Coca-Cola
Marlboro
FedEx
Walmart
Baidu
IKEA
Baedeker
30%
32.5%
35%
37.5%
40%

Shuaiba Industrial
Company (KPSC)

BASIC
PROFILE


The New York Times.
ARMISTICE SIGNED, END OF THE WAR!
BERLIN SEIZED BY REVOLUTIONISTS;
NEW CHANCELLOR BEGS FOR ORDER;
OUSTED KAISER FLEES TO HOLLAND
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HILAL CEMENT
i.work
WHITE CEMENT
KUWAIT CEMENT COMPANY
KUWAITI CEMENT
50 KG NET
RAYSUT CEMENT COMPANY
SALALAH
SULTANATE OF OMAN
ORDINARY PORTLAND
اسمنت بورتلاند
PORTLAND CEM
50Kg
BS EN 197-1
Galleon Earth
BLEACHING EARTH
V2
ASHAPURA PERFOCLAY LIMITED
OPC
علامة الأسد
Qatari
NICE

Shuaiba Industrial Company (K.P.S.C)

PROFILE

Shuaiba Industrial Company K.P.S.C (SIC) is a public shareholding company incorporated in 1978 as Shuaiba Paper Products Company and is listed on the Boursa Kuwait with present capital of KD10,069,180 equivalent to USD33,231,620. SIC is a pioneering company in the field of producing multi-ply Kraft paper bags for packing cements and building material; with state-of the-art production lines from Windmoller & Holcher, Germany.

In order to maintain the pioneering image of the company, SIC has been diversifying into new products and expanding to new coverage areas continuously. The company is continuously supplying its top class quality paper bags to highly satisfied customers to all parts of the globe due to its excellent track record in terms of quality, reliability & top class service with its own designing team and in house ink facility.

SIC Kuwait has current set up of three production divisions – Industrial Packaging; Consumer Packaging and Flexible Packaging, whereas our 100% owned company in Dubai- Shuaiba Industrial Company at Jebel Ali Free Zone- UAE is in operation for almost a decade with two production divisions the Industrial Packaging and Consumer Packaging. Apart from its operation in Kuwait and U.A.E., SIC has a venture with one of the Cement Company in Kingdom of Saudi Arabia.

The highest level of dedication and constant endeavors of the SIC Team for continuous improvement has been rewarded through its being accredited with ISO 9001 : 2015, BRCGS Packaging 'Grade AA' certification, FSC, SWA and Kuwait Quality Mark Certificate from Public Authority for Industry.

Being one of the most respected business names in this field, SIC has always maintained the highest quality of its products and services for continuous enhancement of its reputation as the best supplier in the region by being committed to deliver the best products, ensuring total customer satisfaction through excellent after-sales service and follow up, in the existing and ever increasing new markets.

OUR CERTIFICATIONS

BRCGS Packaging Materials CERTIFICATED

ISO 9001 BUREAU VERITAS Certification 1828


Shrimpy
IKEA
PATENT
FLOUR
KFC
DEAN & DELUCA
ماكدونالدز
SLICE
YASALAM!
White Flour
KFC

Shuaiba Industrial Company KPSC

SUBSIDIARIES & ASSOCIATES

Shuaiba Industrial Company (JAFZA, UAE)

SIC-JAFZA, a new manufacturing plant for Industrial Packaging and Consumer Packaging) located at Jebel Ali Free Zone Authority, UAE and 100% owned by Shuaiba Industrial Company Kuwait. The plant has a new state-of-the-art production line from Windmoeller and Holsher (W&H) Germany with an installed capacity of 90 million bags per annum.

The Commercial operation started in year 2012. With a combined effort by the Board and Management, practical steps have been initiated to expand the company's business in Kuwait and UAE by adding new machineries to supply the huge demand of Consumer Packaging in the region.

For more information on Shuaiba Industrial Company, JAFZA-Plant, visit:
(http://www.sic-uae.com).

yanbupaper

Yanbu Saudi Kuwaiti Paper Products Co. LTD (YSKPPC)

Yanbu Saudi Kuwaiti Paper Products Company Limited (YSKPPC) is a Joint Venture between Yanbu Cement Company, a Saudi Joint Stock Company, Kingdom of Saudi Arabia and Shuaiba Industrial Company KPSC a listed company in Kuwait stock exchange

YSKPPC was set up with an estimated capital of Saudi Riyal 50 Million and SIC holds 40% of the company. With their two production lines, they can produce upto 200 Million of multi-ply Kraft paper bags per annum.

ADVANCED TECH INTERNATIONAL AGENCIES

ADVANCE TECHNOLOGIES INTERNATIONAL AGENCIES (ATIA) TRADING DIVISION

ATIA is a trading arm of Shuaiba Industrial Company KPSC and its goal is to supply different products related to paper, printing and packaging industry within Kuwait and GCC region. The main products are office paper, photocopy paper, printing paper, coated and uncoated art paper of various grammage

SIC PRODUCTION DIVISIONS AND ITS PRODUCTS:

Industrial Packaging Division

SIC's flagship business, the Industrial Packaging Division (IPD) has been its core business. IPD has been the Company's leading division and the major contributor to the overall growth of the Company.

IPD's major concentration is on the manufacturing of sacks for packing cement. However, it also produces sacks for packing of other powders like Gypsum, Lime, Chemicals, Building Materials, Coffee, Cocoa, Cattle-Feed, Mortar etc.

The installed capacity of this division, with its two production lines from Germany, is 90 million bags per annum. Valve and open mouth type multi-wall paper sacks are made with capacities to hold from 10 Kg to 50 Kg of a product and are made out of 2, 3 or 4 plies of paper with an option of having 1 ply of polyethylene. The printing option on the bags is for up to 4 spot colors. With its flexibility and capabilities, customized bags for Industrial needs as per customers demand are produced as per the highest standards.

Hard work and commitment have paved the way for the success of this division that has been supplying millions & millions of top quality bags to valued customers across the world. The presence of well-equipped machinery and a proactive team are the forte of IPD as it has been achieving outstanding performance results over the years.

Consumer Packaging Division

Consumer Packaging Division (CPD) produces bags from wide range of paper quality up to 2 plies, and printing up to 6 colors. The Markets served are fast food outlets, restaurants, flour mills, coffee roasters, bakeries, café, fashion houses and other retailers. We are dedicated to provide superior value to our customers, high quality products, competitive price, and on-time delivery. For food industries, we ensure that our packaging meets the Hazard Analysis Critical Control Points (HACCP) requirements and fulfills the FDA standard. Our food safety program includes employee training, auditing, sanitation practices, pest control, supplier compliance, product traceability.

We are British Retail Consortium Global Standard (BRCGS); Forest Stewardship Council (FSC) & ISO 9001:2015 certified company for Kuwait and Dubai facilities. In addition to this, as part of continuous improvement, we are certified for Social Workplace Accountability (SWA) Audit, as a part of international requirements.

Materials in use within the consumer packaging division are limited to food grade paper, inks and adhesives, sourced mainly from Europe and USA.

Synergies with the existing business, especially in the area of technology, trained work-force and experienced management, S.I.C's S-Pac (Consumer Packaging Division) is supported by the latest high technology machines from Europe.

CONSUMER PACKAGING DIVISION

SIC's Consumer Packaging Division dominates 80% market share in Kuwait, supplying all types of consumer packaging products to major brands in the MENA region, Pakistan; Jordon and Lebanon.

Product Range:

- Block Bottom bags
- Satchel bags
- Flat bags
- Twisted cord handle bags
- Flat Handle bags
- Burger / Sandwich Wraps
- Wrapping Rolls

OUR CERTIFICATIONS

Flexible Packaging Division (FPD)

Technological innovation, sustainability concerns and attractive economics are among the reasons for the phenomenal growth of flexible packaging. Shuaiba Industrial Company (SIC) is among the most innovative provider of flexible packaging in Kuwait. We cater for a variety of packaging needs for food and beverage, pharmaceutical and medical, home and personal-care, diary and confectionery packaging and other products. We deliver premium packaging with a friendly, competent and reliable service at a competitive price to our customers.

The demand for flexible packaging at SIC has greatly developed, particularly in single-layer packs, printed laminated films, pouches, sealable pouches, stand-up pouches by guaranteeing extended product life along with high visual appealing. Added to it, we have the Aluminum lids for containers. SIC is now measured as one-stop-shop for all tailor made packaging solutions. Our excellent quality of unprinted, printed and laminated films have already made SIC's name in the market. SIC works closely with the customers to create attractive and customized Flexible Packaging Material.

FPD's product range is increasing over a period of time by adding diversified products. Due to this reason, we have added more new customers to our folder. Our market share is increasing in local market as well are catering to the neighboring country.

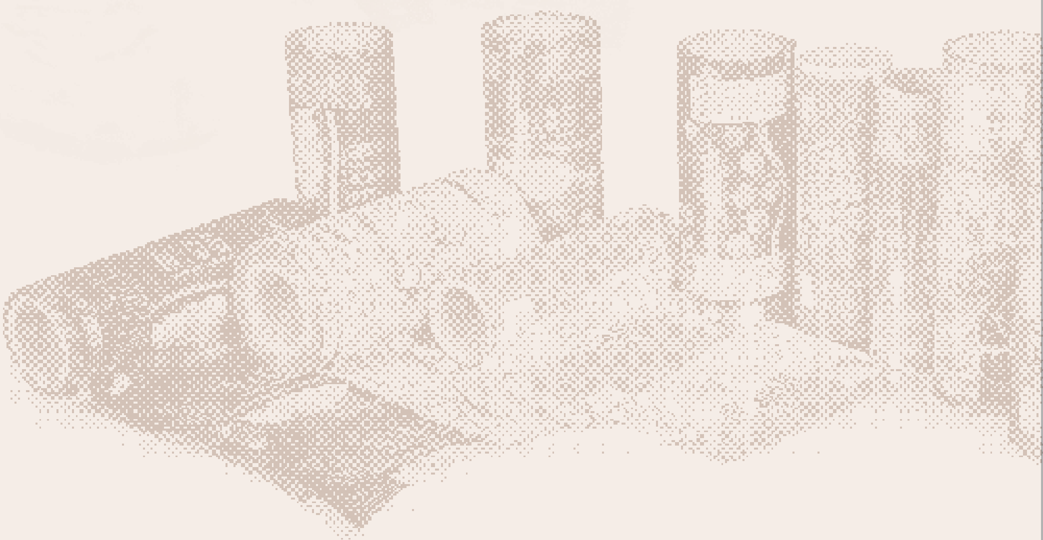
FLEXIBLE PACKAGING DIVISION (FPD)

Flexible Packaging Products:

- Printed laminates in roll form (using BOPP, PET, PE, CPP, Metalized, Pearlized films) applicable for food Ingredients, chips & snacks, confectionary items, sweets and bakery products, grains and nuts, hygiene, detergent products and for various other Industries.
- Wrap around labels
- Aluminum Lids
- Various types of Pouches - Zipper pouch, Center seal pouch, Stand-up pouch etc.
- Other customized flexible products that may require by the customer

SIC's Flexible Packaging Division is BRC certified and complying with the BRC Food Safety Standards and are following the ISO quality management principles.

Hard work and dedication are the primary achievement for the progressive growth and success of this division.



intertek
Total Quality. Assured.

CERTIFICATE OF REGISTRATION

Intertek Certification Ltd (UKAS 014) certifies that, having conducted an audit for the scope of activities: Gravure Printing, Dry/Solvent Free Laminating & Slitting Of Flexible Films And Conversion Into Rolls, Pouch Or Lids (BOPP, Mtz-BOPP, PE, PET, Mtz-PET, CPP, Mtz-CPP, VMCPP, Nylon and Aluminium) Used For Food And Personal Care Products Packaging.

Exclusions from Scope:	None
Fields of Audit:	05, 07
Hygiene Category:	High hygiene, at

Shuaiba Industrial Company K.P.S.C.

BRC Site Code: 7706715

Site Address: Plot No. 1, Street No.1, Block 1 Shuaiba Industrial Area, PO Box Shuaiba 10088 Code No. 65451, Kuwait.

Has achieved Grade: A

Meets the requirements set out in the

BRC GLOBAL STANDARD for PACKAGING AND PACKAGING MATERIALS

ISSUE 5: JULY 2015

Audit Programme: Announced

BRCGS Certification Body CERTIFICATED

Auditor Number:
168178

Certificate Number:
271B1901001

Dates of Audit:
16-17 Jan 2020

Certificate Issue Date:
19 Feb 2020

Re-audit Due Date:
From 02 Jan 2021
To 30 Jan 2021

Certificate Expiry Date:
13 Mar 2021

BRC CERTIFICATION Intertek

UKAS PRODUCT CERTIFICATION 014

Calin Moldovean
President Business Assurance

Intertek Certification Ltd – 10a Victory Park, Victory Road, Derby DE24 8ZF, United Kingdom

Intertek Certification Limited is a UKAS accredited body under schedule of Accreditation No. 014

SHUAIBA INDUSTRIAL CO. (K.P.S.C)

CHAIRMAN'S MESSAGE

In the name of Allah, the Most Gracious, the Most Merciful

Dear Shareholders,,,

May the peace, blessings, and mercy of Allah be upon you

On behalf of my brothers, members of the Board of Directors and Executive Management, I am pleased to welcome you to the meeting of the General Assembly of the company. I thank you for your presence and appreciate your interest, and to put in your hands the annual report for the fiscal year ending on December 31, 2022.

Dear Shareholder Brothers.

The financial results achieved by the company during the year 2022 showed the strength of its financial position, the quality of its investments and the efficiency of its operation, and that the company is committed to moving forward in achieving the goals through steady and deliberate steps aimed at maximizing shareholder rights and profit growth. The year 2022 was an extension of the correct approach that the company is following, thanks to Allah and the efforts of the members of the Board of Directors, the executive management and all employees of the company.

We summarize for you what was achieved during the year ending on December 31, 2022

The year 2022 witnessed a distinguished performance for the company by achieving the best rate in the total operating profit, as the company's consolidated sales amounted to 14,542,615 KD, compared to sales amounting to 12,841,695 KD for the previous year, i.e. a growth rate of 13.25% compared to last year, as the total operating profit for the current period amounted to an amount The capacity of 2,601,690 KD compared to the amount of 2,393,144 KD, i.e. a growth rate of 8.71% over last year in light of the intense competition inside and outside Kuwait and the gradual increase in paper prices globally.

The company's consolidated net profits in the fiscal year ending on 31/12/2022 amounted to 1,345,017 KD, compared to the same period of the previous year, when it was 1,341,388 KD, i.e. a growth rate of 0.27% for 2021.

Despite the decline in the local operating environment and the weakness of economic activity in general, which was witnessed during the past year at the regional and global levels due to the political and social unrest in the region and the exacerbation of the global financial crisis.

Earnings per share for the fiscal year ending on 31/12/2022 became equivalent to 13.55 fils per share compared to 13.52 fils per share, i.e. a growth rate of 0.27% over 2021.

Note that the book value of the share is 188 fils per share for the year 2022 compared to 187 fils per share for the previous year.

The total assets amounted to 23,913,123 KD compared to the same previous year, where it was 23,309,101 KD, i.e. a growth rate of 2.59% compared to last year.

Shareholders' equity amounted to KD 18,663,410 compared to the same period of the previous year, when it was KD 18,527,523, a growth rate of 0.73% over the previous year.

The company produced and manufactured 18,297 tons for the current year, and on the other hand, exports still represent the equivalent of 60% of the company's total sales during the year 2022, which is something that the management is keen to enhance by maintaining its share in the various global markets despite the fierce competition. During the year 2022, the management worked on marketing its products from the small bag production lines (mainly the food sector) in Kuwait and the Gulf Cooperation Council countries on the one hand, in addition to the initiative to enter global markets for competition, on the other hand, as entry into those markets requires us to improve the quality of production and maintain the global competitive level in order to be able to obtain satisfactory shares in those markets.

Dear Shareholders,,,

The Board of Directors of the company decided to raise the recommendation to the General Assembly to approve the distribution of dividends to shareholders, to the shareholders registered in the company's records at the end of the due day specified for it 16/05/2023, and it is distributed to the shareholders entitled to it on 23/05/2023, after deducting the treasury shares, noting that this recommendation is subject to the approval of the competent authorities and the general assembly of the company as follows:-

Distribution of 12% cash dividends (12 fils per share), equivalent to (1,190,853.204 KD) (One Million One Hundred Ninety Thousand Eight Hundred Fifty Three Kuwaiti Dinar, and 204 fils)

In conclusion, I and my brothers, members of the Board of Directors, present our sincere greetings and appreciation to everyone who contributed to the development of the company's performance including all employees, customers and suppliers. And I thank Allah the Almighty, my brothers, members of the Board of Directors, executive management, honorable shareholders, and everyone who contributed to the company's achievements for the year 2022. We ask Allah the Almighty to always be at the good expectations of our honorable shareholders. We look forward to the year 2023 being more positive, growing and prosperous.

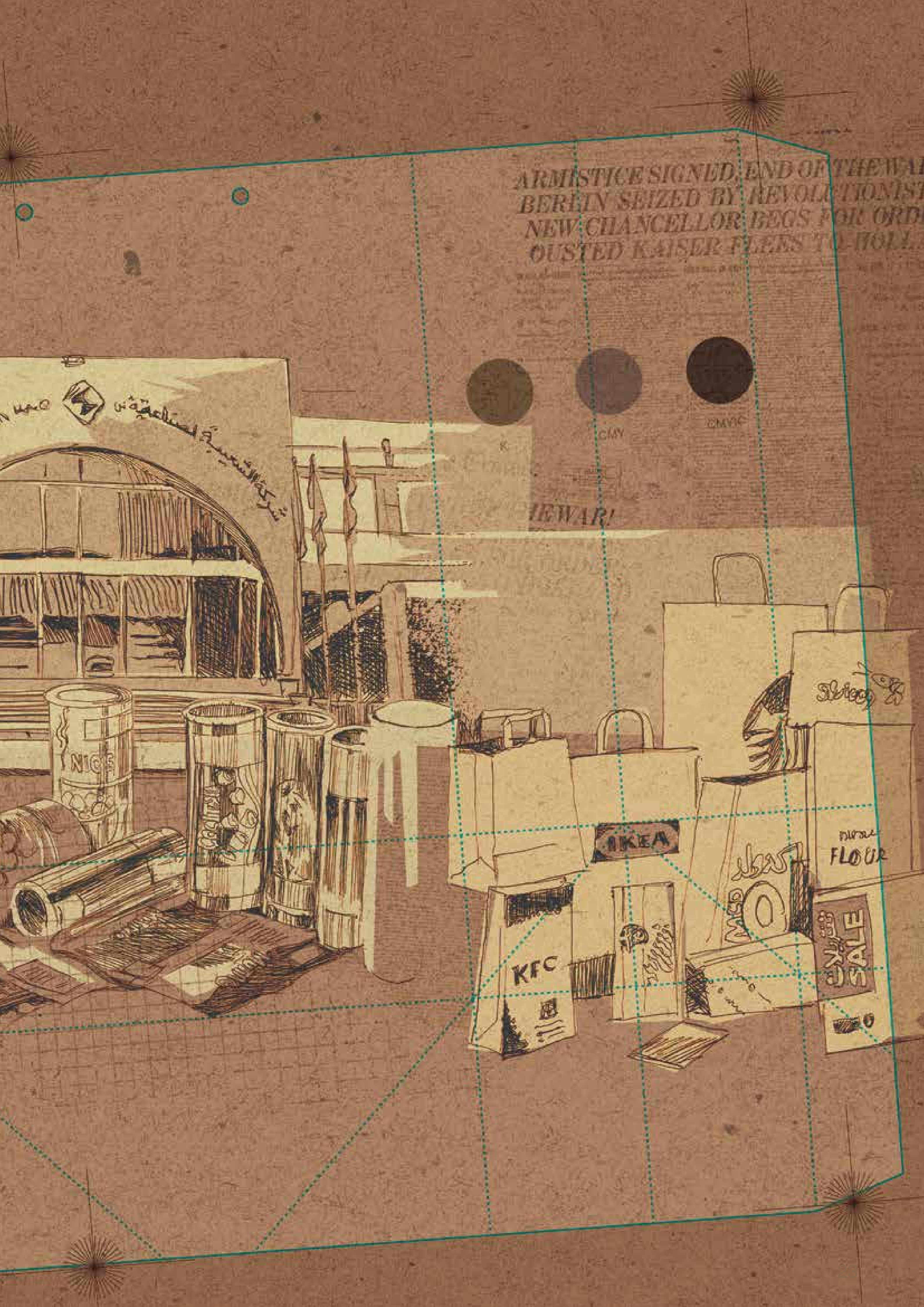
Saleh Omran Abdullah Kanaan

Chairman of Board of Directors

SHUAIBA INDUSTRIAL CO. (K.P.S.C) and its subsidiary
State of Kuwait

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022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KFC
FLOUR
SALE

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

Company Profile

Shuaiba Industrial Company K.S.C. (Public): is a Kuwaiti public shareholding company established in 1978 in accordance with the provisions of the Commercial Companies Law in the State of Kuwait and was listed on the Kuwait Stock Exchange on March 31, 1996. It is a leading company in the field of paper manufacturing in the Middle East

In accordance with the resolution of the Extraordinary General Assembly held on March 29, 2010, the company conducts its activities in accordance with Islamic Shari'a. The main activities in accordance with the company's Articles of Incorporation are as follows:

1. Manufacturing paper bags of all kinds.
2. Manufacturing paper products of all kinds
3. Manufacturing packing products of all kinds.
4. Manufacturing materials needed for the company's objects.
5. Selling materials and equipment needed for the company's objects.
6. Importing and exporting materials and equipment for the company's objects.
7. Trading in all materials and equipment necessary for the company's objects (subject to the approval of the Public Authority for Industry). The company may have an interest or participate in any way with organizations that carry business similar to its business or that may help it to achieve its purposes in Kuwait and abroad, and it may purchase these bodies or attach them.
8. Exploiting the financial surpluses available to the company by investing them in financial portfolios or funds managed by specialized companies and entities.
9. Contributing and participating in the establishment, management and trading of industrial companies with complementary or related activities.

The company's registered business office is located in Subhan Industrial Area - Block 3 - Street 31 - behind Al-Kofuma, P.O. 10088 Shuaiba 65451 Kuwait

The authorized, issued and fully paid-up capital is 10,069,179.5 Kuwaiti Dinars, consisting of 100,691,795 Shares, with a nominal value of 100 fils per share, and all shares are cash. The main shareholders of the company as of December 31, 2022 are as follows:

No.	Shareholder Name	Percentage
1	Al-Khair International Company for Buying and Selling Shares	22.82%
2	Al-Safat Investment Company and its group	8.23%

Governance Framework for Shuaiba Industrial Company K.S.C.P.

Governance principles are commitment to the values and ethics of work, as well as to how the company is managed, its culture, policies and the way it deals with the various related parties, in addition to the obligation to accurately disclose information related to the company's financial position in a timely manner, its performance and ownership.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

The company's view of the principles of governance

The framework for corporate governance principles is based on the independence of the board of directors, and the separation of the role of the supervisory board from the executive management and board committees, which include an independent member. The company considers the application of corporate governance principles an integral part of its operations, as it is committed to the principles on which best practices in corporate management are based, as well as its permanent commitment to implement them during the period under review.

The Board of Directors is committed to the continuous implementation of the initiatives calling for the development of governance principles for what is in the interest of all related parties, and in a manner that enhances the levels of confidence of its shareholders and stakeholders.

Applying the Governance Rules

First Rule

Building a Balanced Board Structure

A brief note about the formation of the Board of Directors, as follows:

Name	Position	Classification of Member (Executive/ non-executive/ independent/ secretary)	Educational Qualification and Practical Experience	Date of Election/ Appointing Secretary
Mr./ Saleh Emran Abdullah Kanaan	Chairman	Non-Executive	Holder of Diploma in Applied Technology, specializing in Chemistry - Kuwait Institute of Applied Technology. He has more than 34 years of experience in the field of industry. He also held several administrative positions in several companies such as (Gulf Cable and Electrical Industries Co., Al-Siraj Group Holding Co.).	18/6/2020
Mr./ Bader Mohammad Ghuloum Al-Qattan	Vice Chairman & CEO	Executive	Holder of Bachelor's Degree in Engineering from the Department of Mechanics, Kuwait University and holder of Master's in Business Administration. He has good experience in the field of industry and held several administrative positions in several companies (Gulf Cable and Electrical Industries Co. - Al-Oula Investment - Dana Al-Safat - Al-Sahel for Development and Investment)	18/6/2020

Name	Position	Classification of Member (Executive/ non-executive/ independent/ secretary)	Educational Qualification and Practical Experience	Date of Election/ Appointing Secretary
Mr./ Adel Yousif Saleh Al-Saqabi	Board Member	Non-Executive	He holds a Bachelor's degree in Business Administration - Finance Department, Kuwait University in 1988. Appointed as CEO of Al-Shuaiba Company 9/2013 and held several administrative positions in several companies such as (Al-Safwa Holding Group - Al-Safat Holding - Al-Ahlia Investment - Kuwait Medical Services Company - Al-Asria Printing - National Petroleum Services - Danat Al Safa Foodstuff) was elected as a member of the Board of Directors in Shuaiba for the year 04/2017 to date.	18/6/2020
Mr./ Wael Yousif Saleh Al-Saqabi	Board Member	Independant	Holder of a Bachelor's Degree in Commerce, Accounting Department, Kuwait University. He works for the Central Company for Air-conditioning Industry as Deputy Director General. He held several administrative positions in several companies such as (National Cleaning Co. - Safat Industries – Al-Alamiya Aluminum Co.).	18/6/2020
Mr./ Abdullah Hamad Abdul Rahman Al-Terkait	Board Member	Non-Executive	Holder of a Master's Degree in Business Administration - holds a Bachelor›s Degree in Political and Administrative Sciences from Kuwait University. He works for Gulf Cable and Electrical Industries as an executive director - Investment Department. He held several administrative positions in several companies such as (Al-Safat Investments - Dana Al-Safat Foodstuff - Al-Terkit Contracting Group)	18/6/2020

Secretary of the Board of Directors:

The Board of Directors appointed Mr. Abdul Wahab Mohammad Abdul Rahman as Secretary to the Board of Directors

Holder of Bachelor of Commerce, Accounting Department in 1995. He has more than 20 years of experience in public accounts. He holds a professional certificate equivalent to a Master's Degree (CFM), a Mini Master's Certificate (MINI MBA) and a certificate of (CCM). He attended several training courses, including (CMA) and (IFRS).) He has held the position of Chief Accountant in the company since 2007 and Secretary of the Board of Directors to date.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

- **A summary of the Board of Directors' meetings, through the following statement:**

Board Meetings during 2022

Member's Name	Meeting No. 1/2022 on 23/3/2022	Meeting No. 2/2022 on 15/5/2022	Meeting No. 3/2022 on 14/8/2022	Meeting No. 4/2022 on 13/11/2022	Meeting No. 5/2022 on 17/11/2022	Meeting No. 6/2022 on 22/12/2022	No. of Meetings
Saleh Emran Kanaan (Chairman)	√	√	√	√	√	√	6
Bader Mohammad Al-Qattan (Vice Chairman & CEO)	√	√	√	√	√	√	6
Adel Yousif Al-Saqabi (Board Member)	√	√	√	√	√	√	6
Wael Yousif Al-Saqabi (Board Member)	√	√	√	√	√	√	6
Abdullah Hamad Al-Terkait (Board Member)	√	√	√	√	√	√	6

A summary of how to implement the requirements for recording, coordinating and keeping minutes of Board meetings:

The Secretary of the Board of Directors shall undertake the tasks of writing the minutes of the Board of Directors' meetings, which include the discussions and deliberations that took place during the meetings, the decisions that were taken, and any reservations (if any). These minutes are signed by him and all the members present. There is also a special record in which the minutes of the meetings are recorded in serial numbers for the year in which the meetings were held, and the place, date and time of its beginning and end are indicated, so that it is easy to refer to those minutes.

Minutes of meetings, records, reports and other documents submitted to and from the Board shall be kept with the Secretary.

The Secretary also works to ensure that the members of the Board follow the procedures approved by the Board, and to ensure that the dates of the Board meetings are notified at least three working days before the meeting, taking into account the emergency meetings, in addition to making sure that the members of the Board of Directors have full and quick access to the minutes of the meetings, the information and documents related to the company, in addition to ensuring, under the supervision of Chairman, the proper delivery and distribution of information and coordination among the Board members and among other stakeholders in the company.

Second Rule

Proper Identification of Tasks and Responsibilities

- **A brief of how the company defines a policy of tasks, responsibilities, and duties for each of the members of the Board of Directors and the executive management, as well as the powers and authorities delegated to the executive management:**

The Board of Directors shall assume all the powers and authorities necessary for the management of the company. The powers, duties and responsibilities of the Board of Directors are defined in the company's Articles of Association and in the work charter approved by the Board, taking into account the terms of reference of the company's general assembly. Among the most prominent of these tasks and responsibilities are the following:

- Approving the company's strategy, objectives, work plans and estimated budgets.
- Approving the annual estimated budgets and approving the interim and annual financial statements.
- Adopting internal charters, regulations and policies.
- Developing and approving a corporate governance system and supervising it, including preparing the annual corporate governance report.
- Formation of specialized committees emanating from it.
- Determining the powers that are delegated to the executive management.
- Monitoring and supervising the performance of the executive management.
- Ensuring periodically the effectiveness and adequacy of internal control systems.

In addition to the obligations of the Board of Directors, the Chairman of the Board of Directors shall be responsible for representing the company before others, and for the proper functioning of the Board of Directors in an appropriate and effective manner, including obtaining full and correct information in a timely manner by the Board members, and encouraging constructive relationship and effective participation between each of the Board of Directors and the executive management, in addition to other responsibilities. The duties and responsibilities of the executive management are also defined in the policies approved by the Board of Directors. Among the most prominent of these tasks and responsibilities are the following:

- Implementation of the annual strategy and plans approved by the Board of Directors.
- Implementation of all internal policies approved by the Board of Directors.
- Full responsibility for the company's overall performance and business results.
- Establishing internal control systems and ensuring the adequacy and effectiveness of those systems.
- Preparing periodic reports on the company's activities and presenting them to the Board of Directors.

The Board of Directors also determines the powers that are delegated to the executive management, taking into account the balance of powers and authorities between the Board of Directors and the executive management, so that none of the parties is singled out with absolute powers in order to facilitate the accountability process.

- **The most prominent activities of the Board of Directors during the year:**
  - Following up on the progress of the company's business
  - Following up the company's executive work plan for the coming years
  - Ensuring periodically the effectiveness and adequacy of the internal control systems in place in the company
  - Approving the estimated budget for the year and the stages of its completion
  - Approval of the interim and annual financial statements.
  - Appointing external auditors for the company for the fiscal year ending on December 31, 2022.
  - Following up on the observations of the regulatory authorities periodically to work on limiting and avoiding them.
  - Reviewing the work of the committees emanating from the council and adopting their decisions.
  - Ensuring that the company implements corporate governance instructions.
  - Ensuring the company's compliance with the laws and legislations relevant to the company's work.

- **A brief on the application of the requirements for the formation of the Board of Directors for specialized committees that enjoy independence:**

In the context of consolidating sound corporate governance in the company, the Board of Directors has formed three independent committees emanating from it in order to enable it to perform its duties effectively and to supervise the implementation of corporate governance in its various axes. These committees work in accordance with charters approved by the Board of Directors that clarify the duration of their work, their powers, tasks and responsibilities, and how the Board monitors them, according to the following:

NOMINATION AND REMUNERATION COMMITTEE

Date of formation of the committee and its term	June 18, 2020 - the term of membership - is the same as the term of their membership in the Board of Directors.
Number of meetings held by the committee during the year	2
Formation of the Committee	Mr. Wael Yousef Al-Saqabi – Committee Head Mr. Adel Youssef Al-Saqabi – Committee Member Mr. Abdullah Hamad Al-Terkait – Committee Member

NOMINATION AND REMUNERATION COMMITTEE

The main tasks and responsibilities of the Committee	- Recommending acceptance of the nomination and re-nomination for membership of the Board of Directors and the Executive Management. - Establishing a clear policy for the remuneration of board members and executive management. - Determining the different segments of the rewards granted, whether direct or indirect. - Developing job descriptions for executive members, non-executive members, and independent members. - Ensure that the independence status of the independent board member is not lost. - Annual review of the required needs of the appropriate skills for membership of the Board of Directors. - Conducting an annual evaluation of the performance of the Board of Directors, members of the Board of Directors and committees of the Board of Directors, and submitting a performance evaluation report to the Board in this regard.
The most prominent works of committee during the year	- Submitting the report on the remuneration granted during 2022 to the Board of Directors - Ensure that the independence status of the independent board member of Mr. Wael Yousef Al-Saqabi is not lost

THE AUDIT COMMITTEE

Date of formation of the committee and its term	June 18, 2020 - the term of membership - is the same as their membership in the Board of Directors.
Number of meetings held by the committee during the year	6
Formation of the Committee	Mr. Adel Yousef Al-Saqabi – Committee Head Mr. Wael Youssef Al-Saqabi – Committee Member Mr. Abdullah Hamad Al-Terkait – Committee Member

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

THE AUDIT COMMITTEE

The main tasks and responsibilities of the Committee	- Reviewing the quarterly and annual financial statements before presenting them to the Board of Directors, and making the necessary recommendations in this regard to the Board of Directors. - Recommending to the Board of Directors the appointment, reappointment or change of the external auditor and estimating their fees, after ensuring their independence and reviewing their appointment letters. - Assessing the adequacy of the internal control systems applied within the company and making the necessary recommendations in this regard to the Board of Directors. - Technical supervision of the company's internal audit department. - Reviewing and approving the internal audit plans proposed by the internal auditor, in addition to reviewing the results of the internal audit reports and ensuring that the necessary actions are taken in this regard. - Reviewing the results of the reports of the supervisory authorities and ensuring that the necessary measures are taken in this regard. - Ensuring the company's compliance with relevant laws, policies, regulations and instructions.
The most prominent works of committee during the year	- Appointing the company's external auditors for the year ending on December 31, 2022. - Discussing the estimated budget for the year 2023 and submitting it to the Board of Directors. - Recommending the assignment of an external party to carry out the internal audit services. - Reviewing the quarterly and annual financial statements. - Discussing internal audit reports and developing recommendations and a time plan for their follow-up. - Appointing another external audit office to review and evaluate the management of the internal audit unit, according to the requests of the Financial Markets Authority in Article 55 of the fifth rule, and to review and approve the report prepared by the office.

RISK MANAGEMENT COMMITTEE

Date of formation of the committee and its term	June 18, 2020 - the term of membership - is the same as their membership in the Board of Directors.
Number of meetings held by the committee during the year	4

RISK MANAGEMENT COMMITTEE	
Formation of the Committee	Mr. Abdullah Hamad Al-Terkait – Committee Head Mr. Wael Yousef Al-Saqabi – Committee Member Mr. Adel Youssef Al-Saqabi – Committee Member
The main tasks and responsibilities of the Committee	- Preparing and reviewing risk management strategies and policies before being approved by the Board of Directors. - Ensure the availability of adequate resources and systems for risk management. - Assisting the Board of Directors in identifying and evaluating the acceptable level of risk in the company. - Ensure that risk management officers have a full understanding of the risks surrounding the company. - Ensure the independence of risk management officers from activities that expose the company to risks. - Preparing periodic reports on the nature of risks to which the company is exposed. - Reviewing the issues raised by the related audit committee that may affect the risk management of the company.
The most prominent works of committee during the year	- Discussing the estimated budget for the year 2023 and submitting it to the Board of Directors. - Adopting the committee's report for the year 2022 and submitting it to the Board of Directors.

- **A summary of how to implement the requirements that allow members of the Board of Directors to obtain accurate and timely information and data:**

  The Executive Management works to provide information, data and documents in a complete, accurate and timely manner to all members of the Board of Directors, which enables them to undertake and carry out their duties and tasks efficiently and effectively. It is also keen to ensure that all periodic and non-periodic reports are prepared with a high degree of quality, comprehensiveness, consistency, brevity and accuracy.

Third Rule
Selecting qualified persons for membership in the Board of Directors and the Executive Management

- **A brief on the implementation of the requirements for forming the Nomination and Remuneration Committee:**

  The Board of Directors formed the Nomination and Remuneration Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above items.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

The company has a policy approved by the Board of Directors for granting remunerations, which includes specifying the remuneration of the chairman and members of the Board of Directors and specifying the different segments of remuneration granted to employees in accordance with the applicable legal and regulatory requirements.

- **Report of the remuneration granted to members of the Board of Directors and the Executive Management:**

  Based on the requirements of the Capital Markets Authority, the duties and responsibilities of the Nomination and Remuneration Committee include preparing a detailed annual report on all remunerations granted to members of the Board of Directors and Executive Management, and accordingly this report has been prepared as follows:

  In accordance with the remuneration policy approved by the Board of Directors, the annual remuneration is associated with the company's performance during the year, taking into account the following:

  - The applicable legal and regulatory requirements are taken into consideration when determining the remuneration of the chairman, members of the board of directors, and employees.
  - Employee remuneration is divided into: fixed remuneration segment (which includes salary, allowances and other incentives), and variable remuneration segment (and associated with the employee's annual performance evaluation); In addition to the severance package.

Detail of the remunerations, benefits and privileges granted to the Chairman of the Board of Directors, members of the Board of Directors and the Executive Management:

<u>**Chairman and Members of the Board of Directors:**</u>

A recommendation has been issued to pay a remuneration to the members of the Board of Directors for the financial year ending on December 31, 2022, pending approval by the General Assembly.

Report of the remuneration granted to members of the Board of Directors for the year 2022

Rewards Report Structure

Remunerations and Benefits for the members of the Board of Directors							
Total number Members	Remunerations and Benefits through the parent company			Remunerations and Benefits through the subsidiaries			
	Fixed Rewards and benefits (KD)	Variable Rewards and benefits (KD)		Fixed Rewards and benefits (KD)		Variable Rewards and benefits (KD)	
	Health Insurance	Annual reward	Committees Reward	Health Insurance	Total monthly salaries	Annual reward	Committees Reward
5	0	30,000.00	18,000.00	0	0	0	0

Total remunerations and benefits granted to five senior executives who received the highest remunerations, in addition to the CEO and the CFO or whoever replaces them if not among them															
Variable Rewards and benefits (KD)	Fixed Rewards and benefits (KD							Variable Rewards and benefits (KD	Fixed Rewards and benefits (KD						Total number of executive positions
Annual reward	Child Educ. Allow.	Transport Allow.	Housing Allow.	Annual Tickets	Health Insur.	Total monthly salaries during the year		Annual reward	Child Educ. Allow.	Transport Allow.	Housing Allow.	Annual Tickets	Health Insur.	Total monthly salaries during the year	
								38,000				1,234	4,050	225,000	7

There are no material deviations from the remuneration policy approved by the Board of Directors.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

Fourth Rule

Ensuring the integrity of financial reports

- **Written undertakings by both the Board of Directors and the Executive Management of the safety and integrity of the prepared financial reports:**

Declaration and Undertaking

(Safety and Integrity of Financial Statements)

We, the chairman and members of the Board of Directors of Shuaiba Industrial Co., acknowledge and undertake the accuracy and integrity of the financial statements that were provided to the external auditors, and the statement of the company's financial reports have been presented in a sound and fair manner in accordance with the international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority and that it reflects the company's financial position as on December 31, 2022, based on information and reports received by the executive management and auditors, and due diligence was exercised to verify the integrity and accuracy of these reports.

Name	Title	Signature
Mr. Saleh Emran Abdullah Kanaan	Chairman	
Mr. Bader Mohammad Ghuloum Al-Qattan	Vice Chairman & CEO	
Mr. Adel Yousif Al-Saqabi	Board Member	
Mr. Wael Yousif Al-Saqabi	Board Member	
Mr. Abdullah Hamad Al-Terkait	Board Member	

Declaration and Undertaking
(Safety and Integrity of Financial Statements)

I, the Chief Executive Officer of Shuaiba Industrial Company, acknowledge and undertake the accuracy and integrity of the financial statements that were provided to the external auditors, and that the company's financial reports have been presented in a sound and fair manner in accordance with the international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority and that they express the company's financial position as on December 31, 2022, based on the information and reports provided to us by the financial management and the auditors, and due diligence was exercised to verify the integrity and accuracy of this report.

Name	Position	Signature
Mr./ Bader Mohammad Ghuloum Al-Qattan	CEO	
Mr./ Punit Rajgor	Financial Manager	

- **A brief about the application of the requirements for forming the Audit Committee:**

  The Board of Directors formed the Audit Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above items.

- **In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement detailing and clarifying the recommendations and the reason or reasons behind the Board of Directors' decision not to adhere to them shall be included:**

  None.

- **Ensuring the independence and impartiality of the external auditors:**

  The company's external auditors are nominated based on a recommendation from the Audit Committee to the Board of Directors, after making sure that they are independent from the company and its Board of Directors and that they do not carry out additional works for the company that are not included in the auditing and reviewing works that may affect impartiality or independence, provided that the auditors would be from those registered in the special register with the Capital Markets Authority. The Ordinary General Assembly, in its annual meeting, appoints the company's external auditors based on a proposal from the Board of Directors. The external auditors shall attend the meetings of the General Assembly and read the report prepared by them to the shareholders.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2022

Fifth Rule

Establishing Sound Systems for Risk Management and Internal Control

- **A brief statement on the application of the requirements for forming an independent department/ office/ unit for risk management:**

  The company has an independent risk management unit through its direct subordination to the Board of Directors in the company's organizational structure. In the risk management process, the company relies on contracting with a specialized external party to carry out these tasks, and the external party works to identify, measure and follow up all types of risks to which the company exposes, in accordance with the policies approved by the Board of Directors, and prepares the necessary periodic reports in this regard and presents them to the relevant committees and the Board of Directors.

- **A brief on the implementation of the requirements for forming a risk management committee:**

  The Board of Directors formed the Risk Management Committee in accordance with the requirements of the Capital Markets Authority and as mentioned in the above items.

- **A summary showing the internal control and supervision systems:**

  The company adopts a set of internal control and supervision systems that cover all the company's activities by preparing and approving a set of structures, policies and procedures aimed at defining powers and responsibilities and separating tasks. The Board of Directors monitors the internal control systems through reports submitted by the company's control committees and functions.

  In addition, an independent audit office is assigned to evaluate and review internal control systems and prepare a report in this regard, and a copy of this report is provided to the Audit Committee and the Board of Directors.

- **A brief statement on the application of the requirements for forming an independent department/ office/ unit for internal auditing:**

  The company has an internal audit unit that enjoys independence through its subordination to the audit committee and subordination to the board of directors in the company's organizational structure. In the internal audit process, the company relies on contracting with a specialized external party to carry out these tasks, and the external party works on reviewing and evaluating the internal control systems applied in the company In accordance with the policies approved by the Board of Directors, preparing the necessary periodic reports in this regard and presenting them to the relevant committees and the Board of Directors.

  An independent audit office, other than the audit office charged with evaluating and reviewing internal control systems, is assigned to review and evaluate the performance of the internal audit periodically every three years, and a copy of this report is provided to the Audit Committee and the Board of Directors.

Sixth Rule

Promoting Professional Conduct and Ethical Values

- **A summary of the work charter that includes standards and determinants of professional conduct and ethical values:**

  The company has a work charter approved by the board of directors that includes standards and parameters that establish the concepts, values and ethical principles of the company, members of the board of directors, executive management and all employees.

- **A summary of policies and mechanisms for reducing conflict of interest cases:**

  The company has a policy on reducing cases of conflict of interest approved by the Board of Directors, which includes examples of cases of conflict of interest and how to address and deal with them for the members of the Board of Directors and the Executive Management.

Seventh Rule

Accurate and Timely Disclosure and Transparency

- **A summary of the application of accurate and transparent presentation and disclosure mechanisms that define the aspects, areas and characteristics of disclosure:**

  The company has a policy of disclosure and transparency towards shareholders, potential investors and other stakeholders approved by the Board of Directors, and it meets the provisions of the Capital Markets Authority Law and its Executive Regulations, the Authority's instructions and best practices in this regard, and it is reviewed periodically.

- **A brief on the application of the requirements for the disclosures record of the members of the Board of Directors and the Executive Management:**

  The company maintains a special record of the disclosures of the members of the Board of Directors and the executive management, containing the information and data required to be disclosed in accordance with the requirements of laws, instructions and the company's policy in this regard, and it is updated periodically, and this record is available to the stakeholders for review during the company's usual working hours.

- **A brief statement on the application of the requirements for forming the Investors Affairs Regulatory Unit:**

  The Investors Affairs Regulatory Unit has been established in the company. It enjoys appropriate independence and is responsible for providing the necessary information, data and reports to shareholders, potential investors and other stakeholders in a timely manner and through the applicable disclosure methods and means, including the company's website.

CORPORATE GOVERNANCE REPORT
For fiscal year ending on 31 December 2022

- **A brief on how to develop the information technology infrastructure, and rely heavily on it in the disclosure process:**

  The company is keen to rely on information technology to communicate with shareholders, potential investors and other stakeholders by creating a special section on the company's website for corporate governance through which information and data of interest to them are displayed.

Eighth Rule
Respecting Shareholders' Rights

- **A summary of the application of the requirements for defining and protecting the general rights of shareholders, in order to ensure justice and equality among all shareholders:**

  The company's articles of association and its internal policies and procedures include what ensures that all shareholders exercise their rights in a manner that achieves justice and equality and in a manner that does not conflict with the applicable laws, regulations, decisions and instructions. The company is also keen to treat all shareholders equally and without any discrimination. Among the most prominent general rights of shareholders:
  - Disposal of shares including recording, registration, transmitting and transfer of ownership.
  - Obtaining the prescribed share of the dividends.
  - Obtaining the prescribed share of the company's assets in the event of liquidation.
  - Obtaining information and data on the company's activity in a timely manner.
  - Participation in the meetings of the General Assembly and vote on its decisions.
  - Monitoring the company's performance in general.
  - Accounting the members of the board of directors and the executive management in the event of their failure to perform the tasks assigned to them.

- **A summary of the creation of a special register to be kept with the clearing agency, as part of the requirements for continuous follow-up of shareholder data:**

  In accordance with the agreement signed between the company and the Kuwait Clearing Company, the shareholder register is kept at the clearinghouse, in which the information and data of the shareholders are recorded. This record shall be made available to the concerned persons for perusal during the normal working hours of the company.

- **A brief on how shareholders are encouraged to participate and vote in the company's general assembly meetings:**

  The company encourages shareholders to attend and participate in the company's general assembly meetings and vote on its decisions. The company announces and discloses the invitation to the general assembly meeting, including the agenda, time and place of the meeting, during the scheduled dates and through the specified means and mechanisms.

The company also allows shareholders, well before the general assembly meeting, to obtain information and data related to the agenda items. The company also allows shareholders to authorize others to attend the general assembly meeting and vote on its decisions, according to a special power of attorney or an authorization prepared by the company for this purpose. The company does not impose any fees for shareholders' attendance of the general assembly meetings.

Ninth Rule
Realizing the role of stakeholders

- **A brief on the systems and policies that ensure protection and recognition of the rights of stakeholders:**

  The company is keen to protect and recognize the rights of stakeholders, and the company's board of directors has adopted a policy for the protection of the rights of stakeholders that includes rules and procedures that ensure protection and recognition of the rights of stakeholders and allow them to obtain compensation in the event of a violation of any of their rights, in accordance with the relevant applicable laws in the State of Kuwait, such as the Companies Law and this Labor Law, in addition to the contracts concluded between the company and stakeholders, and any additional commitments the company makes towards them.

- **A brief on how to encourage stakeholders to participate in following up on the company's various activities:**

  The company is keen to benefit from the contributions of stakeholders and urge them to participate in the follow-up of its activities in line with the achievement of its interests, as the company works to provide the necessary information, data and reports to stakeholders in a timely manner and through the applicable methods and means of disclosure, including the company's website, through the unit Investor affairs as aforementioned. It also allows stakeholders to inform the Board of Directors of any improper practices they are exposed to by the company, while providing confidentiality and appropriate protection to the parties who report in good faith about such practices.

Tenth Rule
Enhancing and Improving Performance

- **A summary of the application of the requirements for establishing mechanisms that allow board members and executive management to receive continuous training programs and courses:**

  An introductory program is provided to the new members of the Board of Directors and the executive management about the company's activities, including providing them with the company's articles of association, its strategy, the organizational structure, the annual report, financial statements, charters of work of the Board, committees, and approved policies, as well as any other information, data, reports or documents.

In addition, a plan is prepared for the appropriate training programs for the members of the Board of Directors and the executive management on the latest developments in the areas related to the company's business.

- **A brief on how to evaluate the performance of the Board of Directors as a whole, and the performance of each member of the Board of Directors and the Executive Management:**

  An annual self-evaluation of the Board of Directors as a whole and the contribution of each member of the Board and each of its committees and the Executive Management is conducted, according to a set of objective performance indicators approved by the Board of Directors, and this assessment is presented to the Board of Directors for discussion and adoption of the necessary recommendations in this regard, which target In the end, strengthening the capabilities of the board, its members and the executive management in all areas related to the company's work.

- **A summary of the Board of Directors' efforts to create institutional values for the company's employees, through achieving strategic goals and improving performance rates:**

  The Board of Directors is keen to make value creation for the company's employees by achieving strategic goals, improving performance rates, and complying with relevant laws, regulations, decisions, and instructions, which contributes to motivating employees to work continuously to maintain the company's financial integrity.

Eleventh Rule

Focusing on the importance of social responsibility

- **A summary of the development of a policy that ensures a balance between each of the company's goals and the goals of society:**

  The company's Board of Directors has adopted a social responsibility policy aimed at linking the company's goals with the goals that society seeks to achieve, taking into account the social and economic aspects of society in terms of job opportunities, project support, awareness programs, charitable initiatives, health aspects, environmental protection, and so on.

- **A brief on the used programs and mechanisms, which help in highlighting the company's efforts in the field of social work:**

  The company has developed a set of programs that ensure the continuity of implementing the social responsibility policy, where the company works to contribute to social and economic activities on an ongoing basis (charitable - cultural - educational - health - environmental) by setting an annual plan for all contributions and events during the year compared to other companies in the same sector, approving an annual allocation from the Board of Directors and the General Assembly to implement this plan, supervising its implementation, and disclosing this in the company's annual report.

Audit Committee Report

for the year ended on December 31, 2022

Committee's Members

Name of the member	Experience and Qualifications
Adel Al-Saqabi – Chairman of the Committee	Holder of Bachelor of Science in Business Administration, Department of Financial Management, Kuwait University. He was appointed as CEO of Shuaiba Company 9/2013 and held several administrative positions in several companies such as (Safwa Holding Group - Al Safat Holding - Al Ahlia Investment - Medical Services – Al-Asriya for Printing - National Petroleum Services - Yanbu Kuwaiti Paper Industries Co. - Gulf Investment - Dana Al-Safa Foodstuff) He was elected as a member of the Board of Directors in Al-Shuaiba for the year 04/2017 to date.
Abdullah Al-Terkait	He holds a Bachelor's Degree in political and administrative sciences and Master's Degree in business administration. He also passed the Pioneering Executive Strategies Program in Financial Services Programs from Harvard University and many courses in investment, asset management and marketing studies. He works as a local investment manager in Gulf Cable and Electrical Industries Company K.S.C.P. he has an experience in different fields he obtained from position undertaken by him during his professional experience, for example, but not limited to (Chairman Al-Safat Investment Co. - Board Member and Secretary of Federation of Investment Companies - Board Member of Dana Al-Safat Food Co.)
Wael Al-Saqabi	Bachelor's Degree from Kuwait University, specializing in Accounting. He works as Deputy General Manager at the Central Company for Industry of Air Conditioning Works (Siaco). He has good experience in the field of industry and has held several administrative positions in several companies such as (Board Member of International Aluminum Co. (ALINCO) Saudi Arabia - Board Member of Yanbu Saudi-Kuwaiti Products Co., Ltd - Deputy General Manager of International Company for Color Powders)

Committee's Meetings and Achievements:

During the fiscal year ending on December 31, 2022, the Committee held six meetings. The most important achievements of the Committee during the year included the following:

- Discussing the financial statements for the year ending on December 31, 2021 and making a recommendation to the Board of Directors for approval.
- Discussing and studying the offers submitted by the external audit offices, and after completing the study, a recommendation was raised to the General Assembly.

- Discussing and reviewing the financial statements for the periods ending on March 31, 2022, June 30, 2022, and September 30, 2022, and submitting special recommendations in each financial statement to the Board of Directors.
- Discussing internal audit reports and setting recommendations and a time plan for following them up.

The committee’s opinion regarding the company’s internal control environment

In accordance with the executive regulations of Law No. 7 of 2010 and their amendments issued by the Capital Markets Authority, the Audit Committee took the necessary steps necessary to implement the corporate governance instructions, including updating the existing audit procedures and preparing records for recording the committee’s minutes, decisions and agendas. An independent external audit office was also contracted to express an opinion and prepare the Internal Control Systems Review Report (ICR) for the year ending on December 31, 2022. The Board of Directors and the Executive Management are also obligated to provide clear written undertakings about the validity and integrity of the annual financial statements and financial reports related to the company’s activity, and that they include all the financial aspects of the company and its operational results. They are also prepared in accordance with International Financial Reporting Standards.

Through the Committee’s follow-up during the year of the internal audit plan based on risk assessment as well as supervision and follow-up of the internal audit work and given the nature and size of the company’s operations, during the year ending on December 31, 2022, and the importance and risk assessment of the internal audit observations, the Committee believes that:

A. The company’s internal control systems are sufficient to ensure the protection of the company’s assets and ensure the correctness and smooth running of the financial statements, and are in line with all regulatory requirements and corporate governance rules.

B. The observations raised during the internal audit process do not materially affect the fair presentation of the company’s financial statements for the year ending on December 31, 2022, and

C. The procedures taken by the executive management to address the observations mentioned in the internal audit reports are considered satisfactory, and reflect the keenness of the executive management to implement internal control systems.

SHUAIBA INDUSTRIAL CO. (K.P.S.C)

BOARD of DIRECTORS

Mr. Saleh Omran Abdullah Kanaan
Chairman

Mr. Bader Mohammad Al-Qattan
Vice Chairman

Mr. Adel Yousef Al-Saqabi
Board Member

Mr. Wael Yousef Al-Saqabi
Board Member

Mr. Abdullah Hamad Al-Terkait
Board Member

EXECUTIVE MANAGEMENT

Mr. Bader Mohammad Al-Qattan
Vice Chairman & CEO

Mr. S. Farid Ahmed
President

THE SHARIA REPORT

09/04/2023

Final report of the Sharia Supervisory Committee
For the financial period of 01/01/2022 to 31/12/2022

To The SHUAIBA INDUSTRIL CO (k.p.s.c)
Allah's peace, mercy and blessings be upon you

In accordance with the powers delegated to us by the members of the General Assembly of To The SHUAIBA INDUSTRIL and under the Company's Articles of Association and the relevant regulatory directives, the Sharia Supervisory Committee submits its final report for the period from 01/01/2022 to 31/12/2022 It includes four items as follows:

First: The work of the Sharia Supervisory Committee

The Sharia Supervisory Committee carried out its work, which included examining the investment structures, contract forms, products, policies and procedures either directly or in coordination with the internal Sharia audit department in order to obtain all the information and explanations that it considered necessary to provide sufficient evidence and give reasonable assurance that the company did not violate the provisions of Islamic law in the light of the resolutions of the Sharia Supervisory Committee and the Sharia standards adopted by the Company and the decisions of the relevant regulatory bodies.

Second: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee has issued (1) decision during the period from 01/01/2022 to 31/12/2022.

Capital: 2.000.000 KD
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Three: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee did not Approve any policies and procedures during the period.

Four: The final opinion:

In our opinion, after examining all the clarifications and assurances we have obtained, we confirm that:

1. The contracts, operations and transactions concluded by the Company during the period from 01/01/2022 to 31/12/2022 made in accordance with the provisions of the Islamic Sharia.
2. The responsibility to pay zakat falls on the shareholders.

Head of the Sharia
Supervisory Committee
Dr. Abdullateef H. S. Al-Awadhi

Member of the Sharia
Supervisory Committee
Prof. Mohamed Khaled Mansour

Member of the Sharia
Supervisory Committee
Dr. Mohamed Ali Al-hadia

Capital: 2.000.000 KD
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DECLARATION

شـــركـــــة الشعيبة الصنـاعيـة (ش.م.ك.ع)

SHUAIBA INDUSTRIAL COMPANY (K.P.S.C)

Acknowledgment and Representation on the Soundness and Integrity of the Financial Statements for the Financial Year Ended December 31, 2022

We, the Chairman and members of the Board of Directors of Shuaiba Industrial Company (SIC), acknowledge and represent that the financial statements provided to the external auditors are accurate and true, that the Company's financial reports have been presented in a true and fair manner, save for inadvertent error and omission, in accordance with the International Accounting Standards (IAS) as applied in the State of Kuwait, and that they reflect the financial position of the Company as at December 31, 2022 based on the information and reports provided to us by the Executive Management and auditors. The due diligence was carried out to verify the integrity and accuracy of these reports.

Members of the Board of Directors Signature:

Mr. Saleh Omran Abdullah Kanaan	Chairman of the Board of Directors	
Mr. Bader Mohammad Al-Qattan	Deputy Chairman and CEO	
Mr. Adel Yousef Al-Saqabi	Director	
Mr. Wael Yousef Al-Saqabi	Director	
Mr. Abdullah Hamad Al-Terkait	Director	

Shuaiba Industrial Company - Kuwait Public Shareholding Company
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شركة الشعيبة الصناعية - شركة مساهمة كويتية عامة
رأس المال المصدر المدفوع بالكامل 10,069,179.500 د.ك. - رقم السجل التجاري 26799
هاتف : ٢٤٧١١٢٥٨-٢٤٧١١٣٥٠-٢٤٧٣٧٩٩٤ ٩٦٥+ - فاكس: ٢٤٧٣٨٦٦٧ - ٢٤٧٣٧٩٩٦ ٩٦٥+
ص.ب : ١٠٠٨٨ الشعيبة ٦٥٤٥١ الكويت - البريد الالكتروني : info@sic-kwt.com
الموقع على الانترنت: www.sic-kwt.com / www.spac-bags.com

INDEPENDENT AUDITOR'S REPORT

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

BDO

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Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Shuaiba Industrial Company K.P.S.C. (the "Parent Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the following key audit matters:

Expected credit losses ("ECL") on trade receivables

As at 31 December 2022, trade and other receivables amounted to KD 3,832,904 (excluding advances to suppliers and prepayments) (2021: KD 2,998,316) and net of provision for expected credit losses of KD 271,577 (2021: KD 213,950) (Note 11).

The Group has recognised provision for expected credit losses on trade receivables for the year ended 31 December 2022 amounting to KD 57,035 (2021: KD 55,589).

The Group applies the simplified approach under IFRS 9: 'Financial Instruments' ("IFRS 9") to measure ECL on trade receivables, which allows for lifetime ECL to be recognised from initial recognition of the trade receivables. The Group determines the ECL on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the individual trade receivables and the economic environment. Due to the significance of trade receivables and the complexity involved in the ECL calculation, this was considered as a key audit matter.

Refer to the following notes to the consolidated financial statements:

- Note 5.8.1 – Financial assets;
- Note 6 – Significant accounting judgements and estimation uncertainty;
- Note 11 – Trade and other receivables;
- Note 27.2 – Credit risk.

How our audit addressed the matter

Our work performed include the below procedures:

- We assessed the reasonableness of the assumptions used in the ECL calculation by comparing them with historical data adjusted for current market conditions and forward-looking information;
- We performed substantive procedures to test, on a sample basis, the completeness and accuracy of the information included in the debtors' ageing report;
- We tested the subsequent settlements made for the selected sample of customers;
- We considered management's criteria of aggregating trade receivables into segments and assessed whether the criteria for each segment is indicative of similar credit characteristics;
- We also considered the adequacy of the Group's disclosures relating to the ECL, management's assessment of the credit risk and their responses to such risks.

Independent Auditor's Report (Continued)

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

Carrying value of inventories	How our audit addressed the matter
The Group held inventories at the lower of cost and net realizable value of KD 7,925,825 after considering the required provision for old and obsolete inventories as at 31 December 2022 (2021: KD 3,548,298). The Group has significant level of inventories at the year end, assessing carrying value is an area of significant judgement, particularly with regards to the estimation of provision for old and obsolete inventories to ensure that inventories are carried at lower of cost and net realisable value. Also, arriving to the value of finished goods involves the use of raw materials and allocation of payroll costs and overheads using technical process, hence considered a key audit matter. Refer to the following notes to the consolidated financial statements: • Note 5.6 - Inventories; • Note 6 - Significant accounting judgements and estimation uncertainty; • Note 10 - Inventories.	Our work performed include the below procedures: • Obtained an understanding and evaluated the management's process in place to identify and recognise provision for old and obsolete inventories. • For samples of selected inventory items, determined the net realisable value by reference to recent selling prices compared with net realisable value as determined by management. • Evaluating the appropriateness of the assumptions used based on our knowledge and information of the Group and the industry. • Physically inspected samples of the inventory items in order to check whether there are any damaged or obsolete items. • Tested the ageing report used by the management to check whether management correctly aged inventory items by agreeing samples of aged inventory items to the last recorded invoice. • Verified on a test basis whether the Group absorbed production overheads on a systematic basis. • Assessing whether the Group policies have been consistently applied and the adequacy of the Group's disclosures in respect of inventories.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2022, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report of the Group for the year ended 31 December 2022 is expected to be made available to us after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process..

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

Independent Auditor's Report (Continued)

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

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies' Law No. 1 of 2016, its Executive Regulations, as amended, or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies' Law No. 1 of 2016 and its Executive Regulations, as amended, or Law No. 7

Independent Auditor’s Report (Continued)

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

of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended or the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2022 that might have had a material effect on the business of the Group or its consolidated financial position.

Faisal Saqer Al Saqer
License No. 172 - A
BDO Al Nisf & Partners

Kuwait: 16 March 2023

Consolidated Statement of
FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 KD	2021 KD
ASSETS			
Non-current assets			
Property, plant and equipment	7	**7,747,136**	8,043,080
Right of use assets	8	**1,202,606**	1,288,602
Investment in an associate	9	**-**	2,586,838
		8,949,742	11,918,520
Current assets			
Inventories	10	**7,925,825**	3,548,298
Trade and other receivables	11	**4,414,964**	3,117,030
Term deposits	12	**-**	650,000
Bank balances and cash	13	**2,622,592**	4,075,253
		14,963,381	11,390,581
Total assets		**23,913,123**	23,309,101
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**10,069,180**	10,069,180
Share premium		**2,294,444**	2,294,444
Statutory reserve	15	**2,928,668**	2,784,455
Voluntary reserve	15	**1,423,325**	1,423,325
Treasury shares	16	**(164,740)**	(164,740)
Treasury shares reserve		**471,283**	471,283
Foreign currency translation reserve		**435,798**	454,075
Retained earnings		**1,205,452**	1,195,501
Total equity		**18,663,410**	18,527,523
Liabilities			
Non-current liabilities			
Employees' end of service benefits	17	**1,005,976**	957,503
Lease liabilities	8	**792,258**	831,078
		1,798,234	1,788,581
Current liabilities			
Lease liabilities	8	**47,059**	46,281
Trade and other payables	18	**3,023,108**	2,910,489
Contract liabilities	20	**131,312**	36,227
Murabaha payable	19	**250,000**	-
		3,451,479	2,992,997
Total liabilities		**5,249,713**	4,781,578
Total equity and liabilities		**23,913,123**	23,309,101

The notes on pages 61 to 100 form an integral part of these consolidated financial statements.

Saleh Omran Abdullah Kannan
Chairman

Bader Mohammad Ghloum AlQattan
Vice chairman

Consolidated Statement of PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
Sales	20	**14,542,615**	12,841,695
Cost of sales		**(11,940,925)**	(10,448,551)
Gross profit		**2,601,690**	2,393,144
Share of results of an associate	9	**26,660**	179,474
Gain on disposal of an associate	9	**111,296**	-
Other income	20	**114,833**	103,711
Provision for expected credit losses	11	**(57,035)**	(55,589)
Foreign exchange gain / (loss)		**13,587**	(4,130)
General and administrative expenses	21	**(1,177,632)**	(946,520)
Selling and distribution expenses	22	**(158,169)**	(187,514)
Finance costs		**(33,098)**	(43,398)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”), National Labour Support Tax (“NLST”), Zakat and Board of Directors’ remuneration		**1,442,132**	1,439,178
KFAS		**(12,978)**	(12,953)
NLST		**(38,785)**	(39,169)
Zakat		**(15,352)**	(15,668)
Board of Directors’ remuneration	25,30	**(30,000)**	(30,000)
Profit for the year		**1,345,017**	1,341,388
Basic and diluted earnings per share (fils)	23	**13.55**	13.52

The notes on pages 61 to 100 form an integral part of these consolidated financial statements.

Consolidated Statement of
COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
Profit for the year		**1,345,017**	1,341,388
Other comprehensive income / (loss) items:			
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:			
Share of associate's other comprehensive loss	9	**-**	(1,969)
Items that may be reclassified subsequently to the consolidated statement of profit or loss:			
Foreign exchange differences on translation of foreign operations		**86,294**	(47,736)
Total other comprehensive income / (loss) for the year		**86,294**	(49,705)
Total comprehensive income for the year		**1,431,311**	1,291,683

The notes on pages 61 to 100 form an integral part of these consolidated financial statements.

Consolidated Statement of CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares	Treasury shares reserve	Foreign currency translation reserve	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD
At 1 January 2021	10,069,180	2,294,444	2,640,537	1,508,216	(164,740)	471,283	501,811	907,487	18,228,218
Profit for the year	-	-	-	-	-	-	-	1,341,388	1,341,388
Other comprehensive loss for the year	-	-	-	-	-	-	(47,736)	(1,969)	(49,705)
Total comprehensive (loss) / income for the year	-	-	-	-	-	-	(47,736)	1,339,419	1,291,683
Transferred to retained earnings for dividends distribution	-	-	-	(84,891)	-	-	-	84,891	-
Dividends (Note 30)	-	-	-	-	-	-	-	(992,378)	(992,378)
Transfer to statutory reserve	-	-	143,918	-	-	-	-	(143,918)	-
At 31 December 2021	10,069,180	2,294,444	2,784,455	1,423,325	(164,740)	471,283	454,075	1,195,501	18,527,523
At 1 January 2022	10,069,180	2,294,444	2,784,455	1,423,325	(164,740)	471,283	454,075	1,195,501	18,527,523
Profit for the year	-	-	-	-	-	-	-	1,345,017	1,345,017
Other comprehensive income for the year	-	-	-	-	-	-	86,294	-	86,294
Total comprehensive income for the year	-	-	-	-	-	-	86,294	1,345,017	1,431,311
Effect of disposal of an associate (Note 9)	-	-	-	-	-	-	(104,571)	-	(104,571)
Dividends (Note 30)	-	-	-	-	-	-	-	(1,190,853)	(1,190,853)
Transfer to statutory reserve	-	-	144,213	-	-	-	-	(144,213)	-
At 31 December 2022	10,069,180	2,294,444	2,928,668	1,423,325	(164,740)	471,283	435,798	1,205,452	18,663,410

The notes on pages 61 to 100 form an integral part of these consolidated financial statements.

Consolidated Statement of
CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit for the year		**1,345,017**	1,341,388
Adjustments for:			
Depreciation	7	**586,007**	561,584
Amortization	8	**93,112**	93,237
Share of results of an associate	9	**(26,660)**	(179,474)
Gain on disposal of an associate	9	**(111,296)**	-
Profit income from term deposits	20	**(30,542)**	(3,212)
Provision for expected credit losses	11	**57,035**	55,589
Foreign exchange (gain) / loss		**(13,587)**	4,130
Provision for employees' end of service benefits	17	**97,892**	151,428
Finance costs		**33,098**	43,398
		2,030,076	2,068,068
Changes in working capital:			
Inventories		**(4,376,471)**	469,293
Trade and other receivables		**(1,340,790)**	588,697
Trade and other payables		**63,108**	1,164,398
Contract liabilities		**95,085**	(23,671)
Cash flows (used in) / generated from operations		**(3,528,992)**	4,266,785
Employees' end of service benefits paid	17	**(50,316)**	(79,417)
Net cash flows (used in) / generated from operating activities		**(3,579,308)**	4,187,368
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(240,520)**	(77,742)
Proceeds from disposal of an associate	9	**2,623,536**	-
Maturity / (placement) of term deposits		**650,000**	(80,000)
Profit income from term deposits received		**30,542**	3,212
Dividend received from an associate	9	**-**	159,800
Net cash flows generated from investing activities		**3,063,558**	5,270
FINANCING ACTIVITIES			
Payment of term loans	24	**-**	(480,027)
Payment of principal portion of lease liabilities	24	**(45,728)**	(29,775)
Murabaha payable	19,24	**250,000**	-
Notes payable	24	**-**	(108,155)
Dividends paid	24	**(1,141,342)**	(979,909)
Finance costs paid		**(33,098)**	(43,398)
Net cash flows used in financing activities		**(970,168)**	(1,641,264)
Effect of foreign currency translation differences		**33,257**	(5,557)
Net (decrease) / increase in bank balances and cash		**(1,452,661)**	2,545,817
Bank balances and cash at the beginning of the year		**4,075,253**	1,529,436
Bank balances and cash at the end of the year	13	**2,622,592**	4,075,253

The notes on pages 61 to 100 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 Group comprises of the Parent Company and its subsidiary as described in Note 5.1 (together referred to as the "Group").

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 consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue by the Parent Company's Board of Directors on 16 March 2023. The shareholders Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the functional and presentation currency of the Parent Company.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the IFRS interpretations Committee applicable to Companies reporting under IFRS as issued by the International Accounting Standards Board ("IASB"), and applicable requirements of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended.

The preparation of consolidated financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgement in applying the Group's accounting policies. The areas of significant judgements and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 6.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2022

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Group in determining the costs of fulfilling the contracts.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the Parent Company’s consolidated financial statements, based on the Parent Company’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent Company acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

b) Standards and interpretations issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intend to adopt these new and amended standards, if applicable, when they become effective.

IFRS 17 – Insurance Contracts

This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

Early application is permitted, provided an entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not expected to have any impact to the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On 23 January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Annual Improvements to IFRS Standards 2018-2020 cycles

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 16 Leases: Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

The amendments are not expected to have a material impact to the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact to the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities (including structured entities) controlled by the Parent Company and its subsidiary. Control is achieved when the Parent Company (a) has power over the investee (b) is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affects its returns.

De-facto control exists in situations where the Parent Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Parent Company considers all relevant facts and circumstances, including:

- The size of the Parent Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the Parent Company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss or other comprehensive income from the date the Parent Company gains control until the date when Parent Company ceases to control the subsidiary.

Profit and loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The details of the subsidiary / branch are as follows:

Name of subsidiary	Principal activity	Voting rights and equity interest		Country of incorporation
		2022	2021	
Advance Technologies International Agencies Company W.L.L.	**Commercial agencies**	**99%**	**99%**	**State of Kuwait**

The non-controlling interest' waived their ownership in the subsidiary as per letters of assignment in favour of the Parent Company.

The Group has also an operating Branch in Jebel Ali Free Zone, Dubai. The details of the Branch are as follows:

Name of the Branch	Principal activity	Country of incorporation
Shuaiba Industrial Company, Jebel Ali Free Zone, Dubai	Manufacturing and selling of paper products	United Arab Emirates

5.2 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit and loss where such treatment would be appropriate if that interest were disposed off.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised.

Depreciation is calculated based on estimated useful life of the applicable assets on a straight line basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains or losses on disposals are determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Work in progress for purposes of production works or administrative usage are stated at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalized on assets that meet the conditions of capitalizing the borrowing costs in accordance with the Group's accounting policy. These properties are classified within the appropriate categories of items of property, plant and equipment when finished and being considered ready for use. Depreciation of such assets commences when they are ready for use for their intended purpose in the same way as other items of property, plant and equipment.

5.4 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

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 re-measurement 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 recognized 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.

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 recognized 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 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 (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.

The Group as a lessor

The Group does not act as a lessor during the year ended 31 December.

5.5 Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The associate's financial statements are prepared either to the Group's consolidated financial position date or to a date not earlier than three months of the Group's consolidated financial position date. Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Where practicable, adjustments are made for the effect of significant transactions or other events that occurred between the financial position date of the associates and the Group's consolidated financial position date.

When the Group discontinues the use of the equity method as a result of disposal of the investment in an associate, the Group shall account for all amounts previously recognised in the consolidated statement of comprehensive income in relation to the investment in an associate on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from the consolidated statement of equity to the consolidated statement of profit or loss (as a reclassification adjustment) when the equity method is discontinued.

5.6 Inventories

Finished goods are stated at the lower of cost and net realisable value. The cost of finished products includes direct materials, direct labour and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition. Net realisable value is based on the selling price less the estimated cost till completion and sale of inventory.

Spare parts are not intended for resale and are valued at cost after making provision for any old and obsolete items. Cost is determined on a weighted average basis.

All other inventory items are valued at the lower of purchased cost and net realisable value using the weighted average method after making provision for old and obsolete stocks. Purchase cost includes the purchase price, import duties, transportation, handling and other direct costs.

5.7 Impairment of non-financial assets

At each consolidated financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, group assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

5.8 Financial instruments

The Group classifies its financial instruments as financial assets and financial liabilities. Financial assets and financial liabilities are recognized when the Group becomes a party of the contractual provisions of such instruments.

Financial assets and financial liabilities carried on the consolidated statement of financial position include trade and other receivables (excluding advances to suppliers and prepayments), term deposits, bank balances and cash, lease liabilities, trade and other payables, and murabaha payable (accounting policy related to lease liabilities is included in Note 5.4).

5.8.1 Financial assets

Recognition, initial measurement and derecognition

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Purchases and sales of those financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price.

A financial asset is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Classification of financial assets

Financial assets are classified in the consolidated financial statements at "financial assets at amortized cost".

Subsequent Measurement

Financial assets at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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.

Financial assets carried at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets carried at amortised cost consist of trade and other receivables (excluding advances to suppliers and prepayments), term deposits and bank balances and cash.

Effective profit rate method ("EIR")

The EIR method is a method of calculating the amortized cost of a financial asset and of allocating profit over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business and recognized initially at transaction price. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

Receivables which are not designated under any of the above are classified as "other receivables".

Term deposits

Term deposits are placed with banks and have an original maturity of more than three months from placement date and less than one year from the consolidated statement of financial position date.

Bank balances and cash

Bank balances and cash comprise of current accounts at banks, and cash on hand and with portfolio manager. Bank balances and cash with portfolio manager are subject to an insignificant risk of changes in value.

Impairment of financial assets

The Group recognises a provision for expected credit losses (ECLs) for financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables (excluding advances to suppliers and prepayments), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk and assesses impairment on a collective basis. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship where applicable.

For term deposits and bank balances and cash with portfolio manager 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's policy to measure ECLs on such instruments on a 12-month basis.

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 that includes 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 in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

5.8.2 Financial liabilities

All financial liabilities within IFRS 9 are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value, net of directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non - current liabilities.

Murabaha payable

After initial recognition, profit-bearing murabaha payable is subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss.

5.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.10 Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the financial position date.

With respect to its Kuwaiti national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

5.11 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.12 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Parent Company and not yet reissued, sold or cancelled. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Consideration paid or received is directly recognised in equity. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings and then to reserves.

Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

5.13 Dividends

The dividends are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Parent Company's shareholders in the Annual General Assembly meeting.

5.14 Contingent assets and contingent liabilities

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

5.15 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the control of promised goods to its customers.

- The Group considers the following factors in determining whether control of an asset has been transferred:
- The Group has a present right to payment for the goods.
- The customer has legal title to the goods.
- The Group has transferred physical possession of the goods.
- The customer has the significant risks and rewards of ownership of the goods.
- The customer has accepted the goods.

Revenue for the Group arises from:

Sale of goods

Sales represent the total invoiced value of goods sold during the year. Revenue from sale of goods is recognized when or as the Group transfers control of the goods to the customer. For standalone sales, that are neither customized by the Group nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods have been shipped to the specific location, have been purchased at store by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Profit income from term deposits

Profit income from term deposits is recognised using the effective profit rate method.

Other income

Other income mainly represents waste sales which are recognized when or as the Group transfers control of the goods to the customer.

Contract liabilities

Contract liabilities are recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

5.16 Finance costs

Finance costs primarily comprise profit on the Group's financing. Finance costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other finance costs are expensed in the period in which they are incurred and are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

5.17 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kuwaiti Dinars' (KD).

Transactions and balances

Foreign currency transactions are translated to Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items in foreign currencies are re-translated at the dates of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (except for companies which are operated in countries with very high inflation rates) are translated into the presentation currency as follows:

- Assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

5.18 Taxation

KFAS and Zakat

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat represent levies/taxes imposed on the Parent Company at the flat percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Tax/statutory levy	*Rate*
Contribution to KFAS	1.0% of net profit less permitted deductions
Zakat	1.0% of net profit less permitted deductions

National Labour Support tax

The Group calculates National Labour Support Tax ("NLST") in accordance with the Ministry of Finance resolution No.19 of 2000. NLST is imposed at 2.5% of net profit less permitted deductions.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following significant judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives of tangible assets

As described in Note 5, the Group reviews the estimated useful lives over which its tangible assets are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the options to renew these leases. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group included the renewal period as part of the lease term for leases of land with shorter non-cancellable period. The Group typically exercises its option to renew for this leases because there will be a significant negative effect on production if a replacement asset is not readily available.

Classification of financial instruments

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note 5.

Principal versus agent considerations

The Group enters into contracts to sell goods and render services to its customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined that it is a principal in all its contracts with its customers.

- The Group controls the promised goods or services before the Group transfers the goods or services to the customer.
- The Group satisfies the performance obligations by itself and does not engage another party in satisfying its performance obtligations in its contracts with customers.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Group reviews tangible assets on a continuous basis to determine whether a provision for impairment should be recorded in the consolidated statement of profit or loss. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required.

Estimating the incremental borrowing rate for leases

The Group cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates.

Impairment of investment in an associate

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of gain in associate" in the consolidated statement of profit or loss.

Impairment of inventories

Inventories are held at cost or net realisable value whichever is lower. When inventories become old or obsolete, an estimate is made of the required impairment. For individually significant amounts, this estimation is performed on an individual basis. Amount which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). The provision matrix is initially based on the Group's historical observed default rates.

The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product, stock market capitalization) are expected to deteriorate over the next year which can lead to an increased number of defaults in the paper manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in (Note 27).

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings KD	Machinery KD	Furniture and fixtures KD	Motor vehicles KD	Capital work in progress KD	Total KD
Cost						
At 1 January 2021	3,878,248	9,881,330	916,793	271,536	362,027	15,309,934
Additions	16,100	-	-	-	61,642	77,742
Transfers	-	347,887	74,733	-	(422,620)	-
Foreign currency translation differences	(4,113)	(7,748)	(326)	(92)	(1,049)	(13,328)
At 31 December 2021	3,890,235	10,221,469	991,200	271,444	-	15,374,348
Additions	-	-	-	-	240,520	240,520
Transfers	11,933	1,462	17,551	68,912	(99,858)	-
Foreign currency translation differences	21,434	45,984	14,570	(11,528)	51	70,511
At 31 December 2022	3,923,602	10,268,915	1,023,321	328,828	140,713	15,685,379
At 1 January 2021	1,777,135	3,924,011	837,741	233,500	-	6,772,387
Charge for the year	137,188	382,143	31,330	10,923	-	561,584
Foreign currency translation differences	(947)	(1,350)	(328)	(78)	-	(2,703)
At 31 December 2021	1,913,376	4,304,804	868,743	244,345	-	7,331,268
Charge for the year	134,970	397,948	40,899	12,190	-	586,007
Foreign currency translation differences	6,846	11,603	2,046	473	-	20,968
At 31 December 2022	2,055,192	4,714,355	911,688	257,008	-	7,938,243
Net book value						
At 31 December 2022	1,868,410	5,554,560	111,633	71,820	140,713	7,747,136
At 31 December 2021	1,976,859	5,916,665	122,457	27,099	-	8,043,080
Annual depreciation (in years)	5-30	5-30	5	5		

Buildings are constructed on leasehold land from the Government of Kuwait and the Government of Dubai for a period of 5 years and 15 years, respectively, with a renewable option.
Capital work in progress mainly represents warehouse construction, and machinery which are expected to be completed during the year ending 31 December 2023.

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

	2022 KD	2021 KD
Cost of sales	**564,770**	544,720
General and administrative expenses (Note 21)	**21,237**	16,864
	586,007	561,584

8. LEASES

The carrying amount of the Group's right of use assets and the movement during the year is as follows:

	2022 KD	2021 KD
At 1 January	**1,288,602**	1,382,750
Amortization charges	**(93,112)**	(93,237)
Foreign currency translation difference	**7,116**	(911)
At 31 December	**1,202,606**	1,288,602

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

	2022 KD	2021 KD
Cost of sales	**88,120**	88,245
General and administrative expenses (Note 21)	**4,992**	4,992
	93,112	93,237

Set out below, are the carrying amounts of the Group's lease liabilities and the movement during the year:

	2022 KD	2021 KD
At 1 January	**877,359**	908,801
Finance costs	**33,098**	33,297
Payments during the year	**(78,826)**	(63,072)
Foreign currency translation difference	**7,686**	(1,667)
At 31 December	**839,317**	877,359

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

	2022 KD	2021 KD
Non-current portion	**792,258**	831,078
Current portion	**47,059**	46,281
	839,317	877,359

Rent expense from short term leases are included in the consolidated statement of profit or loss under the following categories:

	2022 KD	2021 KD
Cost of sales	**162,895**	189,236
General and administrative expenses (Note 21)	**30,596**	17,325
	193,491	206,561

9. INVESTMENT IN AN ASSOCIATE

The details of the Group's associate are as follows:

Name of associate	Country of incorporation	Voting rights and equity interest (%) 2022	Voting rights and equity interest (%) 2021	Measurement method	Activity	Carrying value 2022	Carrying value 2021
		%	%			KD	KD
Yanbu Saudi Kuwaiti Paper Products Company L.t.d.	Kingdom of Saudi Arabia	-	40	Equity method	Paper products	-	2,586,838

During the year, the Group disposed its investment in an associate, Yanbu Saudi Kuwaiti Paper Products Company L.t.d. The total consideration received amounted to KD 2,623,536. The total gain recognized in the consolidated statement of profit or loss for the year ended 31 December 2022 amounted to KD 111,296, which represents KD 6,725 as gain from disposal and KD 104,571 transferred from foreign currency translation reserve as result of the disposal.

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

	2022 KD	2021 KD
Associate's financial position		
Non-current assets	-	3,000,207
Current assets	-	4,611,295
Total assets	-	7,611,502
Non-current liabilities	-	(222,999)
Current liabilities	-	(921,407)
Total liabilities	-	(1,144,406)
Net assets	-	6,467,096
Group's share of associate's net assets	-	2,586,838
Associate's revenue and results		
Revenue	**1,241,005**	6,227,529
Profit	**66,651**	448,685
Other comprehensive income / (loss)	**8,283**	(4,923)
Group's share of results (profit)	**26,660**	179,474
Group's share of other comprehensive loss	-	(1,969)
Dividend received	-	159,800

10. INVENTORIES

	2022 KD	2021 KD
Raw materials	**6,096,076**	1,965,528
Finished goods	**404,676**	266,223
Packing materials	**78,559**	61,444
Goods in transit	**1,019,636**	992,976
Spare parts	**521,259**	502,588
	8,120,206	3,788,759
Provision for old and obsolete inventories	**(194,381)**	(240,461)
	7,925,825	3,548,298

As at 31 December, the movement in the provision for old and obsolete inventories is as follows:

	2022 KD	2021 KD
At 1 January	**240,461**	240,664
Utilized during the year	**(47,136)**	-
Foreign currency translation differences	**1,056**	(203)
At 31 December	**194,381**	240,461

The cost of inventories recognized as an expense amounted to KD 9,165,516 (2021: KD 7,370,383) and are included under 'cost of sales'.

11. TRADE AND OTHER RECEIVABLES

	2022 KD	2021 KD
Trade receivables	**3,960,471**	3,103,727
Less: provision for expected credit losses	**(271,577)**	(213,950)
	3,688,894	2,889,777
Advances to suppliers	**466,015**	-
Prepayments	**116,045**	118,714
Refundable deposits	**71,462**	71,597
Staff receivables	**11,765**	5,997
Other receivables	**60,783**	30,945
	4,414,964	3,117,030

As at 31 December, the movement in the provision for expected credit losses as follows:

	2022	2021
	KD	KD
At 1 January	**213,950**	195,751
Charge for the year	**57,035**	55,589
Utilized during the year	**-**	(37,175)
Foreign currency translation differences	**592**	(215)
At 31 December	**271,577**	213,950

Disclosures relating to the credit risk exposures and analysis relating to the provision for expected credit losses are set forth in Note 27.2.

12. TERM DEPOSITS

As at 31 December 2021, term deposits represent deposits denominated in Kuwaiti Dinars and placed with a local bank having an original maturity period of more than three months from the placement date and less than one year from the consolidated statement of financial position date and yield an average profit rate of 1.45% per annum.

13. BANK BALANCES AND CASH

	2022	2021
	KD	KD
Bank balances	**2,613,962**	4,070,479
Cash on hand and with portfolio manager	**8,630**	4,774
	2,622,592	4,075,253

14. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (2021: KD 10,069,180) comprising of 100,691,795 shares of 100 fils each (2021: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

15. RESERVES

Statutory reserve

As required by the Companies' Law, as amended, and the Parent Company's Articles of Association, as amended, at least 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration is transferred per annum to statutory reserve as per a resolution issued by the Parent Company's Ordinary General Assembly. Such Transfer may be discontinued as per a resolution issued by the Company's Ordinary General Assembly when the reserve exceeds 50% of the share capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

Voluntary reserve

As required by the Companies' Law, as amended, and the Parent Company's Articles of Association, as amended, no more than 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax, Zakat and Board of Directors' remuneration may be deducted per annum, as per a resolution issued by the Parent Company's Ordinary General Assembly, in order to form voluntary reserve, which is allocated for the purposes specified by the Assembly.

The Board of Directors in their meeting dated 12 February 2017 approved to discontinue the transfer of profits to voluntary reserve.

16. TREASURY SHARES

	2022	2021
Number of shares	**1,454,028**	1,454,028
Percentage to issued shares (%)	**1.44 %**	1.44 %
Market value (KD)	**234,099**	327,156
Cost (KD)	**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 year, in which they are held by the Parent Company, pursuant to instructions of the relevant regulatory authorities.

17. EMPLOYEES' END OF SERVICE BENEFITS

	2022	2021
	KD	KD
At 1 January	**957,503**	885,630
Charge for the year	**97,892**	151,428
Payment during the year	**(50,316)**	(79,417)
Foreign currency translation differences	**897**	(138)
At 31 December	**1,005,976**	957,503

18. TRADE AND OTHER PAYABLES

	2022	2021
	KD	KD
Trade payables	**1,805,998**	1,832,053
Dividends payable	**234,033**	184,522
Accrued expenses	**381,398**	261,986
Staff payable	**487,675**	531,573
KFAS	**25,931**	12,953
NLST	**42,127**	41,648
Zakat	**15,946**	15,754
Board of Directors' remuneration (Note 25,30)	**30,000**	30,000
	3,023,108	2,910,489

19. MURABAHA PAYABLE

	2022	2021
	KD	KD
Current portion	252,836	-
Less: deferred profit payable	(2,836)	-
	250,000	-

Murabaha payable represents short term Islamic banking facilities amounted to KD 250,000 obtained by the Parent Company from a local bank, carrying a profit rate of 1.5% per annum over the Central Bank of Kuwait discount rate having maturity dated 27 February 2023, which has been subsequently renewed for a similar period of three months. The facilities are used to finance the working capital of the Group to cover the Group's operational requirements.

20. REVENUE

	For the year ended 31 December 2022				
	Industrial Packaging Division	Consumer Packaging Division	Flexible Packaging Division	Other income	Total
	KD	KD	KD	KD	KD
Type of revenue					
Sale of multi-wall paper	5,595,221	-	-	-	5,595,221
Sale of superior value and high quality bags and wrapping sheets	-	7,389,565	-	-	7,389,565
Sale of multi-ply printed and laminated films	-	-	1,557,829	-	1,557,829
Waste sale	-	-	-	84,291	84,291
Total revenue from contracts with customers	5,595,221	7,389,565	1,557,829	84,291	14,626,906
Profit income from term deposits	-	-	-	30,542	30,542
Total revenue	5,595,221	7,389,565	1,557,829	114,833	14,657,448
Geographical markets					
Kuwait	2,052,925	2,479,489	1,501,702	41,530	6,075,646
GCC	3,034,825	4,586,126	56,127	42,761	7,719,839
Asia	-	323,950	-	-	323,950
Africa	507,471	-	-	-	507,471
Total revenue from contracts with customers	5,595,221	7,389,565	1,557,829	84,291	14,626,906
Timing of revenue recognition					
Goods transferred at a point in time	5,595,221	7,389,565	1,557,829	84,291	14,626,906
Total revenue from contracts with customers	5,595,221	7,389,565	1,557,829	84,291	14,626,906
Type of customer					
External customers	5,595,221	7,389,565	1,557,829	84,291	14,626,906
Total revenue from contracts with customers	5,595,221	7,389,565	1,557,829	84,291	14,626,906

	For the year ended 31 December 2021				
	Industrial Packaging Division	Consumer Packaging Division	Flexible Packaging Division	Other income	Total
	KD	KD	KD	KD	KD
Type of revenue					
Sale of multi-wall paper	6,074,626	-	-	-	6,074,626
Sale of superior value and high quality bags and wrapping sheets	-	5,425,658	-	-	5,425,658
Sale of multi-ply printed and laminated films	-	-	1,341,411	-	1,341,411
Waste sale	-	-	-	100,499	100,499
Total revenue from contracts with customers	6,074,626	5,425,658	1,341,411	100,499	12,942,194
Profit income from term deposits	-	-	-	3,212	3,212
Total revenue	6,074,626	5,425,658	1,341,411	103,711	12,945,406
Geographical markets					
Kuwait	1,828,242	1,646,745	1,288,063	72,385	4,835,435
GCC	3,617,089	3,564,757	53,348	28,114	7,263,308
Asia	23,450	214,156	-	-	237,606
Africa	605,845	-	-	-	605,845
Total revenue from contracts with customers	6,074,626	5,425,658	1,341,411	100,499	12,942,194
Timing of revenue recognition					
Goods transferred at a point in time	6,074,626	5,425,658	1,341,411	100,499	12,942,194
Total revenue from contracts with customers	6,074,626	5,425,658	1,341,411	100,499	12,942,194
Type of customer					
External customers	6,074,626	5,425,658	1,341,411	100,499	12,942,194
Total revenue from contracts with customers	6,074,626	5,425,658	1,341,411	100,499	12,942,194

Contract balances

	2022	2021
	KD	KD
Contract liabilities	**131,312**	36,227

The contract liabilities represent advances received from customers during the year to deliver goods to customers during the year ending 31 December 2023. Performance obligations related to contract liabilities for the year ended 31 December 2021, were satisfied during the year ended 31 December 2022.

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 KD	2021 KD
Staff costs	**629,513**	667,519
Withholding tax on disposal of an associate	**216,025**	-
Depreciation (Note 7)	**21,237**	16,864
Amortization (Note 8)	**4,992**	4,992
Rent – operating leases (Note 8)	**30,596**	17,325
Communication and internet	**25,285**	31,388
Professional fees and licenses	**99,952**	80,506
Travel expenses	**35,284**	29,442
Stationery and maintenance expenses	**23,404**	27,312
Others	**91,344**	71,172
	1,177,632	946,520

22. SELLING AND DISTRIBUTION EXPENSES

	2022 KD	2021 KD
Staff costs	**122,993**	130,236
Others	**35,176**	57,278
	158,169	187,514

23. BASIC AND DILUTED EARNINGS PER SHARE (FILS)

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year after deducting treasury shares as follows:

	2022 KD	2021 KD
Profit for the year	**1,345,017**	1,341,388
Weighted average number of shares outstanding:		
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
Basic and diluted earnings per share (fils)	**13.55**	13.52

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans KD	Lease liabilities KD	Notes payable KD	Murabaha payable KD	Dividends payable KD	Total KD
At 1 January 2022	-	877,359	-	-	184,522	1,061,881
Distribution of dividends	-	-	-	-	1,190,853	1,190,853
Dividends paid	-	-	-	-	(1,141,342)	(1,141,342)
Proceeds from murabaha payable				250,000	-	250,000
Payment of principal portion of lease liabilities	-	(45,728)	-	-	-	(45,728)
Finance costs accrued	-	33,098	-	-	-	33,098
Finance costs paid	-	(33,098)	-	-	-	(33,098)
Foreign currency translation differences	-	7,686	-	-	-	7,686
At 31 December 2022	-	839,317	-	250,000	234,033	1,323,350
1 January 2021	480,027	908,801	108,155	-	172,053	1,669,036
Repayment of term loans	(480,027)	-	-	-	-	(480,027)
Distribution of dividends	-	-	-	-	992,378	992,378
Dividends paid	-	-	-	-	(979,909)	(979,909)
Payment of principal portion of lease liabilities	-	(29,775)	-	-	-	(29,775)
Settlement of notes payable	-	-	(108,155)	-	-	(108,155)
Finance costs accrued	9,448	33,297	653	-	-	43,398
Finance costs paid	(9,448)	(33,297)	(653)	-	-	(43,398)
Foreign currency translation differences	-	(1,667)	-	-	-	(1,667)
At 31 December 2021	-	877,359	-	-	184,522	1,061,881

25. RELATED PARTY TRANSACTIONS AND 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.

Significant related party balances and transactions are as follows:

Consolidated statement of financial position:	**2022**	**2021**
	KD	**KD**
Board of Directors' remuneration (Note 18,30)	**30,000**	30,000

	2022	**2021**
	KD	**KD**
Consolidated statement of profit or loss		
Key management compensation		
Salaries and other short-term benefits	**239,295**	238,902
End of service benefits	**16,563**	16,332
Board of Directors' remuneration (Note 30)	**30,000**	30,000

26. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group conducts its activities through the below main 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 aluminium foil lamination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

	2022 KD	2021 KD	2022 KD	2021 KD
	Revenue		Segment results	
Industrial packaging division	**5,595,221**	6,074,626	**556,479**	876,477
Consumer packaging division	**7,389,565**	5,425,658	**1,843,109**	1,368,576
Flexible packaging division	**1,557,829**	1,341,411	**202,102**	148,091
	14,542,615	12,841,695	**2,601,690**	2,393,144
Share of results of an associate			**26,660**	179,474
Gain on disposal of an associate			**111,296**	-
Other income			**114,833**	103,711
Provision for expected credit losses			**(57,035)**	(55,589)
Foreign exchange gain / (loss)			**13,587**	(4,130)
General and administrative expenses			**(1,177,632)**	(946,520)
Selling and distribution expenses			**(158,169)**	(187,514)
Finance costs			**(33,098)**	(43,398)
KFAS			**(12,978)**	(12,953)
NLST			**(38,785)**	(39,169)
Zakat			**(15,352)**	(15,668)
Board of Directors' remuneration			**(30,000)**	(30,000)
Profit for the year			**1,345,017**	1,341,388

The following is an analysis of the Group's revenue and segment results by geographical area for the year:

	2022 KD	2021 KD	2022 KD	2021 KD
	Revenue		Segment results	
Kuwait	**6,034,116**	4,763,050	**1,190,631**	1,034,184
GCC	**7,677,078**	7,235,194	**1,215,325**	1,206,953
Asia	**323,950**	237,606	**93,832**	59,621
Africa	**507,471**	605,845	**101,902**	92,386
	14,542,615	12,841,695	**2,601,690**	2,393,144

The following is an analysis of the Group's assets and liabilities by geographical area for the year:

	2022 KD	2021 KD	2022 KD	2021 KD
	Assets		Liabilities	
Kuwait	**14,894,168**	15,324,483	**2,896,929**	3,364,478
GCC	**9,018,955**	7,984,618	**2,352,784**	1,417,100
	23,913,123	23,309,101	**5,249,713**	4,781,578

27. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's activities expose it to variety of financial risks: e.g. market risk (i.e. foreign currency risk, profit rate risk and equity price risk), credit risk and liquidity risk. The Group's management policies for reducing each of the risks are discussed below. The Group does not use derivative financial instruments based on future speculations.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 5 to the consolidated financial statements.

27.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of, foreign currency risk, profit rate risk and equity price risk.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates that affects the Group's cash flows or the valuation of the monetary assets and liabilities denominated in foreign currencies.

The Group has set policies for the management of foreign exchange risk which require each company in the Group to manage the foreign exchange risk against its currency of operation. The Group tracks and manages these risks by:

- Monitoring the changes in foreign currency exchange rates on regular basis.
- Set up tide limits for dealing in foreign currencies for the basic objectives of the Group's activities.

The following is net foreign currencies positions as at the date of the consolidated financial statements:

	2022	2021
	KD	KD
United States Dollars	**716,765**	(318,297)
Saudi Arabian Riyal	**25,888**	-
United Arab Emirates Dirhams	**1,073,368**	686,842
Euro	**(217,959)**	(131,747)

The tables below analyse the effect of a 5% strengthening in value of the currency rate against the Kuwaiti Dinars from levels applicable at 31 December, with all other variables held constant on the consolidated statement of profit or loss and consolidated statement of changes in equity. The effect of decreases in foreign currency is expected to be equal and opposite to the effect of the increases shown.

	Change in currency rate (%)	Effect on profit for the year and equity	
		2022	2021
		KD	KD
United States Dollars	+5%	**35,838**	(15,915)
Saudi Arabian Riyal	+5%	**1,294**	-
United Arab Emirates Dirhams	+5%	**53,668**	34,342
Euro	+5%	**(10,898)**	(6,587)

b) Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market profit rates. The Group is not exposed to profit rate risk on term deposits, term loans and lease liabilities since they carry a fixed profit rate.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss and equity to reasonably possible changes in profit rates, with all other variables held constant.

The sensitivity of the consolidated statement of profit or loss and equity is the effect of the assumed changes in profit rates on the Group's profit for the year and equity, based on the floating rate financial assets and liabilities held at 31 December.

	2022	Change in interest rate	Effect on profit for the year and equity
	KD		KD
Murabaha payable	250,000	5%	625

c) Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in equity prices. Currently, the Group is not exposed to equity price risk as it has no equity instruments as at 31 December.

27.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of trade rand other receivables (excluding advances to suppliers and prepayments), term deposits, and bank balances and cash with portfolio manager.

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables have been assessed on a collective basis and grouped based on shared credit risk characteristics and the days past due.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, service type and customer type). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2022	0-90 days KD	91-180 days KD	181-365 days KD	Above 365 days KD	Total KD
Expected credit loss rate (%)	2.43%	10.83%	53.13%	100%	
Gross carrying amount	3,635,294	147,002	23,316	154,859	3,960,471
Expected credit losses	88,409	15,922	12,387	154,859	271,577

31 December 2021	0-90 days KD	91-180 days KD	181-365 days KD	Above 365 days KD	Total KD
Expected credit loss rate (%)	0.24 %	5.73 %	55.48 %	100 %	
Gross carrying amount	2,612,925	216,573	177,657	96,572	3,103,727
Expected credit losses	6,395	12,414	98,569	96,572	213,950

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the due date and failure to engage with the Group on alternative payment arrangement among others is considered indicators of no reasonable expectation of recovery and therefore is considered as credit impaired.

Term deposits, and bank balances and cash with portfolio manager

The Group's term deposits, and bank balances and cash with portfolio manager measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's term deposits, and bank balances and cash with portfolio manager are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

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For the year ended 31 December 2022

	2022 KD	2021 KD
Trade and other receivables (excluding advances to suppliers and prepayments)	**3,832,904**	2,998,316
Term deposits	**-**	650,000
Bank balances and cash with portfolio manager	**2,614,170**	4,070,689
	6,447,074	7,719,005

Geographic concentration of maximum exposure to credit risk

The maximum exposure to credit risk for financial assets at the reporting date by geographical region and industry wise sector as follows:

	GCC KD	Other KD	Total KD
2022			
Trade and other receivables (excluding advances to suppliers and prepayments)	3,752,587	80,317	3,832,904
Bank balances and cash with portfolio manager	2,614,170	-	2,614,170
	6,366,757	80,317	6,447,074

	GCC KD	Other KD	Total KD
2021			
Trade and other receivables (excluding advances to suppliers and prepayments)	2,871,441	126,875	2,998,316
Term deposits	650,000	-	650,000
Bank balances and cash with portfolio manager	4,070,689	-	4,070,689
	7,592,130	126,875	7,719,005

	2022 KD	2021 KD
Industry sector:	**3,832,904**	2,998,316
Manufacturing	**2,614,170**	4,720,689
Banks and financial institutions	**6,447,074**	7,719,005

27.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. the carrying amounts of the Group's liabilities with maturity less than 12 months are not materially different from their contractual undiscounted figures.

2022	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD	KD
Lease liabilities	13,485	65,454	78,939	945,960	1,103,838
Trade and other payables	2,171,805	851,303	-	-	3,023,108
Murabaha payable	250,000	-	-	-	250,000
	2,435,290	916,757	78,939	945,960	4,376,946

2021	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD	KD
Lease liabilities	13,316	64,949	78,266	1,017,083	1,173,614
Trade and other payables	2,461,647	448,842	-	-	2,910,489
	2,474,963	513,791	78,266	1,017,083	4,084,103

27.4 Capital risk management

The Group's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the total debt less bank balances and cash, and the total capital invested is calculated as net debt and total equity.

	2022 KD	2021 KD
Lease liabilities	**839,317**	877,359
Murabaha payable	**250,000**	-
Less: bank balances and cash	**(2,622,592)**	(4,075,253)
Net debt	**(1,533,275)**	(3,197,894)
Total equity	**18,663,410**	18,527,523
Capital invested	**17,130,135**	15,329,629
Gearing ratio	**-**	-

In order to achieve this overall objective, the Group's capital management, among others, aims to ensure that it meets financial covenants attached to the murabaha payable that define capital structure requirements. Breaches in meeting the financial covenants would permit lending banks and providers of the debt to immediately call the borrowings due from the Group. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current financial year. No changes were made in the objectives, policies and processes for managing capital during the year ended 31 December.

The Group's policy is to keep the gearing ratio around the optimal debt ratio which is estimated based on cost of capital rate. The optimal debt ratio represents the ratio of debt on which the Group maximises the Group's value to the shareholders and simultaneously keeping the cost of capital at the lowest level.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

In the opinion of Group's management, the fair value of financial assets and financial liabilities are not materially different from their carrying values at the consolidated financial position date.

29. COMMITMENTS AND CONTINGENT LIABILITIES

	2022 KD	2021 KD
Contingent liabilities		
Letters of credit	**90,171**	59,966
Letters of guarantee	**40,731**	74,208
	130,902	134,174

30. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 27 April 2022 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2021.
- Distribution of cash dividend of 12% equivalents to 12 fils per share (2020: 10% equivalent to 10 fils per share) on outstanding shares excluding treasury shares, amounting to KD 1,190,853 for the financial year ended 31 December 2021 to the shareholders of the Parent Company's record as at the accrual date (2020: KD 992,378).
- KD 30,000 as a remuneration to be paid to the Board of Directors' for the financial year ended 31 December 2021 (2020: KD 30,000).

The Board of Directors in their meeting held on 16 March 2023 proposed to distribute board of directors' remuneration of KD 30,000 for the year ended 31 December 2022 (2021: KD 30,000), which is subject to the approval of the Shareholders' Annual General Assembly.

31. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the current year's presentation. Such reclassification did not affect previously reported profit or loss, equity or opening balances of the earliest comparative period presented and accordingly a third statement of consolidated financial position is not presented.