SHUAIBA

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

2023

Annual Report

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

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

IT ALL STARTS

WITH A BAG

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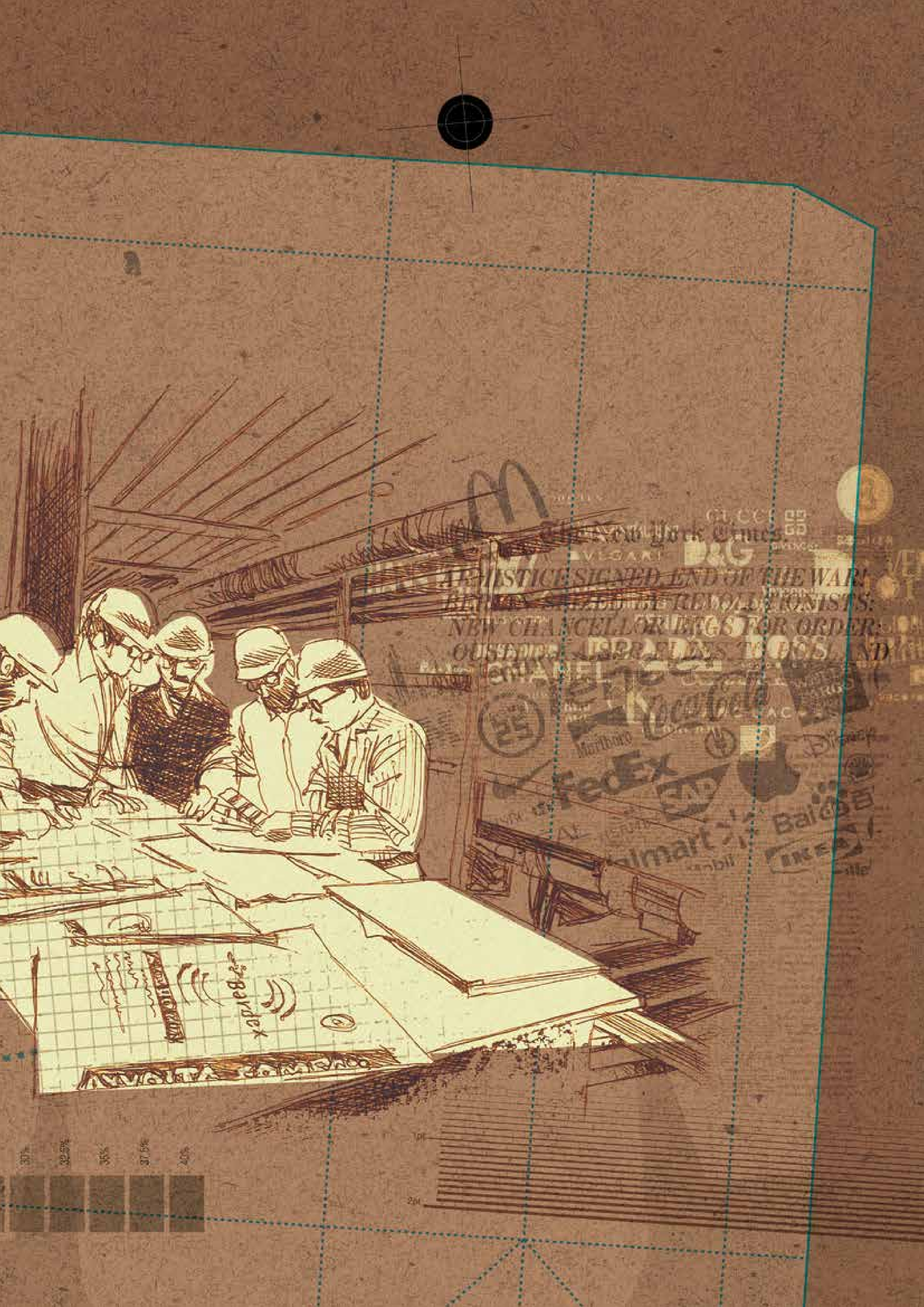
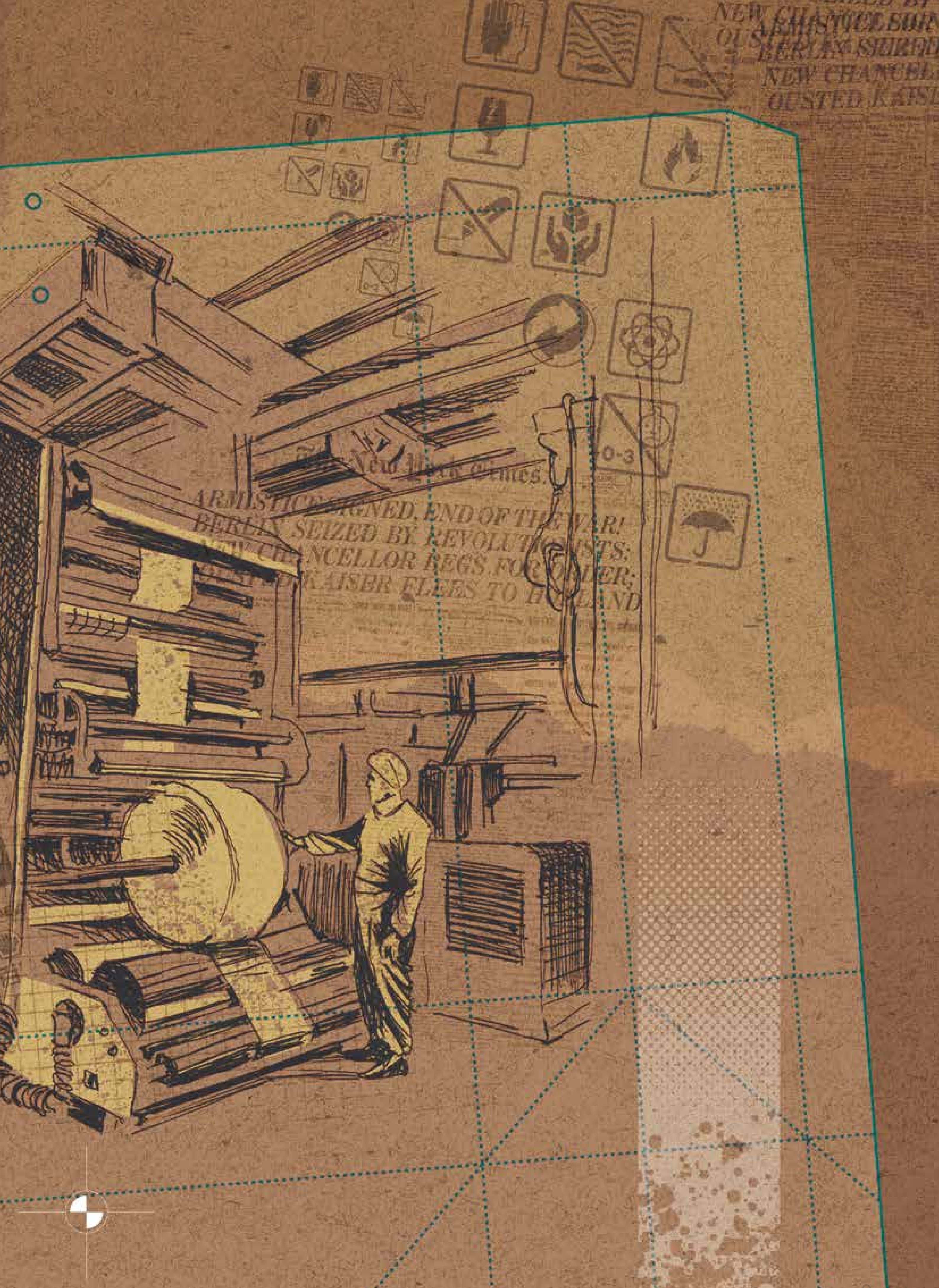

The New York Times.
ARMISTICE SIGNED, END OF THE WAR!
NEW CHANCELLOR BEGS FOR ORDER;
D&G
FedEx
Coca-Cola
Marlboro
IKEA
30%
32.5%
35%
37.5%
40%

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


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
ONCC
PORTLAND CEMENT
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


FRIDAYS
IKEA
SHOP
ONLI
BURGER KING
KFC
CINNABON
PATENT FLOUR
AMERICAN EAGLE
Brown Flour
baskin robbins
PATENT
FLOUR
ALL PURPOSE
Kababji
FRES BURGE
White Flour
Crushed Wheat
Peeled Wheat
Chapatti
17111100
FLAVOR
FLAVOR
FLAVOR
FLAVOR

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).

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.

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

BRCGS Packaging Materials CERTIFICATED

ISO 9001 BUREAU VERITAS Certification

SWA

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 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

FLEXIBLE PACKAGING DIVISION (FPD)

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.

COMMUNITY SERVICES

BNK Padel Tournament Sponsorship:

Demonstrating our support for local initiatives, we proudly sponsored the BNK Padel Tournament, fostering community engagement and promoting sports within the region.

Kuwait University Collaboration

SIC participated in the job fair organized by Kuwait University to underscore its dedication to identifying and nurturing the next generation of leaders. This opened the opportunity for SIC to welcome two field trips from the College of Engineering, one being from the Institute of Industrial and Systems Engineers, and the American Society of heating, Refrigerating and Air-Conditioning Engineers. In addition, SIC ran an internship program with the College of Engineering throughout the whole summer of 2023.

intertek
Total Quality. Assured.

CERTIFICATE
OF REGISTRATION

Intertek Certification Ltd (UKAS 014) certifies that having conducted an audit **for the Scope of Activities:** Flexographic printing and conversion of printed and unprinted paper into bags, paper food wraps and paper wrapping roll for food, fast food and retail food packaging applications.

with the Exclusions from Scope: None

in the Product Categories: 07 - Print processes, 02 - Paper making and conversion
at

Shuaiba Industrial CO. (K.S.C.)

BRCGS Site Code: 3037172

Site Address: Sabhan Industrial Area, Block 3, Street 31, Plot 150, PO Box:10088, Shuaiba, 65451, Kuwait

BRCGS Packaging Materials CERTIFICATED

has achieved Grade: A+

and meets the Requirements set out in the

GLOBAL STANDARD for PACKAGING MATERIALS ISSUE 6: AUGUST 2019

Audit Programme: Unannounced

Auditor Number:
21317
Certificate Number:
0138978
Dates of Audit:
04-05 Oct 2023
Certificate Issue Date:
31 Oct 2023
Re-audit Due Date:
(An.): 27 Oct 2024 to 24 Nov 2024
(Unan.): 24 Jul 2024 to 24 Nov 2024
Certificate Expiry Date:
05 Jan 2025

BRCGS CERTIFICATION TM intertek

UKAS PRODUCT CERTIFICATION 014

Calin Moldovean
President Business Assurance

Intertek Certification Limited, 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 God, the most gracious, the most merciful

Dear Shareholders,,,

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

On my own behalf and on behalf of my brothers, members of the Board of Directors and Executive Management, I am pleased to welcome you to the company's general assembly meeting, thanking you for your attendance, appreciating your interest, and placing in your hands the annual report for the financial year ending on December 31, 2023.

Dear fellow shareholders.

The financial results achieved by the company during the year 2023 demonstrated 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 its goals through steady and deliberate steps aimed at maximizing shareholders' rights and growing profits. The year 2023 was an extension of the correct approach that the company is taking, thanks to God 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 December 31, 2023

The year 2023 witnessed a distinguished performance for the company by achieving the best rate of total operating profit, as the company's combined sales amounted to 15,007,678 KD, compared to sales amounting to 14,542,615 KD for the previous year, meaning a growth rate and capacity of 3.20% over the past year. The total operating profit for the period reached the current amount and capacity is KD 2,940,638 compared to the amount and capacity of KD 2,601,690, meaning a growth rate and capacity of 13.03% over last year in light of the intense competition inside and outside Kuwait and the gradual rise in material prices globally.

The company›s consolidated net profits in the fiscal year ending on 12/31/2023 amounted to 1,436,754 Kuwaiti dinars, compared to the same period of the previous year, which was 1,345,017 Kuwaiti dinars, meaning a growth rate of 6.82% over the year 2022.

Despite the general decline and weakness of economic activity witnessed last year at the regional level due to political unrest in the region and its impact on the financial results for the year 2023, Shuaiba Industrial City has made every effort to maintain its achievement.

Earnings per share in the fiscal year ending on 12/31/2023 became equivalent to 14.48 fils per share, compared to earnings of 13.55 fils per share, meaning a growth rate and capacity of 6.82% over the year 2022.

Note that the book value per share is 191 fils per share for the year 2023, compared to 188 fils per share for the previous year.

Total assets amounted to 24,663,965 KD compared to the same previous year, which was 23,913,123 KD, meaning a growth rate and capacity of 3.14% over last year.

Shareholders' equity amounted to KD 18,926,349 compared to the same period of the previous year, which was KD 18,663,410, i.e. a growth rate of 1.41% over the previous year.

The company produced and manufactured 18,716 tons for the current year. On the other hand, exports still represent the equivalent of 57% of the company's total sales during the year 2023, which is something that the management is keen to enhance by maintaining its share in various markets despite the intense competition.

During the year 2023, the management has been working 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 taking the initiative to enter various other markets.

Dear shareholders,,,

The company›s Board of Directors decided to submit 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 entitlement day designated for 15 working days from the date of the General Assembly, and they are distributed to the shareholders 5 working days after the entitlement date, after deducting the treasury shares. . Note that this recommendation is subject to the approval of the competent authorities and the company's general assembly, and is as follows:

- Distribution of 13% cash dividends (i.e. 13 fils per share), equivalent to (1,290,090.971 KD) (One million two hundred and ninety thousand and ninety Kuwaiti dinars and 971 fils)

In conclusion, I and my fellow members of the Board of Directors cannot extend our sincere greetings and appreciation to everyone who contributed to developing the company's performance, the executive management, all the employees of the company, the company's customers and suppliers, and everyone who contributed to the company's achievements for the year 2023. We ask God Almighty to always live up to the good expectations of our honorable shareholders. We look forward to the year 2024 being more positive, growing and prosperous.

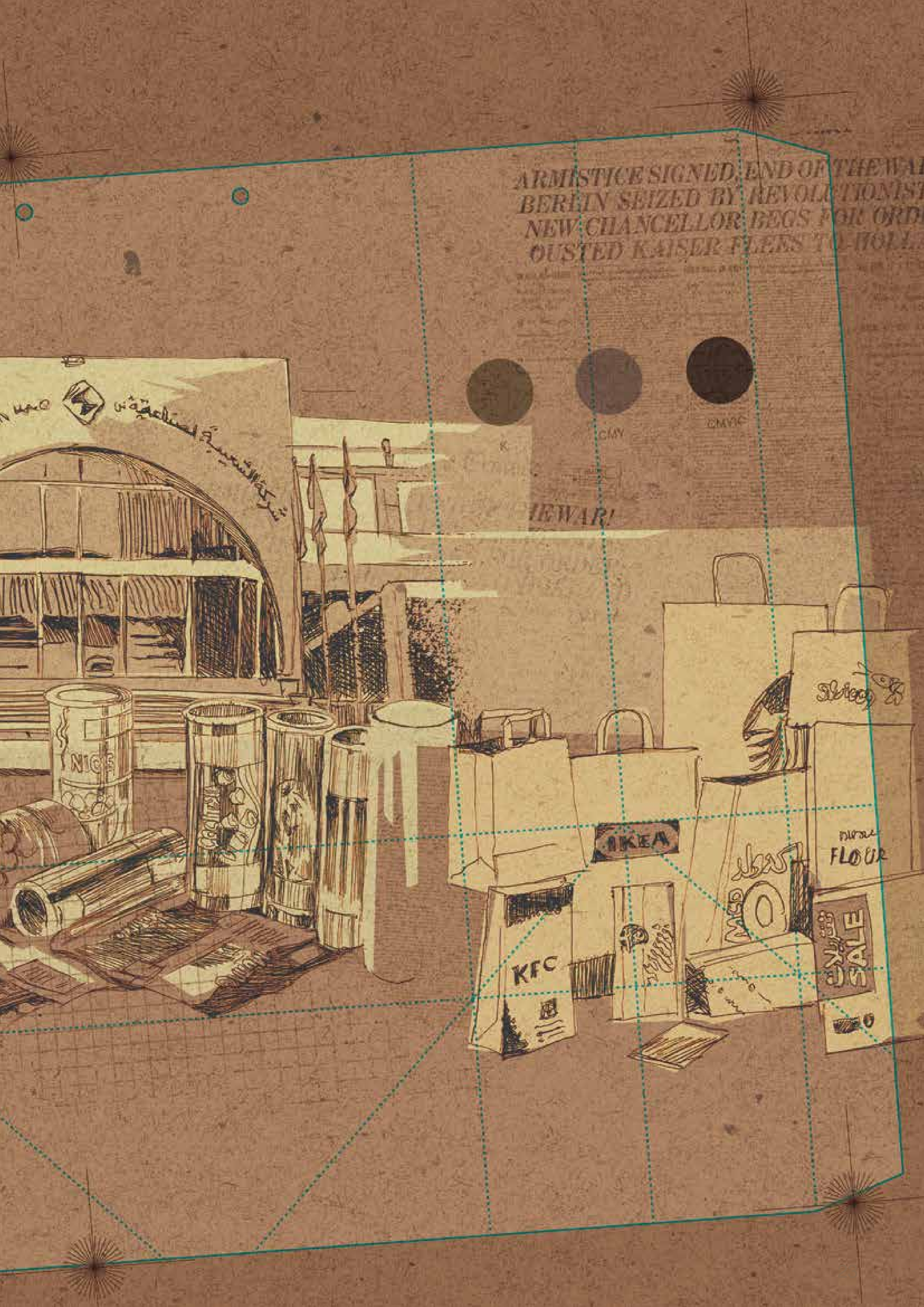
Saleh Omran Abdullah Kanaan

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 2023


ARMISTICE SIGNED, END OF
BERLIN SEIZED BY
NEW CHANCELLOR BEGS FOR
OUSTED KAISER FLEES TO
K
CMY
CMYK
NICE
IKEA
FLOUR
KFC
SALE

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

Company Overview

Shuaiba Industrial Company K.S.C. (Public): It is a public Kuwaiti 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 31/03/1996. It is a leading company in the field of paper manufacturing in the Middle East. In accordance with the decision of the Extraordinary General Assembly held on March 29th , 2010, the company carries out its activities in accordance with Islamic Sharia. The main activities according to the company's articles of association are as follows:

1. Manufacturing of paper bags of all kinds.
2. Manufacture of paper products of all kinds
3. Manufacture of all types of packaging products.
4. Manufacture of materials necessary for the company's purposes.
5. Selling materials and equipment necessary for the company's purposes.
6. Import and export of materials and equipment necessary for the company's purposes
7. Trading in all materials and equipment necessary for the company's purposes (subject to the approval of the Public Authority for Industry). The company may have an interest or participate in any way with entities that carry out work similar to its work or that may assist it in achieving its purposes in Kuwait and abroad, and it may purchase these entities. Or if you attach it to her.
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 establishing industrial companies with complementary or related activities, managing them, and trading in their shares.

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

The authorized, issued and fully paid capital is KWD 10,069,179.5 consisting of 100,691,795 shares with a nominal value of 100 fils per share and all shares in cash. The main shareholders of the company as of December 31st, 2023 are as follows

No.	Name of the shareholder	Percentage
1	Al-Khair International Company for buying and selling stocks	22.82%
2	Al-Safat Investment Company and its group	8.23%

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

The principles of governance are commitment to business values and ethics, and are also concerned with how the company is managed, its culture, policies, and the way it deals with various relevant parties, in addition to a commitment to accuracy in disclosing information related to the company's financial position in a timely manner, its performance, and its ownership.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

The company's view of governance principles

The general framework of governance principles in the company is based on the independence of the Board of Directors, and the separation of the supervisory role of the Board from the executive management and the Board Committees, which include an independent member. The company considers the application of governance principles an integral part of its operations, as it is committed to the principles upon which best practices in corporate management are based, in addition to its permanent commitment to applying them during the period subject to review.

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

Applying the Governance Rules

The First Rule:

Building a balanced structure for the Board of Directors

An overview of the composition of the Board of Directors, as follows:

Name	Position	Member classification (executive/ non-executive/ independent/ secretary)	Academic qualification and practical experience	Date of election/ appointment of Secretary
Mr. Saleh Imran Abdullah Kanaan	Chairman of Board of Directors	Non-executive	He holds a diploma in applied technology, specializing in chemistry - Kuwait Institute for 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 Cables and Electrical Industries Company, Al-Sarraj Holding Group Company).	20/4/2023
Mr. Badr Muhammad Ghuloum Al-Qattan	Vice Chairman and CEO	executive	He holds a Bachelor's degree in Engineering, Department of Mechanics, Kuwait University, and holds a Master's in Business Administration. He has good experience in the field of industry and has held several administrative positions in several companies (Gulf Cables and Electrical Industries Company - Al-Oula Investment Company - Danat Al-Safat - Al-Sahel Development and Investment).	20/4/2023

Name	Position	Member classification (executive/ non-executive/ independent/ secretary)	Academic qualification and practical experience	Date of election/ appointment of Secretary
Mr. Adel Youssef Saleh Al-Saqabi	Member of the Board of Directors	Non-executive	He holds a Bachelor's degree in Business Administration - Finance Department, Kuwait University in 1988. He was appointed as CEO of Shuaiba Company 9/2013 and held several administrative positions in several companies such as (Al-Safwa Holding Group - Al-Safat Holding - Al-Ahlia Investment Company - Kuwait Medical Services Company - Al-Asriya Printing - National Petroleum Services - Dana Al Safat Foodstuff (He was elected as a member of the Shuaiba Board of Directors for the year 04/2017 to date.	20/4/2023
Mr. Wael Youssef Saleh Al-Saqabi	Member of the Board of Directors	independent	He holds a Bachelor of Commerce in the Accounting Department at Kuwait University. He works for the Central Air Conditioning Manufacturing Company as Deputy General Manager and held several administrative positions in several companies such as (National Cleaning Company - Al-Safat Industries - International Aluminum Company)	20/4/2023
Mr. Abdullah Hamad Abdul Rahman Al-Tarkait	Member of the Board of Directors	Non-executive	He holds a Bachelor's degree in Political and Administrative Sciences from Kuwait University. He holds a Master's in Business Administration. He works for Gulf Cables and Electrical Industries as an Executive Director - Investment Management. He holds several administrative positions in several companies such as (Al-Safat Investments - Danat Al-Safat Foodstuffs - Al-Terkait Contracting Group)	20/4/2023

Secretary of the Board of Directors:

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

He holds a Bachelor of Commerce in the 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 degree (MINI MBA), and a (CCM) certificate. He has attended several training courses, including (CMA) and (IFRS). He has held the position of Chief Accountant of the company since 2007 and Secretary of the Board of Directors to date.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

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

Board of Directors meetings during 2023

Member's Name	Meeting No. 1/2023 on 16/03/2023	Meeting No. 2/2023 on 20/04/2023	Meeting No. 3/2023 on 11/05/2023	Meeting No. 4/2023 on 25/07/2023	Meeting No. 5/2023 on 31/10/2023	Meeting No. 6/2023 on 12/06/2023	Number of meetings
Saleh Omran Kanaan (Chairman of the Board of Directors)	√	√	√	√	√	√	6
Badr Mohammed Al-Qattan (Vice Chairman and CEO)	√	√	√	√	√	√	6
Adel Youssef Al-Saqabi (Member of the Board of Directors)	√	√	√	√	√	√	6
Wael Yousif Al-Saqabi (Member of the Board of Directors)	√	√	√	√	√	√	6
Abdullah Hamad Al-Terkait (Member of the Board of Directors)	√	√	√	√	√	√	6

A summary of how to apply the requirements for registering, coordinating and keeping minutes of Board of Directors meetings:

The Secretary of the Board of Directors is responsible for recording 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), and these minutes are signed by him and all the members present.

There is also a special register in which the minutes of meetings are recorded with serial numbers for the year in which the meetings were held, and the location, date, start and end hours of the meeting 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 Council are kept with the Secretary.

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

The Second Rule:
proper definition of tasks and responsibilities

- **An overview of how the company defines a policy of tasks, responsibilities, and duties of each of the members of the Board of Directors and the Executive Management, as well as the powers and powers that are delegated to the Executive Management:**

  The Board of Directors assumes all the powers and powers necessary to manage the company, and the powers, tasks and responsibilities of the Board of Directors are specified in the company's articles of association and in the business, charter approved by the Board, taking into account the powers of the company's general assembly. The most prominent of these tasks and responsibilities are the following:

  - Approving the company's strategy, objectives, work plans and estimated budgets.
  - Approving annual estimated budgets and approving interim and annual financial statements.
  - Adopting internal charters, regulations and policies.
  - Developing and approving a governance system for the company and supervising it, including preparing the annual governance report.
  - Forming specialized committees emanating from it.
  - Determine the powers that are delegated to the executive management.
  - Monitoring and supervising the performance of executive management.
  - Ensure 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 is responsible for representing the company before others, and for the proper conduct of the Board of Directors' work in an appropriate and effective manner, including the Board members obtaining complete and correct information in a timely manner, and encouraging the constructive relationship and effective participation between each of the Board of Directors. Executive management, in addition to other responsibilities.
  The tasks and responsibilities of executive management are also defined in the policies approved by the Board of Directors. The most prominent of these tasks and responsibilities are the following:

  - Implementing the strategy and annual plans approved by the Board of Directors.
  - Implementing 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 achieving a balance in the powers and authorities between the Board of Directors and the Executive Management, so that none of the parties has absolute powers in order to facilitate the accountability process.

- **The most prominent activities of the Board of Directors during the year:**
  - Follow up on the progress of the company's work

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

- Follow up on the company's executive work plan during the coming years
- Ensure, periodically, the effectiveness and adequacy of the internal control systems in place in the company
- Approval of the estimated budget for the year and its completion stages
- Approval of interim and annual financial statements.
- Appointing external auditors for the company for the financial year ending on December 31st, 2023.
- Follow up on the observations of the regulatory authorities periodically to work to reduce and avoid them.
- Reviewing the work of the committees emanating from the Council and approving their decisions.
- Ensure that the company implements corporate governance instructions.
- Ensuring the company's compliance with the laws and legislation related to the company's work.

- **An overview of the application of the requirements for the Board of Directors to form specialized, independent committees:**

In the context of establishing sound governance in the company, the Board of Directors has formed three independent committees emanating from it for the purpose of enabling it to perform its duties effectively and to supervise governance applications in its various aspects. These committees operate in accordance with charters approved by the Board of Directors that clarify the duration of their work, their powers, tasks and responsibilities and how to monitor Council, according to the following:

NOMINATIONS & REMUNERATION COMMITTEE

Date and duration of the committee's formation	April 20, 2023 – Membership term – The same as the term of their membership on the Board of Directors.
Number of meetings held by the committee during the year	2
Formation of the committee	Mr. Wael Youssef Al-Saqabi - Chairman of the Committee Mr. Adel Yousef Al-Saqabi is a member of the committee Mr. Abdullah Hamad Al-Tarkait is a member of the committee

NOMINATIONS & REMUNERATION COMMITTEE

The main tasks and responsibilities of the committee	- Recommending acceptance of nomination and re-nomination for membership in the Board of Directors and Executive Management. - Develop a clear policy for remuneration for board members and executive management. - Determine the different categories of rewards granted, whether directly or indirectly. - Develop job descriptions for executive members, non-executive members, and independent members. - Ensure that the independent member of the Board of Directors does not lack independence. - Annual review of the required skills requirements for membership in the Board of Directors. - Conducting the annual evaluation of the performance of the Board of Directors, Board members, and Board Committees, and submitting a performance evaluation report to the Board in this regard.
The most prominent work of the committee during the year	- Submitting a report on the remuneration granted during 2023 to the Board of Directors - Ensuring that the independent member of the Board of Directors, Mr. Wael Youssef Al-Saqabi, does not lack the status of independence

THE AUDIT COMMITTEE

Date of formation of the committee and its term	April 20, 2023 – Membership term – The same as the term of their membership on the Board of Directors.
Number of meetings held by the committee during the year	5
Formation of the Committee	Mr. Adel Yousef Al-Saqabi is a member of the committee Mr. Wael Youssef Al-Saqabi - Chairman of the Committee Mr. Abdullah Hamad Al-Tarkait is a member of the committee

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

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 regarding them to the Board of Directors. - Recommending to the Board of Directors to appoint, reappoint, or change the external auditor and estimate their fees, after ensuring their independence and reviewing their appointment letters. - Evaluating the adequacy of the internal control systems applied within the company and making the necessary recommendations regarding them to the Board of Directors. - Technical supervision of the company's internal audit department. - Review and approve 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 measures are taken regarding them. - Reviewing the results of the regulatory authorities' reports and ensuring that the necessary measures are taken regarding them. - Ensuring the company's compliance with relevant laws, policies, systems and instructions.
The most prominent works of committee during the year	- Appointing the company's external auditors for the year ending December 31, 2023. - Discussing the estimated budget for the year 2024 and submitting it to the Board of Directors. - Recommending assigning an external party to perform internal audit services. - Reviewing quarterly and annual financial statements. - Discussing internal audit reports and developing recommendations and a time plan to follow them. - Appointing another external audit office to review and evaluate the management of the internal audit unit in accordance with the requests of the Financial Markets Authority in Article 55 of Rule Five, and to review and approve the report prepared by the office.

RISK MANAGEMENT COMMITTEE

Date of formation of the committee and its term	April 20, 2023 – Membership term – The same as the term of their membership on the Board of Directors.
Number of meetings held by the committee during the year	4
Formation of the Committee	Mr. Abdullah Hamad Al-Tarkait is a member of the committee Mr. Wael Youssef Al-Saqabi - Chairman of the Committee Mr. Adel Yousef Al-Saqabi is a member of the committee

RISK MANAGEMENT COMMITTEE	
The main tasks and responsibilities of the Committee	- Preparing and reviewing risk management strategies and policies before their approval by the Board of Directors. - Ensuring the availability of adequate resources and systems to manage risks. - Helping the Board of Directors determine and evaluate the acceptable level of risk in the company. - Ensure that risk management staff have a full understanding of the risks surrounding the company. - Ensuring the independence of risk management employees from activities that result in the company being exposed to risks. - Preparing periodic reports on the nature of the risks to which the company is exposed. - Reviewing issues raised by the associated audit committee that may affect risk management in the company.
The most prominent works of committee during the year	- Discussing the estimated budget for the year 2024 and submitting it to the Board of Directors. - Adopting the committee's report for the year 2023 and submitting it to the Board of Directors.

- **A summary of how to implement the requirements that allow Board members to obtain information and data accurately and in a timely manner:**

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

Third Rule
Choosing qualified people for membership in the Board of Directors and Executive Management

- **An overview of the application of the requirements for forming the Nominations and Remuneration Committee:**

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

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

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

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

  Based on the requirements of the Capital Markets Authority, the tasks and responsibilities of the Nominations and Remuneration Committee include preparing a detailed annual report on all remuneration granted to members of the Board of Directors and Executive Management. Accordingly, this report was prepared as follows:

  In accordance with the bonus granting policy approved by the Board of Directors, annual bonuses are linked to the company's performance during the year, taking into account the following:

  - The applicable legal and regulatory requirements are taken into account when determining the remuneration of the Chairman, members of the Board of Directors and employees.
  - Employee rewards are divided into: the fixed rewards segment (which includes salary, allowances, and other incentives), and the variable rewards segment (which is linked to the employee's annual performance evaluation); In addition to the end-of-service reward segment.

Details of the rewards, benefits and benefits 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 was issued to pay a bonus to members of the Board of Directors for the financial year ending on December 31, 2023, pending approval by the General Assembly.

Report on the remuneration granted to members of the Board of Directors for the year 2023

The Remuneration Report Structure

Rewards and benefits for members of the Board of Directors							
Total of Members	Rewards and benefits through the main company			Rewards and benefits through affiliates			
	Fixed rewards and benefits (Kuwaiti dinars)	Variable rewards and benefits (Kuwaiti Dinars)		Fixed rewards and benefits (Kuwaiti dinars)		Variable rewards and benefits (Kuwaiti Dinars)	
	Health Insurance	Annual Bonus	Commission Bonus	Health Insurance	Total monthly salaries during the year	Annual Bonus	Commission Bonus
5	0	30.000.00	16500	0	0	0	0

The total rewards and benefits granted to five senior executives who received the highest rewards, in addition to the CEO and the CFO or their replacement if not included.														
Total number of executive positions	Rewards and benefits through the main company						Variable rewards and benefits (Kuwaiti Dinars)	Rewards and benefits through affiliates						Variable rewards and benefits (Kuwaiti Dinars)
	Rewards and benefits through the main company							Rewards and benefits through the main company						
	Total monthly salaries during the year	Health Insurance	Annual Tickets	Housing allowance	Transportation Allowance	Children's Education Allowance	Annual Bonus	Total monthly salaries during the year	Health Insurance	Annual Tickets	Housing allowance	Transportation Allowance	Children's Education Allowance	Annual Bonus
7	225.000	4.050	871				38.000							

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 2023

The Fourth Rule:

Ensuring the integrity of financial reports

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

Declaration and Pledge

(Safety and Integrity of Financial Data)

We, the Chairman and members of the Board of Directors of Shuaiba Industrial Company, acknowledge and pledge the accuracy and integrity of the financial statements that were provided to the external auditors, and the company's financial reporting statement has been presented properly and fairly in accordance with international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority, and that they express the financial position of the company. As of December 31, 2023, based on the information and reports received by the executive management and auditors, and exercising due diligence to verify the integrity and accuracy of these reports.

Name	Position	Signature
Mr. Saleh Imran Abdullah Kanaan	Chairman of Board of Directors	
Mr. Badr Muhammad Ghuloum Al-Qattan	Vice Chairman of the Board of Directors and CEO	
Mr. Adel Youssef Al-Saqabi	Member of the Board of Directors	
Mr. Wael Youssef Al-Saqabi	Member of the Board of Directors	
Mr. Abdullah Hamad Al-Tarkait	Member of the Board of Directors	

Declaration and Pledge
(Safety and Integrity of Financial Data)

I, the CEO of Shuaiba Industrial Company, acknowledge and pledge 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 soundly and fairly in accordance with 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, 2023, based on the information and reports received by the financial management and auditors, and exercising due diligence to verify the integrity and accuracy of this report.

Name	Position	Signature
Mr. Badr Muhammad Ghuloum Al-Qattan	CEO	
Mr. Boniet Roghiger	Financial Manager	

- **An overview of 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 explaining the recommendations and the reason or reasons behind the Board of Directors' decision not to comply with them shall be included:**

  Nothin.g

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

  The company's external auditors are nominated based on a recommendation from the Audit Committee to the Board of Directors, after ensuring that they are independent from the company and its Board of Directors and that they do not perform additional work for the company that does not fall within the scope of review and audit work that may affect impartiality or independence, provided that the auditors are Those registered in the special registry of the Capital Markets Authority. The Ordinary General Assembly, at its annual meeting, appoints the company's external auditors based on a proposal from the Board of Directors. The external auditors attend the General Assembly meetings and read the report prepared by them to the shareholders.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

The Fifth Rule:

Establish 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 a risk management unit that enjoys independence 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. The external party works to identify, measure and follow up on all types of risks that it may be exposed to. The company is 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.

- **An overview of the application 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 explaining the internal control and oversight systems:**

  The company adopts a set of internal control and oversight systems that cover all the company's activities through preparing and approving a set of structures, policies and procedures that aim to define powers and responsibilities and separate tasks. The Board of Directors works to follow up on the internal control systems through reports submitted by the committees and oversight functions in the company. .

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

- **A brief statement on implementing the requirements for forming an independent department/office/ unit for internal audit:**

  The company has an internal audit unit that enjoys independence through its affiliation to the Audit Committee and 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 to review and evaluate the internal control systems applied in the company. In accordance with the policies approved by the Board of Directors, and 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 internal audit on a periodic basis every three years, and both the Audit Committee and the Board of Directors are provided with a copy of this report.

The Sixth Rule:

Promoting professional behavior and ethical values

- **A summary of the work charter, which includes standards and determinants of professional behavior and ethical values:**

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

- **Summary of policies and mechanisms to reduce conflicts of interest:**

  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 members of the Board of Directors and executive management.

The 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 complies with the provisions contained in the Capital Markets Authority Law and its Executive Regulations, the Authority's instructions and the best practices applicable in this regard, and it is reviewed periodically.

- **An overview of the application of the requirements for the disclosure register of members of the Board of Directors and Executive Management:**

  The company maintains a special record of disclosures by members of the Board of Directors and Executive Management, which contains the information and data required to be disclosed in accordance with the requirements of laws and instructions and the company's policy in this regard. It is updated periodically, and this record is available for those concerned to view it during the company's usual working hours.

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

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

- **An overview of how to develop the information technology infrastructure and rely heavily on it in disclosure processes:**

  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.

The Eighth Rule:
Respect shareholders' rights

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

  The company's bylaws, internal policies and procedures include what ensures that all shareholders exercise their rights in a way that achieves justice and equality and does not conflict with 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 are:

  - Disposing of shares, including registering, registering, transferring and transferring ownership.
  - Obtaining the prescribed share of dividends.
  - Obtaining the prescribed share of the company's assets in the event of liquidation.
  - Obtaining information and data about the company's activity in a timely manner.
  - Participating in General Assembly meetings and voting on its decisions.
  - Monitoring the company's overall performance.
  - Holding members of the Board of Directors and Executive Management accountable in the event of their failure to perform the tasks assigned to them.

- **A summary of the creation of a special register kept by the clearing agency, as part of the requirements for continuous follow-up of shareholders' data:**

  In accordance with the agreement signed between the company and the Kuwait Clearing Company, a register of shareholders is kept at the clearing house in which the information and data of shareholders are recorded. The company also keeps a copy of this register and the information and data contained therein are treated in accordance with the utmost levels of protection and confidentiality. This record shall be available to interested parties for review during the company's normal working hours.

- **A summary of how to encourage shareholders to participate and vote in the company's general assembly meetings:**

  The company works to encourage shareholders to attend the company's general assembly meetings, participate in them, 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 specified means and mechanisms.

The company also allows shareholders, well in advance of 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, pursuant to a special power of attorney or authorization prepared by the company for this purpose. The company does not charge any fees for shareholders' attendance at general assembly meetings.

The Ninth Rule:
Understanding The Role of Stakeholders

- **An overview of 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 special policy for protecting the rights of stakeholders, which includes rules and procedures that guarantee the protection and recognition of the rights of stakeholders and allow them to obtain compensation in the event that any of their rights are violated, in accordance with the relevant laws in force. In the State of Kuwait, such as the Companies Law and the Labor Law, in addition to the contracts concluded between the company and stakeholders and any additional commitments that the company makes towards them.

- **An overview of 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 encourage them to participate in following up its activities in a manner consistent with achieving its interests. The company works to provide the necessary information, data and reports to stakeholders in a timely manner and through the established methods and means of disclosure, including the company's website, through the Unit Investor affairs as mentioned above. It also allows stakeholders to inform the Board of Directors of any improper practices to which they are exposed by the company, while providing confidentiality and appropriate protection to parties who report such practices in good faith.

The Tenth Rule:
Enhance & Improve Performance

- **A summary of the implementation of the requirements for establishing mechanisms that allow both members of the Board of Directors and the Executive Management to obtain training programs and courses on an ongoing basis:**

  An introductory program is provided to new members of the Board of Directors and Executive Management about the company's activities. This includes providing them with the company's bylaws, strategy, organizational structure, annual report, financial statements, board work charters, committees, and approved policies, as well as any other information, data, reports, or documents.

CORPORATE GOVERNANCE REPORT

For fiscal year ending on 31 December 2023

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

- **An overview of 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 is conducted for the Board of Directors as a whole and the contribution of each member of the Board, each of its committees, and the executive management, according to a set of objective performance indicators approved by the Board of Directors. This evaluation is presented to the Board of Directors for discussion and adoption of the necessary recommendations in this regard, which aim Ultimately, enhancing the capabilities of the Board, its members, and the executive management in all areas related to the company's work.

- **An overview of the Board of Directors' efforts to create institutional values among the company's employees, through achieving strategic objectives and improving performance rates:**

  The Board of Directors is keen to create institutional values among the company's employees by achieving strategic objectives, improving performance rates, and adhering to relevant laws, regulations, decisions, and instructions, which contributes to motivating employees to continuously work to maintain the company's financial health.

The Eleventh Rule:
Focus on the importance of social responsibility

- **A summary of developing a policy that ensures achieving a balance between both the company's goals and society's goals:**

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

- **An overview of the programs and mechanisms used that help highlight the company's efforts in the field of social work:**

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

Audit Committee Report

for the year ended on December 31, 2023

Committee's Members

Name of the member	Experience and Qualifications
Adel Al-Saqabi – Chairman of the Committee	He holds a Bachelor of Science in Business Administration, Department of Financial Management, University of Kuwait. He was appointed as CEO of Shuaiba Company 9/2013 and held several administrative positions in several companies such as (Al-Safwa Holding Group - Al-Safat Holding - Al-Ahlia Investment - Medical Services - Al-Asriya Printing - National Petroleum Services - Yanbu Company Kuwait Paper Industries - Gulf Investment Company - Danat Al-Safa Food) He was elected as a member of the Board of Directors of Al-Shuaiba for the year 04/2017 to date.
Abdullah Al-Terkait	Bachelor's degree in political science and management. He also passed the leading 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 at Gulf Cables and Electrical Industries Company K.S.C. Public. He has good experience in Various fields he acquired from the positions he held during his professional experience, for example but not limited to (Chairman of the Board of Directors of Al-Safat Investment Company - Member of the Board of Directors and Secretary of the Federation of Investment Companies - Member of the Board of Directors of Danat Al-Safat Food Company)
Wael Al-Saqabi	Bachelor's degree from Kuwait University, specializing in accounting. He works as Deputy General Manager at the Central Air Conditioning Manufacturing Company (SIACO). He has good experience in the field of industry and has held several administrative positions in several companies such as (member of the Board of Directors of the International Aluminum Company (Alenco) in Saudi Arabia - member of the Board of Directors of the Saudi-Kuwaiti Yanbu Company) Products Limited - Deputy General Manager of the International Color Powders Company)

Committee's Meetings and Achievements:

During the fiscal year ending on December 31st, 2023, the Committee held five meetings, and the most important achievements of the Committee during the year included the following matters:

- Discussing the financial statements for the year ending December 31, 2023 and submitting 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 submitted to the General Assembly.
- Discussing and reviewing the financial statements for the periods ending on March 31st, 2023, June 30th, 2023, and September 30th, 2023, and submitting special recommendations in each financial statements to the Board of Directors.
- Discussing internal audit reports and developing recommendations and a time plan to follow them.

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

In accordance with the executive regulations of Law No. 7 of 2010 and its amendments issued by the Capital Markets Authority, the Audit Committee worked to take the necessary steps necessary to implement corporate governance instructions, and included updating existing audit procedures and preparing records for recording the committee's minutes, decisions, and agendas. An independent external audit office was also contracted from the deadline for expressing an opinion and preparing the internal control systems review report (ICR) for the year ending December 31, 2023. Both the Board of Directors and the Executive Management are also committed to providing clear written pledges of the veracity and integrity of the annual financial statements and financial reports related to the company's activity, and that they include all financial aspects of the company and its results. Operations, and it is 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 the supervision and follow-up of internal audit work, and given the nature and size of the company's operations, during the year ending December 31st, 2023, and the importance and risk assessment of internal audit observations, the committee believes that:

A. The company's internal control systems are sufficient to protect the company's assets, ensure the accuracy and proper functioning of the financial statements, and comply 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 December 31st, 2023.

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

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

BOARD of DIRECTORS

Saleh Omran Abdullah Kanaan
Chairman

Bader Mohammad Al-Qattan
Vice Chairman

Adel Yousef Al-Saqabi
Board Member

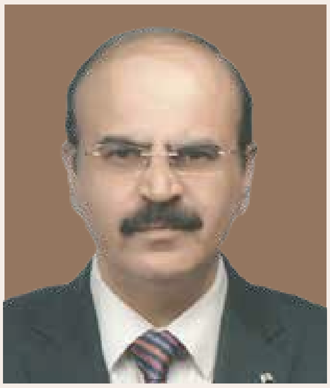
Wael Yousef Al-Saqabi
Board Member

Abdullah Hamad Al-Terkait
Board Member

EXECUTIVE MANAGEMENT

Bader Mohammad Al-Qattan
Vice Chairman & CEO

SENIOR MANAGERS



Mohammed Rafat Khan
Executive Vice President
Industrial Packaging

Samar Misbah
Vice President
Consumer Packaging

Punit Rajgor
Chief Finance Officer

Syed Zaid Ali
Deputy Managing Director,
SIC-Dubai

THE SHARIA REPORT

أصول للاستشارات الشّرعيّة
Osol for Shariah Advisory

All praise is due to Allah alone, prayers and peace be upon the last Prophet, his Relatives, Companions & whoever follows them righteously to the Day of Judgment.

To proceed; To Shareholders

Shariah Supervisory Board Report

We have audited the contracts and the transactions executed by Shuaiba Industrial Co. (K.S.C) (The Company) during the financial year ended on 31/12/2023 to express an opinion about the extent of the company's compliance with the rules of Shariah as per the Shariah decisions issued from the Shariah Supervisory Board of the company (SSB) and Shariah standards issued from the Shariah Board for Accounting and Auditing organization for Islamic Financial Institutions (AAOIFI) and decisions of Shariah references accepted by us.

Management's Responsibility for Shariah Compliance:

Company's management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the company with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah principles and rules. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

Our Independence and Quality Control:

We have complied with the independence and other ethical requirements of the Code of Ethics for Accountants and Auditors issued by AAOIFI as well as the Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control (ISQC) 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and

أصول للاستشارات الشّرعيّة
Osol for Shariah Advisory

accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility and Summary of the Work Performed:

Our responsibility in connection with this engagement is to express an opinion on compliance of the company's financial arrangements, contracts, and transactions with Shariah principles and rules, in all material respects, for the year ended 2023 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board and the Auditing Standard for Islamic Financial Institutions (ASIFI) 6 "Independent Assurance Engagement on an IFI's Compliance with Shariah Principles and Rules (External Shariah Audit)", issued by AAOIFI. These standards require that we plan and perform this engagement to obtain reasonable assurance about whether the company's financial arrangements, contracts, and transactions are compliant with Shariah principles and rules in all material respects. The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles and rules. In making those risk assessments, we considered and tested the internal control relevant to the IFI's compliance with the Shariah principles and rules in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shariah principles and rules. In performing our audit procedures necessary guidance on Shariah matters was provided by the subject matter (Shariah) expert(s) referred above. We believe that the evidences we have obtained

The Sharia Report (Continued)

أصول للاستشارات الشّرعيّة
Osol for Shariah Advisory

through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

We practice the professional evaluation and we keep the professional doubt throughout the auditing period and we do the following:

- Specify the Shariah reference and standards.
- Specify and evaluate the Shariah non-compliance risks.
- Form understanding about the internal legal control system related to the auditing process in order to design the suitable auditing procedures
- design and perform the auditing procedures to comply with these risks, get sufficient and suitable auditing proofs to be the basis to give our opinion.
- Perform Shariah audit fieldwork.

Opinion

In our opinion, and considering that we have reviewed, the contracts and transactions in general do not violate the provisions of Islamic Sharia approved by us. The Sharia Supervisory Board (SSB) noted the signing of a conventional bank facilities contract that was not presented to the SSB, and the management must revised and correct this contract in a Sharia manner.

10th March 2024

Shariah Supervisory Board

Dr. Abdulrahman Al-Baloul	Dr. Mohamad AlShurafa	Dr. Hamad Al-Mazrouei
SSB Member	SSB Member	SSB Chairman

DECLARATION

شـــركـــة 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, 2023

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, 2023 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
Issued & Fully Paid Up Capital KD 10,069,179.500 - Commercial Registration No. 26799
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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
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INDEPENDENT AUDITOR'S REPORT

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

BDO

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Khaled Ben Al Waleed Street,
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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 subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information .

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 2023, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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. 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:

Independent Auditor's Report (Continued)

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

Expected credit losses ("ECL") on trade receivables	How our audit addressed the matter
As at 31 December 2023, trade and other receivables amounted to KD 3,502,768 (excluding advance paid towards acquisition of a subsidiary, advances to suppliers and prepayments) (2022: KD 3,832,904) and net of provision for expected credit losses of KD 238,853 (2022: KD 271,577) (Note 10). The Group has recognised provision for expected credit losses on trade receivables for the year ended 31 December 2023 amounting to KD 21,959 (2022: KD 57,035). 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 – Material accounting judgements and estimation uncertainty; • Note 10 – Trade and other receivables; • Note 27.2 – Credit risk.	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.

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 5,171,706 (2022: KD 7,925,825) net of provision for old and obsolete inventories of KD 325,893 (2022: KD 194,381) as at 31 December 2023. 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 - Material accounting judgements and estimation uncertainty; • Note 9 - 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.

Independent Auditor's Report (Continued)

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

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 2023, 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 2023 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

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), 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, 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.

Independent Auditor's Report (Continued)

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

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 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 2023 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: 5 March 2024

Consolidated Statement of FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 KD	2022 KD
ASSETS			
Non-current assets			
Property, plant and equipment	7	**8,448,847**	7,747,136
Right of use assets	8	**1,201,816**	1,202,606
		9,650,663	8,949,742
Current assets			
Inventories	9	**5,171,706**	7,925,825
Trade and other receivables	10	**4,107,453**	4,414,964
Term deposits	11	**2,783,260**	-
Bank balances and cash	12	**2,950,883**	2,622,592
		15,013,302	14,963,381
Total assets		**24,663,965**	23,913,123
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**10,069,180**	10,069,180
Share premium		**2,294,444**	2,294,444
Statutory reserve	14	**3,082,610**	2,928,668
Voluntary reserve	14	**1,423,325**	1,423,325
Treasury shares	15	**(164,740)**	(164,740)
Treasury shares reserve		**471,283**	471,283
Foreign currency translation reserve		**452,836**	435,798
Retained earnings		**1,297,411**	1,205,452
Total equity		**18,926,349**	18,663,410
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	16	**993,898**	1,005,976
Lease liabilities	8	**824,827**	792,258
Term loan	17	**717,939**	-
		2,536,664	1,798,234
Current liabilities			
Lease liabilities	8	**60,528**	47,059
Trade and other payables	18	**2,650,832**	3,023,108
Contract liabilities	20	**69,592**	131,312
Murabaha payable	19	**250,000**	250,000
Term loan	17	**170,000**	-
		3,200,952	3,451,479
Total liabilities		**5,737,616**	5,249,713
Total equity and liabilities		**24,663,965**	23,913,123

The notes on pages 61 to 95 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 2023

	Notes	2023 KD	2022 KD
Sales	20	**15,007,678**	14,542,615
Cost of sales		**(12,067,040)**	(11,940,925)
Gross profit		**2,940,638**	2,601,690
Share of results of an associate		**-**	26,660
Gain on disposal of an associate		**-**	111,296
Other income	20	**86,737**	114,833
Provision for slow moving inventories	9	**(131,300)**	-
Provision for expected credit losses	10	**(21,959)**	(57,035)
Foreign exchange gain		**8,101**	13,587
General and administrative expenses	21	**(1,117,544)**	(1,177,632)
Selling and distribution expenses	22	**(177,941)**	(158,169)
Finance costs		**(47,308)**	(33,098)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and Board of Directors' remuneration		**1,539,424**	1,442,132
KFAS	18	**(13,855)**	(12,978)
NLST		**(42,011)**	(38,785)
Zakat		**(16,804)**	(15,352)
Board of Directors' remuneration	25,30	**(30,000)**	(30,000)
Profit for the year		**1,436,754**	1,345,017
Basic and diluted earnings per share (fils)	23	**14.48**	13.55

The notes on pages 61 to 95 form an integral part of these consolidated financial statements.

Consolidated Statement of
COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 KD	2022 KD
Profit for the year		**1,436,754**	1,345,017
Other comprehensive income items:			
Items that may be reclassified subsequently to the consolidated statement of profit or loss:			
Foreign exchange differences on translation of foreign operations		**17,038**	86,294
Total other comprehensive income for the year		**17,038**	86,294
Total comprehensive income for the year		**1,453,792**	1,431,311

The notes on pages 61 to 95 form an integral part of these consolidated financial statements.

Consolidated Statement of CHANGES IN EQUITY

For the year ended 31 December 2023

	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 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	-	-	-	-	-	-	(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
At 1 January 2023	10,069,180	2,294,444	2,928,668	1,423,325	(164,740)	471,283	435,798	1,205,452	18,663,410
Profit for the year	-	-	-	-	-	-	-	1,436,754	1,436,754
Other comprehensive income for the year	-	-	-	-	-	-	17,038	-	17,038
Total comprehensive income for the year	-	-	-	-	-	-	17,038	1,436,754	1,453,792
Dividends (Note 30)	-	-	-	-	-	-	-	(1,190,853)	(1,190,853)
Transfer to statutory reserve	-	-	153,942	-	-	-	-	(153,942)	-
At 31 December 2023	10,069,180	2,294,444	3,082,610	1,423,325	(164,740)	471,283	452,836	1,297,411	18,926,349

The notes on pages 61 to 95 form an integral part of these consolidated financial statements.

Consolidated Statement of CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit for the year		**1,436,754**	1,345,017
Adjustments for:			
Share of results of an associate		**-**	(26,660)
Gain on disposal of an associate		**-**	(111,296)
Profit income from term deposits	20	**(25,966)**	(30,542)
Gain on disposal of property, plant and equipment	20	**(1,749)**	-
Provision for slow moving inventories	9	**131,300**	-
Provision for expected credit losses	10	**21,959**	57,035
Foreign exchange gain		**(8,101)**	(13,587)
Depreciation	7	**683,362**	586,007
Amortization	8	**95,605**	93,112
Finance costs		**47,308**	33,098
Loss on lease modification		**5,393**	-
Provision for employees' end of service benefits	16	**124,223**	97,892
Contribution to KFAS	18	**13,855**	12,978
		2,523,943	2,043,054
Changes in working capital:			
Inventories		**2,623,031**	(4,376,471)
Trade and other receivables		**309,488**	(1,340,790)
Trade and other payables		**(428,701)**	50,130
Contract liabilities		**(61,720)**	95,085
Net cash flows generated from / (used in) operations		**4,966,041**	(3,528,992)
Employees' end of service benefits paid	16	**(136,488)**	(50,316)
KFAS paid	18	**(25,931)**	-
Net cash flows generated from / (used in) operating activities		**4,803,622**	(3,579,308)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(1,375,284)**	(240,520)
Proceeds from disposal of property, plant and equipment		**1,749**	-
Proceeds from disposal of an associate		**-**	2,623,536
(Placement) / maturity of term deposits		**(2,783,260)**	650,000
Profit income from term deposits received		**10,389**	30,542
Net cash flows (used in) / generated from investing activities		**(4,146,406)**	3,063,558
FINANCING ACTIVITIES			
Term loan	19,24	**887,939**	-
Payment of principal portion of lease liabilities	24	**(54,031)**	(45,728)
Murabaha payable	24	**-**	250,000
Dividends paid	24	**(1,132,239)**	(1,141,342)
Finance costs paid		**(37,421)**	(33,098)
Net cash flows used in financing activities		**(335,752)**	(970,168)
Effect of foreign currency translation differences		**6,827**	33,257
Net increase /(decrease) in bank balances and cash		**328,291**	(1,452,661)
Bank balances and cash at the beginning of the year		**2,622,592**	4,075,253
Bank balances and cash at the end of the year	12	**2,950,883**	2,622,592

The Group has the following material non-cash transactions during the year which is not reflected in the consolidated statement of cash flows:

Non-cash transactions:			
Lease modification on right of use assets	8	**98,846**	-
Lease modification on lease liabilities	8	**93,453**	-
Dividends payable		**58,614**	49,511

The notes on pages 61 to 95 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 subsidiaries 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 2023 were authorised for issue by the Parent Company's Board of Directors on 5 March 2024. 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the IFRS Accounting Standards interpretations Committee applicable to companies reporting under IFRS Accounting Standards and applicable requirements of the Companies Law No. 1. of 2016 and its Executive Regulations, as amended (the "Companies Law").

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 material 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 ("IFRS ACCOUNTING STANDARDS")

a) New standards, interpretations, and amendments effective from 1 January 2023

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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 had no material impact on the Group's consolidated financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), 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 a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

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

The new standard had no impact on the Group's consolidated financial statements.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

There are other amendments related to IAS 12 "Income Taxes" that has no impact on the Group's consolidated financial statements.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

5. MATERIAL 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 subsidiaries. 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 subsidiaries / branch are as follows:

Name of subsidiary	Principal activity	Voting rights and equity interest		Country of incorporation
		2023	2022	
* Al-Lub Industrial Company S.P.C.	Manufacturing	100%	-	Kingdom of Saudi Arabia
**Advance Technologies International Agencies Company W.L.L.	Commercial agencies	99%	99%	State of Kuwait

*During the year ended 31 December 2023, the Group incorporated a single person company in the Kingdom of Saudi Arabia, "Al-Lub Industrial Company S.P.C. (the "Subsidiary").

Al-Lub Industrial Company S.P.C. (the "Subsidiary") paid an advance towards acquiring a new subsidiary Al-Aber Global Industrial Company S.P.C., as per the agreement dated 15 October 2023. Al-Aber Global Industrial Company S.P.C. is a single person company incorporated in the Kingdom of Saudi Arabia (Note 10).

As at the reporting date, the Group has not obtained control over Al-Aber Global Industrial Company S.P.C.

**The non-controlling interests waived their ownership in the subsidiary as per letters of assignment in favor of the Parent Company.

The Group also has 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 Accounting Standard.

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 Accounting Standard.

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 advance paid towards acquisition of a subsidiary, advances to suppliers and prepayments), term deposits, bank balances and cash, lease liabilities, term loan, 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 advance paid towards acquisition of a subsidiary, 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 advance paid towards acquisition of a subsidiary, 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.

Term loan and murabaha payable

After initial recognition, profit-bearing term loan and murabaha payable are 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. MATERIAL 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 inventories

Inventories are held at cost and 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
	KD	KD	KD	KD	KD	KD
Cost						
At 1 January 2022	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
Additions	-	483,410	125,233	71,449	695,192	1,375,284
Disposals	-	(137,307)	-	(5,150)	-	(142,457)
Foreign currency translation differences	4,316	(65,182)	532	133	429	(59,772)
At 31 December 2023	3,927,918	10,549,836	1,149,086	395,260	836,334	16,858,434
Accumulated depreciation						
At 1 January 2022	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
Charge for the year	133,651	464,560	58,899	26,252	-	683,362
Related to disposals	-	(137,307)	-	(5,150)	-	(142,457)
Foreign currency translation differences	16,478	(86,596)	452	105	-	(69,561)
At 31 December 2023	2,205,321	4,955,012	971,039	278,215	-	8,409,587
Net book value						
At 31 December 2023	1,722,597	5,594,824	178,047	117,045	836,334	8,448,847
At 31 December 2022	1,868,410	5,554,560	111,633	71,820	140,713	7,747,136
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 2024.

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

	2023	2022
	KD	KD
Cost of sales	**639,258**	564,770
General and administrative expenses (Note 21)	**44,104**	21,237
	683,362	586,007

8. LEASES

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

	2023	2022
	KD	KD
At 1 January	**1,202,606**	1,288,602
Amortization charges	**(95,605)**	(93,112)
Lease modification	**93,453**	-
Foreign currency translation differences	**1,362**	7,116
At 31 December	**1,201,816**	1,202,606

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

	2023	2022
	KD	KD
Cost of sales	**90,379**	88,120
General and administrative expenses (Note 21)	**5,226**	4,992
	95,605	93,112

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

	2023	2022
	KD	KD
At 1 January	**839,317**	877,359
Finance costs	**37,421**	33,098
Lease modification	**98,846**	-
Payments during the year	**(91,452)**	(78,826)
Foreign currency translation differences	**1,223**	7,686
At 31 December	**885,355**	839,317

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

	2023	2022
	KD	KD
Non-current portion	**824,827**	792,258
Current portion	**60,528**	47,059
	885,355	839,317

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

	2023 KD	2022 KD
Cost of sales	**160,382**	162,895
General and administrative expenses (Note 21)	**31,426**	30,596
	191,808	193,491

9. INVENTORIES

	2023 KD	2022 KD
Raw materials	**4,351,747**	6,096,076
Finished goods	**218,204**	404,676
Packing materials	**47,847**	78,559
Goods in transit	**295,999**	1,019,636
Spare parts	**583,802**	521,259
	5,497,599	8,120,206
Provision for old and obsolete inventories	**(325,893)**	(194,381)
	5,171,706	7,925,825

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

	2023 KD	2022 KD
At 1 January	**194,381**	240,461
Charged during the year	**131,300**	-
Utilized during the year	**-**	(47,136)
Foreign currency translation differences	**212**	1,056
At 31 December	**325,893**	194,381

The cost of inventories recognized as an expense amounted to KD 10,697,471 (2022: KD 9,165,516) and are included under ‘cost of sales’.

10. TRADE AND OTHER RECEIVABLES

	2023 KD	2022 KD
Trade receivables	**3,593,829**	3,960,471
Less: *provision for expected credit losses	**(238,853)**	(271,577)
	3,354,976	3,688,894
**Advance paid towards acquisition of a subsidiary	**329,100**	-
Advances to suppliers	**167,626**	466,015
Prepayments	**107,959**	116,045
Refundable deposits	**81,500**	71,462
Staff receivables	**8,747**	11,765
Other receivables	**57,545**	60,783
	4,107,453	4,414,964

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

	2023	2022
	KD	KD
At 1 January	**271,577**	213,950
Charged for the year	**21,959**	57,035
Utilized during the year	**(54,941)**	-
Foreign currency translation differences	**258**	592
At 31 December	**238,853**	271,577

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

**This represents an amount paid by one of the Group's subsidiaries' "Al-Lub Industrial Company S.P.C." (the "Subsidiary") towards acquiring a new subsidiary, "Al-Aber Global Industrial Company S.P.C." (Note 5.1).

11. TERM DEPOSITS

As at 31 December 2023, 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 ranging from 4% to 4.5% per annum.

12. BANK BALANCES AND CASH

	2023	2022
	KD	KD
Bank balances	**2,949,317**	2,613,962
Cash with portfolio manager	**207**	208
Cash on hand	**1,359**	8,422
	2,950,883	2,622,592

13. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (2022: KD 10,069,180) comprising of 100,691,795 shares of 100 fils each (2022: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

14. 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.

15. TREASURY SHARES

	2023	2022
Number of shares	**1,454,028**	1,454,028
Percentage to issued shares (%)	**% 1.44**	% 1.44
Market value (KD)	**229,736**	234,099
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.

16. EMPLOYEES' END OF SERVICE BENEFITS

	2023	2022
	KD	KD
At 1 January	**1,005,976**	957,503
Charge for the year	**124,223**	97,892
Payment during the year	**(136,488)**	(50,316)
Foreign currency translation differences	**187**	897
At 31 December	**993,898**	1,005,976

17. TERM LOAN

	2023	2022
	KD	KD
Non-current portion	**717,939**	-
Current portion	**170,000**	-
	887,939	-

Term loan represents credit refinance facility (the "facility") obtained from a local bank. The facility is used to finance purchases of equipment to expand the Group's production capacity and the establishment of a new warehouse. The facility carries a profit rate of 3.5% per annum and is repayable as shown below:

Facility amount	Payable amount	Non -current portion	Current portion	Repayment date	
				Non-current portion	Current portion
KD	KD	KD	KD		
2,090,000	887,939	717,939	170,000	15 February 2030	15 August 2024

The facilities are secured by mortgage of the entire factory in favor of the bank. It also requires, among other matters, certain restrictions on the payment of dividends and disposal of its certain movable or immovable assets and a requirement to maintain a minimum leverage ratio (current assets to current liabilities) of 1.5:1. It also restricts the Group to merge with another company or alter its legal form or trade name.

18. TRADE AND OTHER PAYABLES

	2023	2022
	KD	KD
Trade payables	**1,307,443**	1,805,998
Dividends payable	**292,647**	234,033
Accrued expenses	**467,447**	381,398
Staff payable	**463,882**	487,675
Accrued finance charges	**11,156**	-
KFAS*	**13,855**	25,931
NLST	**46,648**	42,127
Zakat	**17,754**	15,946
Board of Directors' remuneration (Note 25,30)	**30,000**	30,000
	2,650,832	3,023,108

*Movement in KFAS payable is as follows:

	2023	2022
	KD	KD
At 1 January	**25,931**	12,953
Charge for the year	**13,855**	12,978
Paid during the year	**(25,931)**	-
At 31 December	**13,855**	25,931

19. MURABAHA PAYABLE

	2023	2022
	KD	KD
Gross amount	**252,836**	252,836
Less: deferred profit payable	**(2,836)**	(2,836)
	250,000	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 and maturing on 29 January 2024, which has been subsequently renewed for a further period of three months. The facilities are used to finance the working capital of the Group to cover the Group's operational requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. REVENUE

	For the year ended 31 December 2023				
	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Other income KD	Total KD
Type of revenue					
Sale of multi-wall paper	5,952,656	-	-	-	5,952,656
Sale of superior value and high quality bags and wrapping sheets	-	7,415,062	-	-	7,415,062
Sale of multi-ply printed and laminated films	-	-	1,639,960	-	1,639,960
Waste sale	-	-	-	59,022	59,022
Total revenue from contracts with customers	5,952,656	7,415,062	1,639,960	59,022	15,066,700
Profit income from term deposits	-	-	-	25,966	25,966
Gain on disposal of an associate	-	-	-	1,749	1,749
Total revenue	5,952,656	7,415,062	1,639,960	86,737	15,094,415
Geographical markets					
Kuwait	2,584,387	2,209,867	1,589,935	25,860	6,410,049
GCC	2,624,184	4,930,331	50,025	33,162	7,637,702
Asia	148,880	274,864	-	-	423,744
Africa	595,205	-	-	-	595,205
Total revenue from contracts with customers	5,952,656	7,415,062	1,639,960	59,022	15,066,700
Timing of revenue recognition					
Goods transferred at a point in time	5,952,656	7,415,062	1,639,960	59,022	15,066,700
Total revenue from contracts with customers	5,952,656	7,415,062	1,639,960	59,022	15,066,700
Type of customer					
External customers	5,952,656	7,415,062	1,639,960	59,022	15,066,700
Total revenue from contracts with customers	5,952,656	7,415,062	1,639,960	59,022	15,066,700

	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

Contract balances

	2023	2022
	KD	KD
Contract liabilities	**69,592**	131,312

The contract liabilities represent advances received from customers as at 31 December 2023 to deliver goods to customers during the year ending 31 December 2024. Performance obligations related to contract liabilities for the year ended 31 December 2022, were satisfied during the year ended 31 December 2023.

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 KD	2022 KD
Staff costs	**664,797**	629,513
Withholding tax on disposal of an associate	**-**	216,025
Depreciation (Note 7)	**44,104**	21,237
Amortization (Note 8)	**5,226**	4,992
Rent – operating leases (Note 8)	**31,426**	30,596
Communication and internet	**14,979**	25,285
Professional fees and licenses	**122,677**	99,952
Travel expenses	**36,450**	35,284
Stationery and maintenance expenses	**25,265**	23,404
Others	**172,620**	91,344
	1,117,544	1,177,632

22. SELLING AND DISTRIBUTION EXPENSES

	2023 KD	2022 KD
Staff costs	**138,539**	122,993
Others	**39,402**	35,176
	177,941	158,169

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:

	2023 KD	2022 KD
Profit for the year	**1,436,754**	1,345,017
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)	**14.48**	13.55

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans	Lease liabilities	Murabaha payable	Dividends payable	Total
	KD	KD	KD	KD	KD
At 1 January 2023	-	839,317	250,000	234,033	1,323,350
Distribution of dividends	-	-	-	1,190,853	1,190,853
Dividends paid	-	-	-	(1,132,239)	(1,132,239)
Lease modification	-	98,846	-	-	98,846
Payment of principal portion of lease liabilities	-	(54,031)	-	-	(54,031)
Proceeds from term loan	887,939	-	-	-	887,939
Finance costs accrued	-	37,421	-	-	37,421
Finance costs paid	-	(37,421)	-	-	(37,421)
Foreign currency translation differences	-	1,223	-	-	1,223
At 31 December 2023	887,939	885,355	250,000	292,647	2,315,941
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

25. RELATED PARTY BALANCES AND TRANSACTIONS

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

Significant related party balances and transactions are as follows:

Consolidated statement of financial position:	2023	2022
	KD	KD
Board of Directors' remuneration (Note 18,30)	**30,000**	30,000

	2023	2022
	KD	KD
Consolidated statement of profit or loss		
Key management compensation		
Salaries and other short-term benefits	**174,209**	239,295
End of service benefits	**16,558**	16,563
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.

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

	2023 KD	2022 KD	2023 KD	2022 KD
	Revenue		Segment results	
Industrial packaging division	**5,952,656**	5,595,221	**829,659**	556,479
Consumer packaging division	**7,415,062**	7,389,565	**1,857,590**	1,843,109
Flexible packaging division	**1,639,960**	1,557,829	**253,389**	202,102
	15,007,678	14,542,615	**2,940,638**	2,601,690
Share of results of an associate			**-**	26,660
Gain on disposal of an associate			**-**	111,296
Other income			**86,737**	114,833
Provision for expected credit losses			**(21,959)**	(57,035)
Provision for slow moving inventories			**(131,300)**	-
Foreign exchange gain			**8,101**	13,587
General and administrative expenses			**(1,117,544)**	(1,177,632)
Selling and distribution expenses			**(177,941)**	(158,169)
Finance costs			**(47,308)**	(33,098)
KFAS			**(13,855)**	(12,978)
NLST			**(42,011)**	(38,785)
Zakat			**(16,804)**	(15,352)
Board of Directors' remuneration			**(30,000)**	(30,000)
Profit for the year			**1,436,754**	1,345,017

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

	2023 KD	2022 KD	2023 KD	2022 KD
	Revenue		Segment results	
Kuwait	**6,379,994**	6,034,116	**1,298,637**	1,190,631
GCC	**7,608,735**	7,677,078	**1,434,647**	1,215,325
Asia	**423,744**	323,950	**85,007**	93,832
Africa	**595,205**	507,471	**122,347**	101,902
	15,007,678	14,542,615	**2,940,638**	2,601,690

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

	2023 KD	2022 KD	2023 KD	2022 KD
	Assets		Liabilities	
Kuwait	**16,020,198**	14,894,168	**4,114,365**	2,896,929
GCC	**8,643,767**	9,018,955	**1,623,251**	2,352,784
	24,663,965	23,913,123	**5,737,616**	5,249,713

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.

Material accounting policies

Details of the material 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:

	2023	2022
	KD	KD
United States Dollars	**642,733**	716,765
Saudi Arabian Riyal	**-**	25,888
United Arab Emirates Dirhams	**722,561**	1,073,368
Euro	**2,408**	(217,959)

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	
		2023	2022
		KD	KD
United States Dollars	+5%	**32,137**	35,838
Saudi Arabian Riyal	+5%	**-**	1,294
United Arab Emirates Dirhams	+5%	**36,128**	53,668
Euro	+5%	**120**	(10,898)

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, lease liabilities and term loan 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.

	2023 KD	Change in interest rate	Effect on profit for the year and equity KD
Murabaha payable	**250,000**	**5%**	**625**

	2022 KD	Change in interest rate	Effect on profit for the year and equity 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 and other receivables (excluding advance paid towards acquisition of a subsidiary, 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 2023	0-90 days KD	91-180 days KD	181-365 days KD	Above 365 days KD	Total KD
Expected credit loss rate (%)	% 0.25	% 7.71	% 12.48	% 100	
Gross carrying amount	2,929,997	173,812	310,668	179,352	3,593,829
Expected credit losses	7,345	13,399	38,757	179,352	238,853

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

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 a s follows:

	2023 KD	2022 KD
Trade and other receivables (excluding advance paid towards acquisition of a subsidiary, advances to suppliers and prepayments)	**3,502,768**	3,832,904
Term deposits	**2,783,260**	-
Bank balances and cash with portfolio manager	**2,949,524**	2,614,170
	9,235,552	6,447,074

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
2023			
Trade and other receivables (excluding advance paid towards acquisition of a subsidiary, advances to suppliers and prepayments)	3,385,549	117,219	3,502,768
Term deposits	2,783,260	-	2,783,260
Bank balances and cash with portfolio manager	2,949,524	-	2,949,524
	9,118,333	117,219	9,235,552

	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

	2023 KD	2022 KD
Industry sector:	**3,502,768**	3,832,904
Manufacturing	**5,732,784**	2,614,170
Banks and financial institutions	**9,235,552**	6,447,074

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 consolidated 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.

2023	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Total
	KD	KD	KD	KD	KD
Lease liabilities	13,687	75,397	93,858	893,381	1,076,323
Term loan	-	175,950	362,250	380,817	919,017
Trade and other payables	1,833,241	817,591	-	-	2,650,832
Murabaha payable	252,836	-	-	-	252,836
	2,099,764	1,068,938	456,108	1,274,198	4,899,008

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	252,836	-	-	-	252,836
	2,438,126	916,757	78,939	945,960	4,379,782

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 term deposits, and bank balances and cash, and the total capital invested is calculated as net debt and total equity.

	2023	2022
	KD	KD
Lease liabilities	**885,355**	839,317
Term loan	**887,939**	-
Murabaha payable	**250,000**	250,000
Less: term deposits	**(2,783,260)**	-
Less: bank balances and cash	**(2,950,883)**	(2,622,592)
Net debt	**(3,710,849)**	(1,533,275)
Total equity	**18,926,349**	18,663,410
Capital invested	**15,215,500**	17,130,135
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 term loan and 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

	2023	2022
	KD	KD
Contingent liabilities		
Letters of credit	**-**	90,171
Letters of guarantee	**62,602**	40,731
	62,602	130,902

30. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 20 April 2023 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2022.
- Distribution of cash dividend of 12% equivalents to 12 fils per share (2021: 12% equivalent to 12 fils per share) on outstanding shares excluding treasury shares, amounting to KD 1,190,853 for the financial year ended 31 December 2022 to the shareholders of the Parent Company's record as at the accrual date (2021: KD 1,190,853).
- KD 30,000 as a remuneration to be paid to the Board of Directors' for the financial year ended 31 December 2022 (2021: KD 30,000).

The Board of Directors in their meeting held on 5 March 2024 proposed to distribute Board of Directors' remuneration of KD 30,000 (2022: KD 30,000), and to distribute dividends of 13%, equivalent to 13 Fils per share (on the outstanding shares, excluding treasury shares) amounting to KD 1,290,091 for the financial year ended 31 December 2023. This proposal is subject to the approval of the Shareholders' Annual General Assembly.