

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

**Interim condensed consolidated financial information (Unaudited)  
and review report**

**For the six month period ended 30 June 2020**

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

**Interim condensed consolidated financial information (Unaudited) and review report  
For the six month period ended 30 June 2020**

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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 30 June 2020, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of review*


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

### *Conclusion*

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

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, nor of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the six month period ended 30 June 2020, that might have had a material effect on business of the Group or its consolidated financial position.



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

Kuwait: 12 August 2020

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

**Interim condensed consolidated statement of financial position (Unaudited)**

As at 30 June 2020

|                                      |                   | (Audited)           |                   |
|--------------------------------------|-------------------|---------------------|-------------------|
|                                      | 30 June<br>2020   | 31 December<br>2019 | 30 June<br>2019   |
| Notes                                | KD                | KD                  | KD                |
| <b>ASSETS</b>                        |                   |                     |                   |
| <b>Non-current assets</b>            |                   |                     |                   |
| Property, plant and equipment        | 8,443,721         | 8,619,825           | 9,367,140         |
| Right of use assets                  | 1,437,298         | 1,472,735           | 116,584           |
| Investment in an associate           | 2,533,896         | 2,423,954           | 2,440,261         |
|                                      | <u>12,414,915</u> | <u>12,516,514</u>   | <u>11,923,985</u> |
| <b>Current assets</b>                |                   |                     |                   |
| Inventories                          | 3 5,496,461       | 4,552,143           | 6,895,673         |
| Trade and other receivables          | 4 4,168,743       | 3,862,360           | 3,811,904         |
| Term deposits                        | -                 | 350,000             | -                 |
| Cash and cash equivalents            | 5 2,852,367       | 1,707,902           | 1,608,376         |
|                                      | <u>12,517,571</u> | <u>10,472,405</u>   | <u>12,315,953</u> |
| <b>Total assets</b>                  | <u>24,932,486</u> | <u>22,988,919</u>   | <u>24,239,938</u> |
| <b>EQUITY AND LIABILITIES</b>        |                   |                     |                   |
| <b>Equity</b>                        |                   |                     |                   |
| Share capital                        | 6 10,069,180      | 10,069,180          | 10,069,180        |
| Share premium                        | 2,294,444         | 2,294,444           | 2,294,444         |
| Statutory reserve                    | 2,529,391         | 2,529,391           | 2,495,568         |
| Voluntary reserve                    | 1,508,216         | 1,715,624           | 1,715,624         |
| Treasury shares                      | 7 (164,740)       | (164,740)           | (164,740)         |
| Treasury shares reserve              | 471,283           | 471,283             | 471,283           |
| Foreign currency translation reserve | 638,444           | 499,040             | 505,701           |
| Retained earnings                    | 556,078           | 288,780             | 352,978           |
| <b>Total equity</b>                  | <u>17,902,296</u> | <u>17,703,002</u>   | <u>17,740,038</u> |
| <b>Liabilities</b>                   |                   |                     |                   |
| <b>Non-current liabilities</b>       |                   |                     |                   |
| Employee's end of service benefits   | 863,833           | 825,229             | 807,147           |
| Term loans                           | 480,027           | 480,027             | 780,027           |
| Lease liabilities                    | 919,014           | 922,434             | 13,295            |
|                                      | <u>2,262,874</u>  | <u>2,227,690</u>    | <u>1,600,469</u>  |
| <b>Current liabilities</b>           |                   |                     |                   |
| Term loans                           | 600,000           | 600,000             | 622,000           |
| Lease liabilities                    | 45,937            | 38,943              | 82,420            |
| Trade and other payables             | 8 4,035,637       | 2,166,448           | 3,698,370         |
| Notes payables                       | 73,537            | 166,362             | 496,641           |
| Contract liabilities                 | 12,205            | 86,474              | -                 |
|                                      | <u>4,767,316</u>  | <u>3,058,227</u>    | <u>4,899,431</u>  |
| <b>Total liabilities</b>             | <u>7,030,190</u>  | <u>5,285,917</u>    | <u>6,499,900</u>  |
| <b>Total equity and liabilities</b>  | <u>24,932,486</u> | <u>22,988,919</u>   | <u>24,239,938</u> |

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

**Saleh Omran Abdullah Kannan**  
Chairman

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

**Interim condensed consolidated statement of profit or loss (Unaudited)  
For the six month period ended 30 June 2020**

|   | Notes | Three months ended<br>30 June |                    | Six months ended<br>30 June |                    |
|---|-------|-------------------------------|--------------------|-----------------------------|--------------------|
|   |       | 2020                          | 2019               | 2020                        | 2019               |
|   |       | KD                            | KD                 | KD                          | KD                 |
| Sales   | 9     | 2,458,118                     | 3,861,762          | 6,252,823                   | 7,857,582          |
| Cost of sales   |       | <u>(2,017,820)</u>            | <u>(3,362,699)</u> | <u>(5,143,065)</u>          | <u>(6,830,326)</u> |
| <b>Gross profit</b>   |       | <u>440,298</u>                | <u>499,063</u>     | <u>1,109,758</u>            | <u>1,027,256</u>   |
| Share of results of an associate  |       | 54,892                        | (22,169)           | 71,913                      | 5,116              |
| Other income  | 9     | 14,667                        | 57,043             | 67,661                      | 93,789             |
| Provision for expected credit losses  |       | (38,498)                      | (13,326)           | (46,777)                    | (40,335)           |
| Realized gain on financial assets at<br>("FVTPL")   |       | -                             | -                  | -                           | 1,738              |
| Foreign exchange gain / (loss)  |       | 160                           | (994)              | 22,069                      | 2,118              |
| General and administrative expenses   |       | (170,409)                     | (213,816)          | (390,906)                   | (415,995)          |
| Selling and distribution expenses   |       | (74,325)                      | (124,405)          | (207,575)                   | (250,644)          |
| Finance costs   |       | <u>(22,218)</u>               | <u>(28,631)</u>    | <u>(41,380)</u>             | <u>(50,905)</u>    |
| <b>Profit before contribution to Kuwait<br/>Foundation for the Advancement of<br/>Sciences ("KFAS"), National Labour<br/>Support Tax ("NLST") and Zakat</b> |       | <u>204,567</u>                | <u>152,765</u>     | <u>584,763</u>              | <u>372,138</u>     |
| KFAS  |       | (1,841)                       | (1,527)            | (5,263)                     | (3,721)            |
| NLST  |       | (6,540)                       | (4,597)            | (16,730)                    | (11,028)           |
| Zakat   |       | <u>(2,616)</u>                | <u>(1,839)</u>     | <u>(6,692)</u>              | <u>(4,411)</u>     |
| <b>Profit for the period</b>  |       | <u>193,570</u>                | <u>144,802</u>     | <u>556,078</u>              | <u>352,978</u>     |
| <b>Basic and diluted earnings per share<br/>(fils)</b>  | 10    | <u>1.95</u>                   | <u>1.46</u>        | <u>5.60</u>                 | <u>3.56</u>        |

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of comprehensive income (Unaudited)  
For the six month period ended 30 June 2020**

|   | Three months ended |                 | Six months ended |                |
|---|--------------------|-----------------|------------------|----------------|
|   | 30 June            |                 | 30 June          |                |
|   | 2020               | 2019            | 2020             | 2019           |
|   | KD                 | KD              | KD               | KD             |
| Profit for the period   | 193,570            | 144,802         | 556,078          | 352,978        |
| <b>Other comprehensive (loss) / income items:</b>   |                    |                 |                  |                |
| <i>Items that may be reclassified subsequently to the<br/>interim condensed consolidated statement of profit or<br/>loss:</i> |                    |                 |                  |                |
| Foreign exchange differences on translation of<br>foreign operations  | (10,588)           | (30,771)        | 139,404          | (1,083)        |
| <b>Other comprehensive (loss) /income for the period</b>  | <b>(10,588)</b>    | <b>(30,771)</b> | <b>139,404</b>   | <b>(1,083)</b> |
| <b>Total comprehensive income for the period</b>  | <b>182,982</b>     | <b>114,031</b>  | <b>695,482</b>   | <b>351,895</b> |

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of changes in equity (Unaudited)  
For the six month period ended 30 June 2020**

|   | Share capital<br>KD | Share premium<br>KD | Statutory reserve<br>KD | Voluntary reserve<br>KD | Treasury shares<br>KD | Treasury shares reserve<br>KD | Foreign currency translation reserve<br>KD | Retained earnings<br>KD | Total equity<br>KD |
|---|---------------------|---------------------|-------------------------|-------------------------|-----------------------|-------------------------------|--|-------------------------|--------------------|
| <b>At 1 January 2020</b>                      | 10,069,180          | 2,294,444           | 2,529,391               | 1,715,624               | (164,740)             | 471,283                       | 499,040                                    | 288,780                 | 17,703,002         |
| Profit for the period                         | -                   | -                   | -                       | -                       | -                     | -                             | -  | 556,078                 | 556,078            |
| Other comprehensive income for the period     | -                   | -                   | -                       | -                       | -                     | -                             | 139,404                                    | -                       | 139,404            |
| Total comprehensive income for the period     | -                   | -                   | -                       | -                       | -                     | -                             | 139,404                                    | 556,078                 | 695,482            |
| Transfer for dividends distribution (Note 13) | -                   | -                   | -                       | (207,408)               | -                     | -                             | -  | 207,408                 | -                  |
| Dividends (Note 13)                           | -                   | -                   | -                       | -                       | -                     | -                             | -  | (496,188)               | (496,188)          |
| <b>At 30 June 2020</b>                        | <u>10,069,180</u>   | <u>2,294,444</u>    | <u>2,529,391</u>        | <u>1,508,216</u>        | <u>(164,740)</u>      | <u>471,283</u>                | <u>638,444</u>                             | <u>556,078</u>          | <u>17,902,296</u>  |
| <b>At 1 January 2019</b>                      | 10,069,180          | 2,294,444           | 2,495,568               | 1,827,831               | (164,740)             | 471,283                       | 506,784                                    | 880,171                 | 18,380,521         |
| Profit for the period                         | -                   | -                   | -                       | -                       | -                     | -                             | -  | 352,978                 | 352,978            |
| Other comprehensive income for the period     | -                   | -                   | -                       | -                       | -                     | -                             | (1,083)                                    | -                       | (1,083)            |
| Total comprehensive Income for the period     | -                   | -                   | -                       | -                       | -                     | -                             | (1,083)                                    | 352,978                 | 351,895            |
| Transfer for dividends distribution (Note 13) | -                   | -                   | -                       | (112,207)               | -                     | -                             | -  | 112,207                 | -                  |
| Dividends (Note 13)                           | -                   | -                   | -                       | -                       | -                     | -                             | -  | (992,378)               | (992,378)          |
| <b>At 30 June 2019</b>                        | <u>10,069,180</u>   | <u>2,294,444</u>    | <u>2,495,568</u>        | <u>1,715,624</u>        | <u>(164,740)</u>      | <u>471,283</u>                | <u>505,701</u>                             | <u>352,978</u>          | <u>17,740,038</u>  |

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of cash flows (Unaudited)  
For the six month period ended 30 June 2020**

|   | Notes | Six months ended<br>30 June |                  |
|---|-------|-----------------------------|------------------|
|   |       | 2020<br>KD                  | 2019<br>KD       |
| <b>OPERATING ACTIVITIES</b>                               |       |                             |                  |
| Profit for the period                                     |       | 556,078                     | 352,978          |
| <i>Adjustments for:</i>                                   |       |                             |                  |
| Depreciation  |       | 253,231                     | 245,271          |
| Amortization  |       | 45,345                      | 35,572           |
| Gain on sale of property, plant and equipment             |       | (1,045)                     | (357)            |
| Profit income   |       | (4,934)                     | (7,617)          |
| Share of results of an associate                          |       | (71,913)                    | (5,116)          |
| Provision for expected credit losses                      | 4     | 46,777                      | 40,335           |
| Realized gain on financial assets at ("FVTPL")            |       | -                           | (1,738)          |
| Foreign exchange gain                                     |       | (22,069)                    | (2,118)          |
| Provision for employee end of service benefits            |       | 39,901                      | 38,332           |
| Finance costs   |       | 37,869                      | 50,905           |
|   |       | <u>879,240</u>              | <u>746,447</u>   |
| <i>Changes in working capital:</i>                        |       |                             |                  |
| Inventories   |       | (936,740)                   | (1,002,568)      |
| Trade and other receivables                               |       | (331,883)                   | 83,637           |
| Trade and other payables                                  |       | 1,374,724                   | 570,737          |
| Contract liabilities                                      |       | (74,269)                    | -                |
| <b>Cash flows generated from operations</b>               |       | <u>911,072</u>              | <u>398,253</u>   |
| Employee's end of service benefits paid                   |       | (2,226)                     | (9,674)          |
| <b>Net cash flows generated from operating activities</b> |       | <u>908,846</u>              | <u>388,579</u>   |
| <b>INVESTING ACTIVITIES</b>                               |       |                             |                  |
| Purchase of property, plant and equipment                 |       | (14,551)                    | (54,686)         |
| Proceeds from sale of property, plant and equipment       |       | 1,220                       | 378              |
| Proceeds from sale of financial assets at ("FVTPL")       |       | -                           | 73,322           |
| Profit income received                                    |       | 4,934                       | 7,617            |
| Maturity of term deposits                                 |       | 350,000                     | 620,000          |
| <b>Net cash flows generated from investing activities</b> |       | <u>341,603</u>              | <u>646,631</u>   |
| <b>FINANCING ACTIVITIES</b>                               |       |                             |                  |
| Dividends paid  |       | (1,723)                     | (952,878)        |
| Payment of principal portion of lease liabilities         |       | (11,699)                    | (47,783)         |
| Notes payables  |       | (92,825)                    | 496,641          |
| Net movement in term loans                                |       | -                           | 250,039          |
| Finance costs paid  |       | (32,728)                    | (50,905)         |
| <b>Net cash flows used in financing activities</b>        |       | <u>(138,975)</u>            | <u>(304,886)</u> |
| Effect of foreign currency translation                    |       | 32,991                      | (1,513)          |
| <b>Net increase in cash and cash equivalents</b>          |       | <u>1,144,465</u>            | <u>728,811</u>   |
| Cash and cash equivalents at beginning of the period      |       | 1,707,902                   | 879,565          |
| <b>Cash and cash equivalents at end of the period</b>     | 5     | <u>2,852,367</u>            | <u>1,608,376</u> |

The notes on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.



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

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2020**

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**1. GENERAL INFORMATION**

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

The Parent Company's objectives are as follows:

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

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

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

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

The interim condensed consolidated financial information of the Group for the six month period ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 12 August 2020.

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial information have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual consolidated financial statements'). They do not include all of the information required for a complete set of IFRSs financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included. Operating results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2019.

**Significant accounting policies**

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2019, certain adjustments are effective from 1 January 2020 but it does not have a material effect on the Group's interim condensed consolidated financial information. These adjustments are as follows:

## **2. BASIS OF PREPARATION (CONTINUED)**

### **Significant accounting policies (Continued)**

- Amendments to IFRS 3 Definition of a Business.
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.
- Amendments to IAS 1 and IAS 8 Definition of Material.
- Conceptual Framework for Financial Reporting.

### **Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

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

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

### **Impact of COVID-19**

In relation to the recent COVID-19 outbreak, Group's business continuity plans are working. The Group has assessed the principal risks and uncertainties, including the COVID-19 pandemic and the impact it is having on economic activity. The Group actively monitors the impact of COVID-19 and adopting cost control measures to mitigate against the potential impact of weaker demand for cement bags and other paper products. These measures have included;

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

**Impact of COVID-19 (Continued)**

- The reduction of appropriate variable costs;
- Tight control of discretionary expenditure;
- A recruitment freeze;
- And temporary reduction in working hours and employees.

The Group has updated inputs and assumptions used for the determination of expected credit losses ("ECLs") in response to uncertainties caused by COVID 19 and unprecedented volatility in economic factors. ECLs were estimated based on a range of forecast economic conditions. Considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination and will continue to do so for the upcoming quarters.

The ECL models have been updated through adjustments in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor used is determined from the observed historical credit index. The credit index is used to forecast expected point-in-time probabilities of default for the credit portfolio of the Group.

The Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

In addition to the assumptions outlined above, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

The Group has modelled a number of scenarios including where the restrictions imposed as a result of the pandemic and the downturn in economic activity continues. Further possible downside risk has been incorporated into forecasts through a widening of sensitivities.

In assessing the scenario, the Group continues to have liquidity headroom on its existing financing facilities. At 30 June, the Group has cash and cash equivalents of KD 2,852,367. Cash and cash equivalents balance is higher than the total debt balance including lease liabilities which ultimately shows that the Group has low gearing and good liquidity.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant financial headroom, management have a reasonable expectation that the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the interim condensed financial statements.

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

**Notes to the interim condensed consolidated financial information (Unaudited)  
For the six month period ended 30 June 2020**

**3. INVENTORIES**

|  | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|--|-------------------------|---|-------------------------|
|  | <u>KD</u>               | <u>KD</u>                                 | <u>KD</u>               |
| Raw materials                              | 4,831,845               | 3,794,833                                 | 5,674,868               |
| Finished goods                             | 162,286                 | 289,471                                   | 201,747                 |
| Goods in transit                           | 188,248                 | 186,727                                   | 732,787                 |
| Packing materials                          | 39,283                  | 35,702                                    | 42,485                  |
| Spare parts                                | 415,021                 | 385,231                                   | 363,964                 |
|  | <u>5,636,683</u>        | <u>4,691,964</u>                          | <u>7,015,851</u>        |
| Provision for old and obsolete inventories | (140,222)               | (139,821)                                 | (120,178)               |
|  | <u>5,496,461</u>        | <u>4,552,143</u>                          | <u>6,895,673</u>        |

**4. TRADE AND OTHER RECEIVABLES**

|  | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|--|-------------------------|---|-------------------------|
|  | <u>KD</u>               | <u>KD</u>                                 | <u>KD</u>               |
| Trade receivables                        | 4,001,258               | 3,679,831                                 | 3,499,787               |
| Less: provision for expected credit loss | (189,190)               | (141,621)                                 | (133,650)               |
|  | <u>3,812,068</u>        | <u>3,538,210</u>                          | <u>3,366,137</u>        |
| Prepayments                              | 162,632                 | 108,761                                   | 189,570                 |
| Advance to suppliers                     | 98,868                  | 133,734                                   | -                       |
| Refundable deposits                      | 64,996                  | 63,861                                    | 64,614                  |
| Staff receivables                        | 10,038                  | 10,311                                    | 12,208                  |
| Others                                   | 20,141                  | 7,483                                     | 17,290                  |
| Dividends receivables                    | -                       | -   | 162,085                 |
|  | <u>4,168,743</u>        | <u>3,862,360</u>                          | <u>3,811,904</u>        |

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

|  | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|--|-------------------------|---|-------------------------|
|  | <u>KD</u>               | <u>KD</u>                                 | <u>KD</u>               |
| At the beginning of the period/year      | 141,621                 | 93,327                                    | 93,327                  |
| Charge during the period/year            | 46,777                  | 48,382                                    | 40,335                  |
| Foreign currency translation differences | 792                     | (88)                                      | (12)                    |
| At the end of the period/year            | <u>189,190</u>          | <u>141,621</u>                            | <u>133,650</u>          |

**5. CASH AND CASH EQUIVALENTS**

|                    | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|--------------------|-------------------------|---|-------------------------|
|                    | <u>KD</u>               | <u>KD</u>                                 | <u>KD</u>               |
| Bank balances      | 2,846,304               | 1,429,292                                 | 1,601,978               |
| Cash on hand       | 6,063                   | 5,017                                     | 6,398                   |
| Short term deposit | -                       | 273,593                                   | -                       |
|                    | <u>2,852,367</u>        | <u>1,707,902</u>                          | <u>1,608,376</u>        |

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For the six month period ended 30 June 2020**

**6. SHARE CAPITAL**

The authorized, issued and paid up share capital is KD 10,069,180 (31 December 2019: KD 10,069,180 and 30 June 2019: KD 10,069,180) comprising of 100,069,180 shares of 100 fils each (31 December 2019: 100,691,795 and 30 June 2019: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

**7. TREASURY SHARES**

|                                 | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|---------------------------------|-------------------------|---|-------------------------|
| Number of shares                | 1,454,028               | 1,454,028                                 | 1,454,028               |
| Percentage to issued shares (%) | 1.44%                   | 1.44%                                     | 1.44%                   |
| Market value (KD )              | 194,840                 | 225,374                                   | 239,923                 |
| Cost (KD)                       | 164,740                 | 164,740                                   | 164,740                 |

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

**8. TRADE AND OTHER PAYABLES**

|                   | <b>30 June<br/>2020</b> | <b>(Audited)<br/>31 December<br/>2019</b> | <b>30 June<br/>2019</b> |
|-------------------|-------------------------|---|-------------------------|
|                   | KD                      | KD  | KD                      |
| Trade payables    | 2,819,205               | 1,493,436                                 | 3,099,532               |
| Dividends payable | 657,491                 | 163,026                                   | 189,217                 |
| Accrued expenses  | 212,784                 | 222,915                                   | 155,051                 |
| Staff payables    | 296,226                 | 265,825                                   | 233,066                 |
| KFAS              | 8,307                   | 3,044                                     | 3,721                   |
| NLST              | 30,401                  | 13,671                                    | 13,372                  |
| Zakat             | 11,223                  | 4,531                                     | 4,411                   |
|                   | <u>4,035,637</u>        | <u>2,166,448</u>                          | <u>3,698,370</u>        |

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For the six month period ended 30 June 2020**

**9. REVENUE**

|  | For the six months ended 30 June 2020 |                                 |                                 |                 |                  | For the six months ended 30 June 2019 |                                 |                                 |                 |                  |
|--|---------------------------------------|---------------------------------|---------------------------------|-----------------|------------------|---------------------------------------|---------------------------------|---------------------------------|-----------------|------------------|
|  | Industrial<br>Packing<br>Division     | Consumer<br>Packing<br>Division | Flexible<br>Packing<br>Division | Other<br>Income | Total            | Industrial<br>Packing<br>Division     | Consumer<br>Packing<br>Division | Flexible<br>Packing<br>Division | Other<br>Income | Total            |
|  | KD                                    | KD                              | KD                              | KD              | KD               | KD                                    | KD                              | KD                              | KD              | KD               |
| Sale of multi-wall paper   | 3,415,600                             | -                               | -                               | -               | 3,415,600        | 4,682,631                             | -                               | -                               | -               | 4,682,631        |
| Sale of superior value and high quality bags and wrapping sheets | -                                     | 2,101,375                       | -                               | -               | 2,101,375        | -                                     | 2,468,889                       | -                               | -               | 2,468,889        |
| Sale of multi-ply printed and laminated films                    | -                                     | -                               | 735,848                         | -               | 735,848          | -                                     | -                               | 706,062                         | -               | 706,062          |
| Waste sale   | -                                     | -                               | -                               | 62,727          | 62,727           | -                                     | -                               | -                               | 86,172          | 86,172           |
| <b>Total revenue from contracts with customers</b>               | <b>3,415,600</b>                      | <b>2,101,375</b>                | <b>735,848</b>                  | <b>62,727</b>   | <b>6,315,550</b> | <b>4,682,631</b>                      | <b>2,468,889</b>                | <b>706,062</b>                  | <b>86,172</b>   | <b>7,943,754</b> |
| Profit income  | -                                     | -                               | -                               | 4,934           | 4,934            | -                                     | -                               | -                               | 7,617           | 7,617            |
| <b>Total revenue</b>   | <b>3,415,600</b>                      | <b>2,101,375</b>                | <b>735,848</b>                  | <b>67,661</b>   | <b>6,320,484</b> | <b>4,682,631</b>                      | <b>2,468,889</b>                | <b>706,062</b>                  | <b>93,789</b>   | <b>7,951,371</b> |
| <b>Geographical markets</b>                                      |                                       |                                 |                                 |                 |                  |                                       |                                 |                                 |                 |                  |
| Kuwait   | 857,104                               | 753,351                         | 695,824                         | 15,537          | 2,321,816        | 1,189,526                             | 912,216                         | 688,723                         | 31,164          | 2,821,629        |
| GCC  | 2,344,065                             | 1,262,945                       | 40,024                          | 47,190          | 3,694,224        | 2,525,039                             | 1,460,316                       | 17,339                          | 55,008          | 4,057,702        |
| Asia   | 25,425                                | 85,079                          | -                               | -               | 110,504          | 631,170                               | 96,357                          | -                               | -               | 727,527          |
| Africa   | 189,006                               | -                               | -                               | -               | 189,006          | 327,755                               | -                               | -                               | -               | 327,755          |
| USA  | -                                     | -                               | -                               | -               | -                | 9,141                                 | -                               | -                               | -               | 9,141            |
| <b>Total revenue from contracts with customers</b>               | <b>3,415,600</b>                      | <b>2,101,375</b>                | <b>735,848</b>                  | <b>62,727</b>   | <b>6,315,550</b> | <b>4,682,631</b>                      | <b>2,468,889</b>                | <b>706,062</b>                  | <b>86,172</b>   | <b>7,943,754</b> |
| <b>Timing of revenue recognition</b>                             |                                       |                                 |                                 |                 |                  |                                       |                                 |                                 |                 |                  |
| Goods transferred at a point in time                             | 3,415,600                             | 2,101,375                       | 735,848                         | 62,727          | 6,315,550        | 4,682,631                             | 2,468,889                       | 706,062                         | 86,172          | 7,943,754        |
| <b>Total revenue from contracts with customers</b>               | <b>3,415,600</b>                      | <b>2,101,375</b>                | <b>735,848</b>                  | <b>62,727</b>   | <b>6,315,550</b> | <b>4,682,631</b>                      | <b>2,468,889</b>                | <b>706,062</b>                  | <b>86,172</b>   | <b>7,943,754</b> |
| <b>Revenue</b>   |                                       |                                 |                                 |                 |                  |                                       |                                 |                                 |                 |                  |
| External customers   | 3,415,600                             | 2,101,375                       | 735,848                         | 62,727          | 6,315,550        | 4,682,631                             | 2,468,889                       | 706,062                         | 86,172          | 7,943,754        |
| <b>Total revenue from contracts with customers</b>               | <b>3,415,600</b>                      | <b>2,101,375</b>                | <b>735,848</b>                  | <b>62,727</b>   | <b>6,315,550</b> | <b>4,682,631</b>                      | <b>2,468,889</b>                | <b>706,062</b>                  | <b>86,172</b>   | <b>7,943,754</b> |

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9. REVENUE (CONTINUED)

|  | For the three months ended 30 June 2020 |                                   |                                   |                    | For the three months ended 30 June 2019 |                                     |                                   |                                   |                    |                  |
|--|---|-----------------------------------|-----------------------------------|--------------------|---|-------------------------------------|-----------------------------------|-----------------------------------|--------------------|------------------|
|  | Industrial Packaging Division<br>KD     | Consumer Packaging Division<br>KD | Flexible Packaging Division<br>KD | Other Income<br>KD | Total<br>KD                             | Industrial Packaging Division<br>KD | Consumer Packaging Division<br>KD | Flexible Packaging Division<br>KD | Other Income<br>KD | Total<br>KD      |
| Sale of multi-wall paper   | 1,290,278                               | -                                 | -                                 | -                  | 1,290,278                               | 2,255,527                           | -                                 | -                                 | -                  | 2,255,527        |
| Sale of superior value and high quality bags and wrapping sheets | -                                       | 819,441                           | -                                 | -                  | 819,441                                 | -                                   | 1,270,791                         | -                                 | -                  | 1,270,791        |
| Sale of multi-ply printed and laminated films                    | -                                       | -                                 | 348,399                           | -                  | 348,399                                 | -                                   | -                                 | 335,444                           | -                  | 335,444          |
| Waste sale   | -                                       | -                                 | -                                 | 9,733              | 9,733                                   | -                                   | -                                 | -                                 | 56,349             | 56,349           |
| <b>Total revenue from contracts with customers</b>               | <b>1,290,278</b>                        | <b>819,441</b>                    | <b>348,399</b>                    | <b>9,733</b>       | <b>2,467,851</b>                        | <b>2,255,527</b>                    | <b>1,270,791</b>                  | <b>335,444</b>                    | <b>56,349</b>      | <b>3,918,111</b> |
| Profit income  | -                                       | -                                 | -                                 | 4,934              | 4,934                                   | -                                   | -                                 | -                                 | 694                | 694              |
| <b>Total revenue</b>   | <b>1,290,278</b>                        | <b>819,441</b>                    | <b>348,399</b>                    | <b>14,667</b>      | <b>2,472,785</b>                        | <b>2,255,527</b>                    | <b>1,270,791</b>                  | <b>335,444</b>                    | <b>57,043</b>      | <b>3,918,805</b> |
| <b>Geographical markets</b>                                      |   |                                   |                                   |                    |   |                                     |                                   |                                   |                    |                  |
| Kuwait   | 223,724                                 | 274,055                           | 328,870                           | 4,418              | 831,067                                 | 569,072                             | 438,282                           | 328,687                           | 15,648             | 1,351,689        |
| GCC  | 1,047,883                               | 498,196                           | 19,529                            | 5,315              | 1,570,923                               | 1,196,254                           | 776,821                           | 6,757                             | 40,701             | 2,020,533        |
| Asia   | 5,030                                   | 47,190                            | -                                 | -                  | 52,220                                  | 406,664                             | 55,688                            | -                                 | -                  | 462,352          |
| Africa   | 13,641                                  | -                                 | -                                 | -                  | 13,641                                  | 74,396                              | -                                 | -                                 | -                  | 74,396           |
| USA  | -                                       | -                                 | -                                 | -                  | -                                       | 9,141                               | -                                 | -                                 | -                  | 9,141            |
| <b>Total revenue from contracts with customers</b>               | <b>1,290,278</b>                        | <b>819,441</b>                    | <b>348,399</b>                    | <b>9,733</b>       | <b>2,467,851</b>                        | <b>2,255,527</b>                    | <b>1,270,791</b>                  | <b>335,444</b>                    | <b>56,349</b>      | <b>3,918,111</b> |
| <b>Timing of revenue recognition</b>                             |   |                                   |                                   |                    |   |                                     |                                   |                                   |                    |                  |
| Goods transferred at a point in time                             | 1,290,278                               | 819,441                           | 348,399                           | 9,733              | 2,467,851                               | 2,255,527                           | 1,270,791                         | 335,444                           | 56,349             | 3,918,111        |
| <b>Total revenue from contracts with customers</b>               | <b>1,290,278</b>                        | <b>819,441</b>                    | <b>348,399</b>                    | <b>9,733</b>       | <b>2,467,851</b>                        | <b>2,255,527</b>                    | <b>1,270,791</b>                  | <b>335,444</b>                    | <b>56,349</b>      | <b>3,918,111</b> |
| <b>Revenue</b>   |   |                                   |                                   |                    |   |                                     |                                   |                                   |                    |                  |
| External customers   | 1,290,278                               | 819,441                           | 348,399                           | 9,733              | 2,467,851                               | 2,255,527                           | 1,270,791                         | 335,444                           | 56,349             | 3,918,111        |
| <b>Total revenue from contracts with customers</b>               | <b>1,290,278</b>                        | <b>819,441</b>                    | <b>348,399</b>                    | <b>9,733</b>       | <b>2,467,851</b>                        | <b>2,255,527</b>                    | <b>1,270,791</b>                  | <b>335,444</b>                    | <b>56,349</b>      | <b>3,918,111</b> |

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**10. BASIC AND DILUTED EARNINGS PER SHARE**

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

|   | Three months ended<br>30 June |             | Six months ended<br>30 June |             |
|---|-------------------------------|-------------|-----------------------------|-------------|
|   | 2020                          | 2019        | 2020                        | 2019        |
| Profit for the period (KD)                            | 193,570                       | 144,802     | 556,078                     | 352,978     |
| <i>Weighted average number of shares outstanding:</i> |                               |             |                             |             |
| Number of issued shares                               | 100,691,795                   | 100,691,795 | 100,691,795                 | 100,691,795 |
| Less: weighted average number of treasury shares      | (1,454,028)                   | (1,454,028) | (1,454,028)                 | (1,454,028) |
| Weighted average number of shares outstanding         | 99,237,767                    | 99,237,767  | 99,237,767                  | 99,237,767  |
| <b>Basic and diluted earnings per share (fils)</b>    | <b>1.95</b>                   | <b>1.46</b> | <b>5.60</b>                 | <b>3.56</b> |

**11. RELATED PARTY BALANCES AND TRANSACTIONS**

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

|   | Three months ended<br>30 June |            | Six months ended<br>30 June |            |
|---|-------------------------------|------------|-----------------------------|------------|
|   | 2020<br>KD                    | 2019<br>KD | 2020<br>KD                  | 2019<br>KD |
| <b>Interim condensed consolidated statement of profit or loss</b> |                               |            |                             |            |
| <i>Key management compensation</i>                                |                               |            |                             |            |
| • Salaries and other short-term benefits                          | 67,545                        | 43,317     | 112,459                     | 100,803    |
| • Termination benefits  | 3,707                         | 3,707      | 7,416                       | 7,416      |

**12. SEGMENTAL INFORMATION**

The Group identifies its operating segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Parent Company's Chief Executive Officer is the Group's chief operating decision maker and has grouped the Group's products into the following operating segments.

- *Industrial Packaging Division:* Produces and supplies multi-wall paper sacks for industrial use.
- *Consumer Packaging Division:* Produces and supplies various types of superior value and high quality bags and wrapping sheets to major regional and international chains.
- *Flexible Packaging Division:* Produces and supplies multi-ply printed and laminated films, including aluminum foil lamination.
- *Trading Division:* Importing and trading in various types of paper related products such as photo copier paper, offset paper, NCR, coated paper and ink.



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**12. SEGMENTAL INFORMATION (CONTINUED)**

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

|                                      | <b>Three months ended 30 June</b> |                  |                        |                |
|--------------------------------------|-----------------------------------|------------------|------------------------|----------------|
|                                      | <b>2020</b>                       | <b>2019</b>      | <b>2020</b>            | <b>2019</b>    |
|                                      | KD                                | KD               | KD                     | KD             |
|                                      | <b>Revenue</b>                    |                  | <b>Segment results</b> |                |
| Industrial Packaging Division        | 1,290,278                         | 2,255,527        | 144,072                | 134,998        |
| Consumer Packaging Division          | 819,441                           | 1,270,791        | 224,208                | 311,653        |
| Flexible Packaging Division          | 348,399                           | 335,444          | 72,018                 | 52,412         |
|                                      | <u>2,458,118</u>                  | <u>3,861,762</u> | <u>440,298</u>         | <u>499,063</u> |
| Share of results of an associate     |                                   |                  | 54,892                 | (22,169)       |
| Other income                         |                                   |                  | 14,667                 | 57,043         |
| Provision for expected credit losses |                                   |                  | (38,498)               | (13,326)       |
| Foreign exchange gain / (loss)       |                                   |                  | 160                    | (994)          |
| General and administrative expenses  |                                   |                  | (173,920)              | (213,816)      |
| Selling and distribution expenses    |                                   |                  | (74,325)               | (124,405)      |
| Finance costs                        |                                   |                  | (18,707)               | (28,631)       |
| KFAS                                 |                                   |                  | (1,841)                | (1,527)        |
| NLST                                 |                                   |                  | (6,540)                | (4,597)        |
| Zakat                                |                                   |                  | (2,616)                | (1,839)        |
| <b>Profit for the period</b>         |                                   |                  | <u>193,570</u>         | <u>144,802</u> |

|  | <b>Six months ended 30 June</b> |                  |                        |                  |
|--|---------------------------------|------------------|------------------------|------------------|
|  | <b>2020</b>                     | <b>2019</b>      | <b>2020</b>            | <b>2019</b>      |
|  | KD                              | KD               | KD                     | KD               |
|  | <b>Revenue</b>                  |                  | <b>Segment results</b> |                  |
| Industrial Packaging Division                          | 3,415,600                       | 4,682,631        | 380,551                | 330,946          |
| Consumer Packaging Division                            | 2,101,375                       | 2,468,889        | 579,953                | 594,943          |
| Flexible Packaging Division                            | 735,848                         | 706,062          | 149,254                | 101,367          |
|  | <u>6,252,823</u>                | <u>7,857,582</u> | <u>1,109,758</u>       | <u>1,027,256</u> |
| Share of results of an associate                       |                                 |                  | 71,913                 | 5,116            |
| Other income   |                                 |                  | 67,661                 | 93,789           |
| Provision for expected credit losses                   |                                 |                  | (46,777)               | (40,335)         |
| Realized gain on sale of financial assets at ("FVTPL") |                                 |                  | -                      | 1,738            |
| Foreign exchange gain                                  |                                 |                  | 22,069                 | 2,118            |
| General and administrative expenses                    |                                 |                  | (394,417)              | (415,995)        |
| Selling and distribution expenses                      |                                 |                  | (207,575)              | (250,644)        |
| Finance costs  |                                 |                  | (37,869)               | (50,905)         |
| KFAS   |                                 |                  | (5,263)                | (3,721)          |
| NLST   |                                 |                  | (16,730)               | (11,028)         |
| Zakat  |                                 |                  | (6,692)                | (4,411)          |
| <b>Profit for the period</b>                           |                                 |                  | <u>556,078</u>         | <u>352,978</u>   |

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**12. SEGMENTAL INFORMATION (CONTINUED)**

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

|        | Three months ended<br>30 June |                  | Six months ended<br>30 June |                  |
|--------|-------------------------------|------------------|-----------------------------|------------------|
|        | 2020                          | 2019             | 2020                        | 2019             |
|        | KD                            | KD               | KD                          | KD               |
| Kuwait | 826,649                       | 1,336,041        | 2,306,279                   | 2,790,465        |
| GCC    | 1,565,608                     | 1,979,832        | 3,647,034                   | 4,002,694        |
| Asia   | 52,220                        | 462,352          | 110,504                     | 727,527          |
| Africa | 13,641                        | 74,396           | 189,006                     | 327,755          |
| USA    | -                             | 9,141            | -                           | 9,141            |
|        | <u>2,458,118</u>              | <u>3,861,762</u> | <u>6,252,823</u>            | <u>7,857,582</u> |

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

**13. ANNUAL GENERAL ASSEMBLY MEETING**

The Annual General Assembly meetings of shareholders held on 18 June 2020 approved the following:

- The consolidated financial statements of the Group for the year ended 31 December 2019.
- Transfer of KD 207,408 from voluntary reserve to retained earnings for distribution of cash dividends for the financial year ended 31 December 2019 (2018: KD 112,207).
- Distribution of cash dividend of 5% equivalents to 5 fils per share (31 December 2018: 10% equivalent to 10 fils per share) on outstanding shares excluding treasury shares, amounting KD 496,188 for the financial year ended 31 December 2019 to the shareholders of the Parent Company's record as at the accrual date. (2018: KD 992,378).

**14. CONTINGENT LIABILITIES AND COMMITMENTS**

|   | (Audited)       |                     |                 |
|---|-----------------|---------------------|-----------------|
|   | 30 June<br>2020 | 31 December<br>2019 | 30 June<br>2019 |
|   | KD              | KD                  | KD              |
| <b>Capital commitments</b>                        |                 |                     |                 |
| For the purchase of property, plant and equipment | <u>233,075</u>  | <u>229,484</u>      | <u>519,973</u>  |
| <b>Contingent liabilities</b>                     |                 |                     |                 |
| Letters of credit                                 | 196,478         | 511,591             | -               |
| Letters of guarantee                              | <u>82,640</u>   | <u>81,575</u>       | <u>81,620</u>   |
|   | <u>279,118</u>  | <u>593,166</u>      | <u>81,620</u>   |