

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

**Interim condensed consolidated financial information (Unaudited)
and review report**
For the nine month period ended 30 September 2019

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

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For the Nine month period ended 30 September 2019**

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Shuaiba Industrial Company K.P.S.C. ("the Parent Company") and its subsidiary (together referred to as "the Group") as at 30 September 2019, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review


We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 nine month period ended 30 September 2019, that might have had a material effect on business of the Group or its consolidated financial position.



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

Kuwait: 5 November 2019

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

**Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2019**

		(Audited)	
	30 September	31 December	30 September
	2019	2018	2018
	KD	KD	KD
ASSETS	Notes		
Non-current assets			
Property, plant and equipment		9,260,860	9,557,095
Right of use	3	98,995	-
Investment in an associate		2,399,669	2,548,947
		<u>11,759,524</u>	<u>12,154,243</u>
Current assets			
Inventories		5,687,184	4,788,463
Trade and other receivables		4,260,816	3,758,713
Financial assets at fair value through profit or loss ("FVTPL")		-	72,041
Term deposits		100,000	620,000
Bank balances and cash	4	1,298,874	879,565
		<u>11,346,874</u>	<u>10,488,891</u>
Total assets		<u>23,106,398</u>	<u>22,679,060</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5	10,069,180	10,069,180
Share premium		2,294,444	2,294,444
Statutory reserve		2,495,568	2,387,708
Voluntary reserve		1,715,624	1,827,831
Treasury shares	6	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283
Foreign currency translation reserve		535,617	503,218
Retained earnings		422,247	880,171
Total equity		<u>17,839,223</u>	<u>18,380,521</u>
Liabilities			
Non-current liabilities			
Employee's end of service benefits		817,886	778,500
Lease liabilities	3	11,865	-
Term loans		780,027	507,988
		<u>1,609,778</u>	<u>829,988</u>
Current liabilities			
Lease liabilities	3	72,456	-
Notes payables	7	583,104	-
Term loans		622,000	644,000
Trade and other payables		2,379,837	3,088,133
		<u>3,657,397</u>	<u>2,211,856</u>
Total liabilities		<u>5,267,175</u>	<u>2,855,856</u>
Total equity and liabilities		<u>23,106,398</u>	<u>22,679,060</u>

The notes on pages 7 to 18 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 nine month period ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019	2018	2019	2018
		KD	KD	KD	KD
Sales	8	3,571,457	3,517,375	11,429,039	11,128,643
Cost of sales		(3,135,481)	(3,007,800)	(9,965,807)	(9,263,706)
Gross profit		<u>435,976</u>	<u>509,575</u>	<u>1,463,232</u>	<u>1,864,937</u>
Share of results of an associate		(47,961)	22,239	(42,845)	118,868
Other income	8	22,949	40,380	116,738	106,861
Provision for expected credit losses		(5,588)	(7,605)	(45,923)	(22,357)
Write-back of provision for expected credit losses		-	963	-	11,032
Realized gain on financial assets at ("FVTPL")		-	-	1,738	-
Unrealized gain on financial assets at ("FVTPL")		-	7,125	-	5,923
Foreign exchange gain		8,687	3,906	10,805	10,516
General and administrative expenses		(196,164)	(225,543)	(612,159)	(718,219)
Selling and distribution expenses		(116,383)	(136,745)	(367,027)	(418,296)
Finance costs		(28,857)	(18,308)	(79,762)	(59,696)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		<u>72,659</u>	<u>195,987</u>	<u>444,797</u>	<u>899,569</u>
KFAS		(282)	(1,763)	(4,003)	(8,096)
NLST		(2,220)	(3,467)	(13,248)	(22,726)
Zakat		(888)	(1,386)	(5,299)	(9,090)
Profit for the period		<u>69,269</u>	<u>189,371</u>	<u>422,247</u>	<u>859,657</u>
Basic and diluted earnings per share (fils)	9	<u>0.70</u>	<u>1.91</u>	<u>4.25</u>	<u>8.66</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of comprehensive income (Unaudited)

For the nine month period ended 30 September 2019

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Profit for the period	69,269	189,371	422,247	859,657
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Foreign exchange differences on translation of foreign operations	29,916	23,659	28,833	59,908
Other comprehensive income for the period	29,916	23,659	28,833	59,908
Total comprehensive income for the period	99,185	213,030	451,080	919,565

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity (Unaudited)

For the nine month period ended 30 September 2019

	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 2019	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	-	-	-	-	-	-	-	422,247	422,247
Other comprehensive income for the period	-	-	-	-	-	-	28,833	-	28,833
Total comprehensive income for the period	-	-	-	-	-	-	28,833	422,247	451,080
Transfer for dividends distribution (Note 12)	-	-	-	(112,207)	-	-	-	112,207	-
Dividends (Note 12)	-	-	-	-	-	-	-	(992,378)	(992,378)
At 30 September 2019	<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>535,617</u>	<u>422,247</u>	<u>17,839,223</u>
At 31 December 2017 ("as previously reported")	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,699,081	19,028,097
Impact on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(25,940)	(25,940)
At 1 January 2018 ("Restated")	10,069,180	2,294,444	2,387,708	1,827,831	(164,740)	471,283	443,310	1,673,141	19,002,157
Profit for the period	-	-	-	-	-	-	-	859,657	859,657
Other comprehensive income for the period	-	-	-	-	-	-	59,908	-	59,908
Total comprehensive income for the period	-	-	-	-	-	-	59,908	859,657	919,565
Dividends (Note 12)	-	-	-	-	-	-	-	(1,687,042)	(1,687,042)
At 30 September 2018	<u>10,069,180</u>	<u>2,294,444</u>	<u>2,387,708</u>	<u>1,827,831</u>	<u>(164,740)</u>	<u>471,283</u>	<u>503,218</u>	<u>845,756</u>	<u>18,234,680</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of cash flows (Unaudited)

For the nine month period ended 30 September 2019

	Notes	Nine months ended 30 September	
		2019	2018
		KD	KD
OPERATING ACTIVITIES			
Profit for the period		422,247	859,657
<i>Adjustments for:</i>			
Depreciation		368,578	366,011
Amortization	3	53,396	-
Share of results of an associate		42,845	(118,868)
Gain on sale of property, plant and equipment		(357)	-
Profit income	8	(7,617)	(7,557)
Provision for expected credit losses		45,923	22,357
Write-back of provision for expected credit losses		-	(11,032)
Realized gain on sale of financial assets at ("FVTPL")		(1,738)	-
Unrealized gain on financial assets at ("FVTPL")		-	(5,923)
Foreign exchange gain		(10,805)	(10,516)
Provision for employee end of service benefits		61,810	113,084
Finance costs		79,762	59,696
		<u>1,054,044</u>	<u>1,266,909</u>
<i>Changes in working capital:</i>			
Inventories		205,866	(152,403)
Trade and other receivables		(443,310)	(14,822)
Trade and other payables		(724,316)	(551,137)
Cash flows generated from operations		<u>92,284</u>	<u>548,547</u>
Employee's end of service benefits paid		(22,607)	(104,771)
Net cash flows generated from operating activities		<u>69,677</u>	<u>443,776</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(57,895)	(51,974)
Proceeds from sale of property, plant and equipment		378	-
Proceeds from sale of financial assets at ("FVTPL")		73,322	-
Profit income received		7,617	7,557
Maturity of term deposits		520,000	600,000
Dividend received from an associate		81,043	7,154
Net cash flows generated from investing activities		<u>624,465</u>	<u>562,737</u>
FINANCING ACTIVITIES			
Dividends paid		(976,358)	(1,658,691)
Payment of lease liabilities		(59,177)	-
Notes payables		583,104	-
Net movement in term loans		250,039	(211,656)
Finance costs paid		(79,762)	(59,696)
Net cash flows used in financing activities		<u>(282,154)</u>	<u>(1,930,043)</u>
Effect of foreign currency translation		7,321	16,862
Net increase/(decrease) in bank balances and cash		<u>419,309</u>	<u>(906,668)</u>
Bank balances and cash at beginning of the period		879,565	2,776,342
Bank balances and cash at end of the period	4	<u>1,298,874</u>	<u>1,869,674</u>

The Group has the following non-cash activities during the period, which is not reflected in the interim condensed consolidated statement of cash flows.

Non cash transactions :

Impact of IFRS 16 adoption (Note 2)	143,498	-
Transfer for dividends distribution (Note 12)	112,207	-
	<u>255,705</u>	<u>-</u>

The notes on pages 7 to 18 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

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 Nine month period ended 30 September 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 5 November 2019.

2. BASIS OF PREPARATION

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

Use of judgements and estimates

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

Use of judgements and estimates (Continued)

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

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

Changes in significant accounting policies

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

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

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

IFRS 16 Leases

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

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

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (Continued)

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

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

No impact on retained earnings as at 1 January 2019

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

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

i. Leases previously accounted for as finance leases

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

ii. Leases previously accounted for operating leases

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

2. BASIS OF PREPARATION (CONTINUED)

Changes in significant accounting policies (Continued)

IFRS 16 Leases (continued)

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

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

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

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

3. SUMMARY OF NEW ACCOUNTING POLICIES

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

Right-of-use assets

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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

	<u>Right-of-use</u>	<u>Lease liabilities</u>
	KD	KD
As at 1 January 2019	152,454	143,498
Amortization expenses	(53,396)	-
Interest expenses	-	3,540
Payments	-	(62,717)
Foreign currency translation differences	(63)	-
As at 30 September 2019	<u>98,995</u>	<u>84,321</u>

The Group recognised rent expense from short-term leases and leases of low-value assets of KD 175,129 for the nine months ended 30 September 2019.

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
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Notes to the interim condensed consolidated financial information (Unaudited)

For the nine month period ended 30 September 2019

3. SUMMARY OF NEW ACCOUNTING POLICIES (CONTINUED)

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

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Non-current portion	11,865	-	-
Current portion	72,456	-	-
	<u>84,321</u>	<u>-</u>	<u>-</u>

4. BANK BALANCES AND CASH

	30 September 2019	(Audited) 31 December 2018	30 September 2018
	KD	KD	KD
Bank balances	1,292,272	869,651	1,856,730
Cash on hand and with portfolio manager	6,602	9,914	12,944
	<u>1,298,874</u>	<u>879,565</u>	<u>1,869,674</u>

5. SHARE CAPITAL

The authorized, issued and paid up share capital is KD 10,069,180 (31 December 2018: KD 10,069,180 and 30 September 2018: KD 10,069,180) comprising of 100,691,795 shares of 100 fils each (31 December 2018: 100,691,795 and 30 September 2018: 100,691,795 shares of 100 fils each) and all shares are paid in cash.

6. TREASURY SHARES

	30 September 2019	(Audited) 31 December 2018	30 September 2018
Number of shares	1,454,028	1,454,028	1,454,028
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD)	232,644	273,357	362,053
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.

7. NOTES PAYABLES

Notes payables obtained from local banks which mature within less than one year and carry an interest rate 1.5% (31 December 2018 and 30 September 2018: Nil) per annum over the Central Bank of Kuwait discount rate.

Shuaiba Industrial Company K.P.S.C. and its subsidiary
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Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2019

8. REVENUE

	For three month ended 30 September 2019					For three month ended 30 September 2018						
	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD
Sale of multi-wall paper	1,957,335	-	-	-	-	1,957,335	2,122,653	-	-	-	-	2,122,653
Sale of superior value and high quality bags and wrapping sheets	-	1,312,159	-	-	-	1,312,159	-	1,145,493	-	-	-	1,145,493
Sale of multi-ply printed and laminated films	-	-	301,963	-	-	301,963	-	248,440	-	-	-	248,440
Sale of other types	-	-	-	-	-	-	-	-	789	-	-	789
Waste sale	-	-	-	-	22,949	22,949	-	-	-	-	32,823	32,823
Total revenue from contracts with customers	1,957,335	1,312,159	301,963	-	22,949	3,594,406	2,122,653	1,145,493	789	32,823	3,550,198	
Profit income	-	-	-	-	-	-	-	-	-	7,557	7,557	
Total revenue	1,957,335	1,312,159	301,963	-	22,949	3,594,406	2,122,653	1,145,493	789	40,380	3,557,755	
Geographical markets												
Kuwait	642,728	390,469	289,938	-	13,611	1,336,746	536,806	346,130	789	4,979	1,136,255	
GCC	966,265	871,140	12,025	-	9,338	1,858,768	803,792	756,062	-	27,844	1,588,587	
Asia	192,706	50,550	-	-	-	243,256	387,064	43,301	-	-	430,365	
Africa	155,636	-	-	-	-	155,636	394,991	-	-	-	394,991	
Total revenue from contracts with customers	1,957,335	1,312,159	301,963	-	22,949	3,594,406	2,122,653	1,145,493	789	32,823	3,550,198	
Timing of revenue recognition												
Goods transferred at a point in time	1,957,335	1,312,159	301,963	-	22,949	3,594,406	2,122,653	1,145,493	789	32,823	3,550,198	
Source of revenue												
External customers	1,957,335	1,312,159	301,963	-	22,949	3,594,406	2,122,653	1,145,493	789	32,823	3,550,198	

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8. REVENUE (CONTINUED)

	For nine month ended 30 September 2019					For nine month ended 30 September 2018						
	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD	Industrial Packaging Division KD	Consumer Packaging Division KD	Flexible Packaging Division KD	Trading Division KD	Other income KD	Total KD
Sale of multi-wall paper	6,639,966	-	-	-	-	6,639,966	6,892,776	-	-	-	-	6,892,776
Sale of superior value and high quality bags and wrapping sheets	-	3,781,048	-	-	-	3,781,048	-	3,466,336	-	-	-	3,466,336
Sale of multi-ply printed and laminated films	-	-	1,008,025	-	-	1,008,025	-	-	767,089	-	-	767,089
Sale of other types	-	-	-	-	-	-	-	-	-	2,442	-	2,442
Waste sale	-	-	-	-	109,121	109,121	-	-	-	-	99,304	99,304
Total revenue from contracts with customers	6,639,966	3,781,048	1,008,025	-	109,121	11,538,160	6,892,776	3,466,336	767,089	2,442	99,304	11,227,947
Profit income	-	-	-	-	7,617	7,617	-	-	-	-	7,557	7,557
Total revenue	6,639,966	3,781,048	1,008,025	-	116,738	11,545,777	6,892,776	3,466,336	767,089	2,442	106,861	11,235,504
Geographical markets												
Kuwait	1,832,254	1,302,685	978,661	-	44,775	4,158,375	1,627,901	1,358,995	730,519	2,442	71,460	3,791,317
GCC	3,491,304	2,331,456	29,364	-	64,346	5,916,470	2,560,817	1,965,859	36,570	-	27,844	4,591,090
Asia	823,876	146,907	-	-	-	970,783	1,498,171	141,482	-	-	-	1,639,653
Africa	483,391	-	-	-	-	483,391	1,205,887	-	-	-	-	1,205,887
USA	9,141	-	-	-	-	9,141	-	-	-	-	-	-
Total revenue from contracts with customers	6,639,966	3,781,048	1,008,025	-	109,121	11,538,160	6,892,776	3,466,336	767,089	2,442	99,304	11,227,947
Timing of revenue recognition												
Goods transferred at a point in time	6,639,966	3,781,048	1,008,025	-	109,121	11,538,160	6,892,776	3,466,336	767,089	2,442	99,304	11,227,947
Source of revenue												
External customers	6,639,966	3,781,048	1,008,025	-	109,121	11,538,160	6,892,776	3,466,336	767,089	2,442	99,304	11,227,947

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9. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Profit for the period (KD)	69,269	189,371	422,247	859,657
<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
Basic and diluted earnings per share (fils)	0.70	1.91	4.25	8.66

10. 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:

	(Audited)		
	30 September 2019	31 December 2018	30 September 2018
	KD	KD	KD
Interim condensed consolidated statement of financial position			
Investment in an associate	2,399,669	2,597,148	2,548,947
Dividend receivables from an associate	81,042	-	135,932
Dividends payable	165,737	149,717	159,779
Board of Directors' remuneration	-	30,000	-
	Three months ended 30 September	Nine months ended 30 September	
	2019	2018	2019
	KD	KD	KD
Interim condensed consolidated statement of profit or loss			
Share of result of an associate	(47,961)	22,239	(42,845)
<i>Key management compensation</i>			
Salaries and other short-term benefits	44,837	39,700	145,640
Termination benefits	3,709	28,316	11,125
Board of Directors' committees' remuneration	-	-	-
			22,000

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11. SEGMENTAL INFORMATION

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

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

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

	Three months ended 30 September			
	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	1,957,335	2,122,653	81,992	207,996
Consumer Packaging Division	1,312,159	1,145,493	310,576	284,417
Flexible Packaging Division	301,963	248,440	43,408	18,428
Trading Division	-	789	-	(1,266)
	<u>3,571,457</u>	<u>3,517,375</u>	435,976	509,575
Share of results of an associate			(47,961)	22,239
Other income			22,949	40,380
Provision for expected credit losses			(5,588)	(7,605)
Write-back of provision for expected credit losses			-	963
Unrealized gain on financial assets at ("FVTPL")			-	7,125
Foreign exchange gain			8,687	3,906
General and administrative expenses			(196,164)	(225,543)
Selling and distribution expenses			(116,383)	(136,745)
Finance costs			(28,857)	(18,308)
KFAS			(282)	(1,763)
NLST			(2,220)	(3,467)
Zakat			(888)	(1,386)
Profit for the period			<u>69,269</u>	<u>189,371</u>

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11. SEGMENTAL INFORMATION (CONTINUED)

	Nine months ended 30 September			
	2019	2018	2019	2018
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	6,639,966	6,892,776	412,938	874,888
Consumer Packaging Division	3,781,048	3,466,336	905,519	910,635
Flexible Packaging Division	1,008,025	767,089	144,775	82,013
Trading Division	-	2,442	-	(2,599)
	<u>11,429,039</u>	<u>11,128,643</u>	1,463,232	1,864,937
Share of results of an associate			(42,845)	118,868
Other income			116,738	106,861
Provision for expected credit losses			(45,923)	(22,357)
Write-back of provision for expected credit losses			-	11,032
Realized gain on sale of financial assets at ("FVTPL")			1,738	-
Unrealized gain on financial assets at ("FVTPL")			-	5,923
Foreign exchange gain			10,805	10,516
General and administrative expenses			(612,159)	(718,219)
Selling and distribution expenses			(367,027)	(418,296)
Finance costs			(79,762)	(59,696)
KFAS			(4,003)	(8,096)
NLST			(13,248)	(22,726)
Zakat			(5,299)	(9,090)
Profit for the period			<u>422,247</u>	<u>859,657</u>

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

12. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 5 May 2019 approved the following:

- The consolidated financial statements of the Group for the financial year ended 31 December 2018.
- Transfer of KD 112,207 from voluntary reserve to retained earnings for distribution of cash dividends for the financial year ended 31 December 2018
- Distribution of cash dividends of 10% equivalent to 10 fils per share on outstanding shares excluding treasury shares, amounting to KD 992,378 for the financial year ended 31 December 2018 to the shareholders of the Parent Company's record as at the accrual date (2017: KD 1,687,042).
- KD 30,000 as a remuneration to be paid to the Board of Directors for the financial year ended 31 December 2018 (2017: KD 30,000).

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13. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September	(Audited)	30 September
	2019	31 December	2018
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Capital commitments			
For the purchase of property, plant and equipment	<u>519,973</u>	<u>1,092,012</u>	<u>1,092,012</u>
Contingent liabilities			
Letters of credit	51,625	4,730	14,117
Letters of guarantee	<u>81,845</u>	<u>85,779</u>	<u>21,405</u>
	<u>133,470</u>	<u>90,509</u>	<u>35,522</u>