

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

**Condensed consolidated interim financial information
and independent auditor's review report for the three
month period ended 31 March 2017**

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

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The Board of Directors

Shuaiba Industrial Company K.P.S.C State of Kuwait

Introduction

We have reviewed the accompanying 31 March 2017 condensed consolidated interim financial information of Shuaiba Industrial Company K.P.S.C. (“the Company”) and its subsidiary (together “the Group”), which comprises the condensed consolidated statement of financial position as at 31 March 2017, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim 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 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2016 and the condensed consolidated interim financial information for the three month period ended 31 March 2016 were audited and reviewed, respectively, by another auditor who expressed unmodified opinion and conclusion on those statements on 12 February 2017 and 26 April 2016, respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



Report on review of other legal and regulatory requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account of the Company. We further report that, nothing has come to our attention that causes us to believe that there were any violations of the provisions of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Company's Memorandum and Articles of Association during the three month period ended 31 March 2017 that might have had material effect on the business of the Group or on its consolidated financial position.

A handwritten signature in blue ink, appearing to read 'Safi A. Al-Mutawa', written over a horizontal line.

Safi A. Al-Mutawa
License No 138 "A"
of KPMG Safi Al-Mutawa & Partners
Member firm of KPMG International

Kuwait: 2 May 2017

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

**Condensed consolidated statement of financial position
as at 31 March 2017**

		(Audited)	
	31 March	31 December	31 March
	2017	2016	2016
	Note	KD	KD
Assets			
Non-current assets			
Property, plant and equipment	3	10,216,664	10,319,933
Investment in an associate	4	2,483,680	2,561,086
		<u>12,700,344</u>	<u>12,881,019</u>
Current assets			
Inventories		2,307,754	2,782,405
Trade receivables		3,089,545	2,423,511
Other receivables		314,454	177,759
Financial assets at fair value through profit or loss		124,870	102,457
Term deposit		-	1,650,000
Cash and cash equivalents	5	5,231,383	3,736,731
		<u>11,068,006</u>	<u>10,872,863</u>
Total assets		<u>23,768,350</u>	<u>23,753,882</u>
Equity and liabilities			
Equity			
Share capital	6	8,055,343	8,055,343
Share premium		2,294,444	2,294,444
Statutory reserve		2,185,527	2,185,527
Voluntary reserve		2,094,519	2,094,519
Treasury shares	7	(164,740)	(164,740)
Treasury shares reserve		471,283	471,283
Foreign currency translation reserve		533,592	566,221
Retained earnings		3,967,008	3,334,954
Total equity		<u>19,436,976</u>	<u>18,837,551</u>
Liabilities			
Employees' end of service benefits		695,235	678,162
Non-current portion of term loans	8	1,685,644	1,685,644
Total non-current liabilities		<u>2,380,879</u>	<u>2,363,806</u>
Current portion of term loans	8	184,000	184,000
Trade and other payables		1,766,495	2,368,525
Total current liabilities		<u>1,950,495</u>	<u>2,552,525</u>
Total liabilities		<u>4,331,374</u>	<u>4,916,331</u>
Total equity and liabilities		<u>23,768,350</u>	<u>23,753,882</u>

The notes on pages 8 to 16 form an integral part of this condensed consolidated interim financial information.

Saleh Omran Abdullah Kannan
Chairman

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

**Condensed consolidated statement of profit or loss
for the three month period ended 31 March 2017**

	Note	Three month period ended 31 March	
		2017 KD	2016 KD
Sales		3,800,049	4,034,171
Cost of sales		<u>(2,804,151)</u>	<u>(2,950,657)</u>
Gross profit		995,898	1,083,514
Other income		59,710	17,137
Foreign exchange gain / (loss)		8,281	(13,913)
Share of results of an associate	4	31,309	14,744
Unrealised gain on financial assets at fair value through profit or loss		22,413	38,648
General and administrative expenses	9	(200,810)	(228,054)
Selling and distribution expenses		(233,111)	(245,629)
Finance costs		<u>(22,360)</u>	<u>(7,334)</u>
Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat		661,330	659,113
KFAS		(5,952)	(5,931)
NLST		(16,660)	(16,875)
Zakat		<u>(6,664)</u>	<u>(6,750)</u>
Profit for the period		<u>632,054</u>	<u>629,557</u>
Basic and diluted earnings per share (fils)	10	<u>7.96</u>	<u>7.93</u>

The notes on pages 8 to 16 form an integral part of this condensed consolidated interim financial information.

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

**Condensed consolidated statement of comprehensive income
for the three month period ended 31 March 2017**

	Three month period ended 31 March	
	2017 KD	2016 KD
Profit for the period	<u>632,054</u>	<u>629,557</u>
Other comprehensive loss items:		
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>		
Foreign currency translation differences	<u>(32,629)</u>	<u>(35,939)</u>
Other comprehensive loss for the period	<u>(32,629)</u>	<u>(35,939)</u>
Total comprehensive income for the period	<u>599,425</u>	<u>593,618</u>

The notes on pages 8 to 16 form an integral part of this condensed consolidated interim financial information.

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

Condensed consolidated statement of changes in equity
for the three month period ended 31 March 2017

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2016	6,444,275	2,294,444	1,985,638	1,894,630	(164,740)	471,283	492,544	4,744,837	18,162,911
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	629,557	629,557
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	-	-	-	(35,939)	-	(35,939)
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	(35,939)	629,557	593,618
Transactions with the shareholders of the Company	-	-	-	-	-	-	-	-	-
Issue of bonus shares	1,611,068	-	-	-	-	-	-	(1,611,068)	-
Dividends	-	-	-	-	-	-	-	(1,270,246)	(1,270,246)
Balance at 31 March 2016	8,055,343	2,294,444	1,985,638	1,894,630	(164,740)	471,283	456,605	2,493,080	17,486,283
Balance at 1 January 2017	8,055,343	2,294,444	2,185,527	2,094,519	(164,740)	471,283	566,221	3,334,954	18,837,551
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	632,054	632,054
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	-	-	-	(32,629)	-	(32,629)
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	(32,629)	632,054	599,425
Balance at 31 March 2017	8,055,343	2,294,444	2,185,527	2,094,519	(164,740)	471,283	533,592	3,967,008	19,436,976

The notes on pages 8 to 16 form an integral part of this condensed consolidated interim financial information.

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

**Condensed consolidated statement of cash flows
for the three month period ended 31 March 2017**

	Note	Three month period ended 31 March	
		2017 KD	2016 KD
Cash flows from operating activities			
Profit for the period		632,054	629,557
<i>Adjustments for:</i>			
Depreciation	3	118,335	116,772
Share of results of an associate	4	(31,309)	(14,744)
Unrealised gain on financial assets at fair value through profit or loss		(22,413)	(38,648)
Provision for employees' end of service benefits		19,034	18,242
Finance costs		22,360	7,334
		<u>738,061</u>	<u>718,513</u>
<i>Changes in</i>			
- Inventories		474,651	247,668
- Trade receivables		(666,034)	(455,880)
- Other receivables		(136,695)	30,250
- Due to a related party		-	(24,927)
- Trade and other payables		(602,030)	391,456
Employees' end of service benefits paid		(1,961)	(2,436)
<i>Net cash (used in) / generated from operating activities</i>		<u>(194,008)</u>	<u>904,644</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(26,739)	(420,832)
Term deposit		1,650,000	100,000
Dividend received from an associate	4	97,588	97,080
<i>Net cash generated from / (used in) investing activities</i>		<u>1,720,849</u>	<u>(223,752)</u>
Cash flows from financing activity			
Finance costs paid		(22,360)	(7,334)
<i>Net cash used in financing activity</i>		<u>(22,360)</u>	<u>(7,334)</u>
Effect of foreign currency translation		(9,829)	(6,724)
Net increase in cash and cash equivalents		1,494,652	666,834
Cash and cash equivalents at beginning of the period		3,736,731	2,570,291
Cash and cash equivalents at end of the period	5	<u>5,231,383</u>	<u>3,237,125</u>

The notes on pages 8 to 16 form an integral part of this condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017**

1. Reporting entity

Shuaiba Industrial Company K.P.S.C. ("the Company"), is a public shareholding company incorporated in 1978 under the Laws of the State of Kuwait and is listed on the Kuwait Stock Exchange. The Company's commercial registration number is 26799 dated 19 March 2017.

The Group comprises of the Company and its wholly owned subsidiary - Advance Technologies International Agencies Company W.L.L. together ("the Group").

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

The Company's objectives are as follows:

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

The Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Company achieve its objectives inside Kuwait and abroad. The 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 annual general assembly meeting of the shareholders held on 4 April 2017, approved the annual audited consolidated financial statements of the Group for the year ended 31 December 2016 and approved the payment of cash dividend of 20% equivalents to 20 fils per share on outstanding shares excluding treasury shares (31 December 2015: 20% equivalent to 20 fils per share) and bonus share of 25% equivalent to 25 shares for each 100 shares (31 December 2015: 25% equivalent to 25 fils per share) to the shareholders of the Company's record as of the date of the Annual General Assembly Meeting.

An Extraordinary General Meeting of the shareholders was held on 4 April 2017 to approve the increase in authorized share capital by 25% due to bonus shares declared amounting to 20,138,359 shares.

The interim condensed consolidated financial information of the Group for the three month period ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 1 May 2017.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed consolidated interim financial information of the Group, since the last annual consolidated financial statements as at and for the year ended 31 December 2016. This condensed consolidated interim financial information does not include all of the information required for full annual audited consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS).

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017**

b) Basis of preparation

The condensed consolidated interim financial information have been prepared on the historical cost basis except for investments at fair value through profit or loss which is measured at fair value:

The operating results for the three month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

The condensed consolidated interim financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Company.

c) Significant accounting policies

The condensed consolidated interim financial information have been prepared using the same accounting policies and methods of computation as compared with the Group's most recent consolidated financial statements for the year ended 31 December 2016, except for the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

d) Basis of consolidation

The financial information of the subsidiary has been consolidated based on management accounts for the three month period ended 31 March 2017. The Group's management do not expect any material differences in the figures if the reviewed financial information would have been available for the period ended 31 March 2017.

e) Judgements and estimates

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

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

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

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017

3. Property, plant and equipment

Cost	Leasehold land KD	Buildings KD	Machinery KD	Furniture and fixtures KD	Motor vehicles KD	Capital work in progress KD	Total KD
Balance at 1 January 2016	555,000	3,785,269	7,531,933	798,047	232,350	350	12,902,949
Additions	-	-	-	-	-	2,173,652	2,173,652
Transfer	-	-	697,663	11,253	-	(708,916)	-
Disposals	-	-	-	-	(2,775)	-	(2,775)
Foreign currency exchange difference	-	12,586	19,069	1,035	270	9,655	42,615
Balance at 31 December 2016	555,000	3,797,855	8,248,665	810,335	229,845	1,474,741	15,116,441
Transfer	-	-	569,247	-	-	(569,247)	-
Additions	-	-	-	-	-	26,739	26,739
Foreign currency exchange difference	-	(4,401)	(6,385)	(352)	(94)	(2,301)	(13,533)
Balance at 31 March 2017	555,000	3,793,454	8,811,527	809,983	229,751	929,932	15,129,647
Accumulated depreciation and impairment losses							
Balance at 1 January 2016	-	1,142,488	2,250,603	667,922	201,369	-	4,262,382
Charge for the year	-	129,659	266,723	57,293	14,611	-	468,286
Relating to disposals	-	-	-	-	(2,774)	-	(2,774)
Impairment	-	-	62,945	-	-	-	62,945
Foreign currency exchange difference	-	2,046	2,526	830	267	-	5,669
Balance at 31 December 2016	-	1,274,193	2,582,797	726,045	213,473	-	4,796,508
Charge for the period	-	31,392	70,648	12,626	3,669	-	118,335
Foreign currency exchange difference	-	(691)	(815)	(268)	(86)	-	(1,860)
Balance at 31 March 2017	-	1,304,894	2,652,630	738,403	217,056	-	4,912,983
Carrying value							
At 31 March 2017	555,000	2,488,560	6,158,897	71,580	12,695	929,932	10,216,664
At 31 December 2016	555,000	2,523,662	5,665,868	84,290	16,372	1,474,741	10,319,933
At 31 March 2016	555,000	2,600,921	5,609,479	118,429	27,280	16,506	8,927,615
Annual depreciation rates	-	3.33%	3.33%	20%	20%	-	-

Certain property, plant and equipment have been assigned as security against term loans.

Buildings are constructed on leasehold lands from the government of Kuwait and the government of Dubai for a period of 5 year renewable for similar periods.

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017**

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

	Three months period ended 31 March	
	2017 KD	2016 KD
Cost of sales	114,571	109,953
General and administrative expenses (Note 9)	3,522	5,851
Selling and distribution expenses	242	968
	<u>118,335</u>	<u>116,772</u>

4. Investment in an associate

Name of associate	Country of incorporation	Voting rights and equity interest (%)		Activity	Carrying value		
		31 March			(Audited) 31		
		2017 %	2016 %		31 March 2017 KD	December 2016 KD	31 March 2016 KD
Yanbu Saudi Kuwaiti Paper Products Company L.t.d. ("YSKPPC")	Kingdom of Saudi Arabia	40	40	Paper products	<u>2,483,680</u>	<u>2,561,086</u>	<u>2,472,592</u>

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

	31 March 2017 KD	(Audited) 31 December 2016 KD	31 March 2016 KD
Associate's financial position:			
Total assets	<u>7,807,993</u>	<u>7,017,800</u>	<u>7,950,308</u>
Total liabilities	<u>(1,598,793)</u>	<u>(615,086)</u>	<u>(1,768,828)</u>
Net assets	<u>6,209,200</u>	<u>6,402,714</u>	<u>6,181,480</u>
Group share of net assets of an associate	<u>2,483,680</u>	<u>2,561,086</u>	<u>2,472,592</u>
Associate's revenue and results:			
Revenue	<u>1,531,513</u>	<u>6,438,296</u>	<u>1,842,770</u>
Profits	<u>78,273</u>	<u>182,115</u>	<u>36,860</u>
Share of results of an associate	<u>31,309</u>	<u>72,846</u>	<u>14,744</u>
Dividend received	<u>97,588</u>	<u>97,080</u>	<u>97,080</u>

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017

5. Cash and cash equivalents

	31 March 2017	(Audited) 31 December 2016	31 March 2016
	KD	KD	KD
Short term deposits	-	-	670,000
Bank balances	5,223,845	3,730,803	2,562,127
Cash on hand and with portfolio manager	7,538	5,928	4,998
	<u>5,231,383</u>	<u>3,736,731</u>	<u>3,237,125</u>

6. Share capital

The authorized, issued and paid up share capital is KD 8,055,343 (31 December 2016: KD 8,055,343 and 31 March 2016: KD 8,055,343) comprising of 80,553,436 shares of 100 fils each (31 December 2016: 80,553,436 and 31 March 2016: 80,553,436 shares of 100 fils each) and all shares are paid in cash.

7. Treasury shares

	31 March 2017	(Audited) 31 December 2016	31 March 2016
Number of shares	1,163,154	1,163,078	1,163,078
Percentage to issued shares (%)	1.44%	1.44%	1.44%
Market value (KD)	476,893	343,108	476,862
Cost (KD)	164,740	164,740	164,740

The 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 Company, pursuant to instructions of the relevant regulatory authorities.

8. Term loans

	31 March 2017	(Audited) 31 December 2016	31 March 2016
Non-current portion	1,685,644	1,685,644	272,000
Current portion	184,000	184,000	184,000
	<u>1,869,644</u>	<u>1,869,644</u>	<u>456,000</u>

Term loans represent credit refinance facilities ("the facilities") obtained from a local bank. The facilities are used to finance purchases of equipment and machinery to expand the Group's plant. The facilities carry a profit rate of 3.5% semi annually (31 December 2016 and 31 March 2016: 3.5% semi annually) and repayable as shown below.

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**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017**

Facility Amount KD	Payable Amount KD	Current Portion KD	Non-current Portion KD	Maturity Date
700,000	140,000	140,000	-	October 2017
220,000	132,000	44,000	88,000	December 2019
2,800,000	1,597,644	-	1,597,644	November 2022
	<u>1,869,644</u>	<u>184,000</u>	<u>1,685,644</u>	

The facilities are secured by certain property, plant and equipment (note 3) in favour of the bank. It also requires, among other things, certain restrictions on the payment of dividends and a requirement to maintain a minimum leverage ratio (current assets to current liabilities) of 1.5:1.

9. General and administrative expenses

	Three month period ended 31 March	
	2017 KD	2016 KD
Staff costs	140,572	175,881
Depreciation	3,522	5,851
Communication expenses	7,418	7,501
Travel expenses	8,118	6,374
Rental	6,963	4,996
Stationery expenses and maintenance	5,539	7,293
Professional fees	12,136	4,086
Employees food and refreshment	1,618	2,092
Miscellaneous expenses	14,924	13,980
	<u>200,810</u>	<u>228,054</u>

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 month period ended 31 March	
	2017	2016
Profit for the period (KD)	<u>632,054</u>	<u>629,557</u>
<i>Weighted average number of shares outstanding:</i>		
Number of issued shares	80,553,436	80,553,436
Less: weighted average number of treasury shares	<u>(1,163,154)</u>	<u>(1,163,078)</u>
Weighted average number of shares outstanding	<u>79,390,282</u>	<u>79,390,358</u>
Basic and diluted earnings per share (fils)	<u>7.96</u>	<u>7.93</u>

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017

11. Related party 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 Company's management. Transactions with related parties are as follows:

	Three month period ended	
	31 March	
	2017	2016
	KD	KD
Key management compensation		
• Salaries and other short-term benefits	118,846	110,677
• Termination benefits	5,633	5,373

12. Segment 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 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 month period ended 31 March			
	2017	2016	2017	2016
	KD	KD	KD	KD
	Revenue		Segment results	
Industrial Packaging Division	2,341,644	2,705,355	535,276	666,780
Consumer Packaging Division	1,123,842	1,028,838	377,250	364,302
Flexible Packaging Division	326,905	288,699	87,781	51,433
Trading Division	7,658	11,279	(4,409)	999
	<u>3,800,049</u>	<u>4,034,171</u>	<u>995,898</u>	<u>1,083,514</u>
Other income			59,710	17,137
Foreign exchange gain / (loss)			8,281	(13,913)
Share of results of an associate			31,309	14,744
Unrealised gain on financial assets at fair value through profit or loss			22,413	38,648
General and administrative expenses			(200,810)	(228,054)
Selling and distribution expenses			(233,111)	(245,629)

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

**Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2017**

Finance costs	(22,360)	(7,334)
KFAS	(5,952)	(5,931)
NLST	(16,660)	(16,875)
Zakat	(6,664)	(6,750)
Profit for the period	632,054	629,557

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

	Three month period ended 31 March	
	2017 KD	2016 KD
Kuwait	1,391,396	1,464,563
GCC	1,898,994	1,889,978
Asia	400,745	473,718
Africa	99,526	205,912
USA	9,388	-
	3,800,049	4,034,171

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

13. Financial instruments - fair value measurement and risk management

Fair value measurement

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

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

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

31 March 2017	Level 1	Level 2	Total
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	124,870	-	124,870
Total	124,870	-	124,870
31 December 2016	Level 1	Level 2	Total
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	102,457	-	102,457
Total	102,457	-	102,457

**Shuaiba Industrial Company K.P.S.C. and its subsidiary
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31 March 2016	<u>Level 1</u> KD	<u>Level 2</u> KD	<u>Total</u> KD
Financial assets at fair value through profit or loss			
Local quoted securities	214,720	-	214,720
Total	<u>214,720</u>	<u>-</u>	<u>214,720</u>

Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2016.

14. Contingent liabilities and commitments

	<u>31 March</u> <u>2017</u> KD	<u>(Audited)</u> <u>31 December</u> <u>2016</u> KD	<u>31 March</u> <u>2016</u> KD
Capital commitments			
For the purchase of property, plant and equipment	-	-	1,200,136
Operating lease commitments			
Not later than one year	74,617	69,667	68,672
Later than one year but not later than five years	298,468	212,244	274,688
	<u>373,085</u>	<u>281,911</u>	<u>343,360</u>
Contingent liabilities			
Letters of credit	225,383	106,111	74,234
Letters of guarantee	81,049	190,703	25,331
	<u>306,432</u>	<u>296,814</u>	<u>99,565</u>