United Paper Industries BSC (C)

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

Commercial registration	:	29242-01
Directors	:	Abdulla H Buhindi - *Chairman* Ebrahim M Ali Zainal - *Deputy Chairman* Adel H Maskati Sami Mohammed Jalal Abdulla E Jamsheer Waleed H Buhindi
Company Secretary	:	Ahmed Al Hujairi
General Manager	:	Hamed Faleh
Office	:	P.O. Box 2004, Manama Kingdom of Bahrain Telephone: 17732626 Telefax: 17735995 Building 280, Road 105, Area 601 North Sitra Industrial Area- Kingdom of Bahrain
Bankers	:	BBK BSC HSBC Bank Middle East Limited Bahrain Islamic Bank BSC Ahli United Bank BSC Al Salam Bank, Bahrain BSC National Bank of Bahrain BSC
Auditors	:	KPMG Fakhro

United Paper Industries BSC (c)

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

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DIRECTORS' REPORT
for the year ended 31 March 2018

On behalf of the Board of Directors of United Paper Industries BSC (c), it is my pleasure to present the financial statements of the company for the year ended 31st March, 2018.

The financial statement comprises the consolidated figures for the operations of United Paper Industries BSC (c) (Bahrain Pack), Jordan Bahrain Paper Industries (P) Ltd, (JOBA PACK), the subsidiary in Jordan and Bahrain Duplex Boxes Company SPC, a 100% subsidiary company of Bahrain Pack. The consolidated profit reported in 2017-2018 for the Group was BD 576,150 as compared to the profits of the previous year of BD 1,245,943. The net profit of 2017-2018 for BAHRAIN PACK alone was BD 888,969 as against Previous year BD 1,219,817.The Carton Industry in the region is currently going through a difficult phase due to the impact of the high raw material prices, scarcity of paper in the market, and sluggish demand for the Cartons due to the general slowdown of the economy. These factors along with strong competition from other corrugators amidst decreased market demand especially in the Export Market of Saudi Arabia and stoppage of export to Qatar along with the cash flow) has affected the performance of BAHRAIN PACK, although it is felt that on a comparative basis, the company is managing the difficult situation efficiently.

JOBA PACK reported a loss of BD 312,319 during the reporting period (previous year profit BD 171,398). The sharp reduction resulting in the loss, is on account of the factors mentioned earlier affecting the carton industry in general and also due to total shut down of export orders to neighboring Iraq and Syria, two important markets for Jordan producers. The competition in the Jordan market also has increased because of new additional corrugating units set up in the country resulting in excess capacity amidst the sluggish demand.

The Duplex Boxes Company has still not started any operation and does not have any sales or profit to report during the period except the audit expense of BD 500.

The Directors are happy to inform that BAHRAIN PACK has been allocated a plot of land by the Ministry of Industry and Tourism in a nearby plot of land measuring about 23,147 sq mts, which is substantially larger than the current facility where the factory is situated (15,968 Sqmts). A premium of BD 370,000 was paid to the previous holder of lease of the land to relinquish the lease rights. The land is intended to be utilized for future projects and efficient and additional storage for the existing production facilities to ease congestion in terms of logistics and safety, reduce production wastage with better raw material input and opportunity storage when raw material prices fall in the international market.

The Basic Earnings per share for the Group, as consolidated is 29.35 fils in 2017-2018 (previous year 63.46 fils). The book value of the shares of the Group is 401 fils as at 31st March, 2018 as against 400 fils as at 31st March, 2017.

The Debt to Equity ratio for the group as at the end of the current year is 0.88 : 1 as compared to 0.71: 1, as at the end of the previous year. (BAHRAIN PACK alone is 0.46 : 1 as compared to 0.43 : 1 for previous year). The gearing ratio of loans to equity is 0.52 : 1 as at the end of the current year as compared to previous year of 0.47 : 1 (BAHRAIN PACK alone is 0.18:1 and for previous year 0.22 : 1).

The company has received continued support from TAMKEEN and during the year an amount of BD 435,346 was approved as subsidy grant against purchase of machinery and subject to fulfilment of TAMKEEN contractual terms.

DIRECTORS' REPORT
for the year ended 31 March 2018

The management feels the outlook of the company is positive and growth of the company is expected to be sustained in the long term, even though yearly fluctuations may be experienced in the bottom line due to raw material price spurts and dips. The next few years present an uncertainty in terms of the export market which mainly comprises Saudi Arabia, Kuwait and Qatar. This may present a downward pull in the domestic market also. However the local market may not be that affected due to relocation of many manufacturing companies to Bahrain from neighboring countries and sustained investment growth in Bahrain. The oil prices are also gradually improving and this may catalyze growth. Jordan Market is also quite challenging, but the management is confident of sustained growth of the JOBA PACK once the geo political situation in the region turns stable. We would like to put on records that your company has given steady and consistent returns to the share holders for the last 18 years.

Details of properties of the parent company

The address of the properties of the company is

United Paper Industries BSC (c)

Building 280, Road 105, Block 601, Industrial Area, Kingdom of Bahrain.

The properties are briefly described as below.

Land in North Sitra industrial area bearing plot no 46010195 (NS-62B) measuring 15,968 sq meters is under lease for 25 years commencing from 1993 (The lease is renewed for another 25 years commencing December, 2018) and plot no 4600010(NS-108) measuring 4,040 sq meters held under 25 years lease, commencing from 2000 with the Ministry of Industry. Buildings are comprised of factory sheds with a total covered area of about 13,428 sq meters and an Administrative building in the same area for 468 sq meters.

The approximate age of the building is 25 years, a ware house about 14 years, a factory shed of 12 years and another newer warehouse of 7 years.

The company has maintained proper and complete accounting records and these together with all information and clarification have been made available, to the auditors, KPMG who are willing to continue in office, for the next accounting period.

Finally the Board of Directors of the Company express their deep gratitude and appreciation to the Government of the Kingdom of Bahrain, the company's Bankers, TAMKEEN, the customers, suppliers and last but not the least it's employees for their continued support and co-operation .

For and on behalf of the Board of Directors

Abdulla H Buhindi, Chairman
27 May 2018

MANAGEMENT REVIEW OF OPERATIONS
for the year ended 31 March 2018

The operations from Bahrain showed a net profit of BD 888,969 as against BD 1,219,817 of the previous year. This year no Dividend was received from JOBAPACK, the subsidiary in Jordan whereas an amount of BD 131,495 was received in the previous year. As for Bahrain operations, the Cash profit for the year was BD 1,241,277 before depreciation expense as against BD.1,522,681 for the previous year.

The quantitative particulars during the year compared to the previous year decreased as follows,

Production tonnage	:	(-) 0.53%
Sales Tonnage	:	(-) 1.89%

FINANCE:

The financing cost as a percentage of sales for current year was 0.56% as compared to 1.16% for previous year (Bahrain operations).

The current ratio of the group (current assets to current liabilities) as at the end of the current year is 1.44 : 1 as against 1.65 : 1 of the previous year (Bahrain Pack alone is 1.91 : 1 for the current year, against 2.11: 1 for the previous year).

OUTLOOK FOR 2018-2019

The Management is looking at the financial year 2018-2019, with optimism. BAHRAIN PACK is working at almost 80% to 90% capacity for order book position. The upgradation of the machines for BAHRAIN PACK is expected to be completed by July 2018 enabling an increase in the production capacity by around 20% from the existing capacity. The outlook for JOBA PACK is expected to improve although the market factors are very challenging. Any credible real growth can be achieved if Iraq markets are opened for unrestricted trade. The raw material prices in general for the carton industry is hovering in the upper band and expected to stay at this level for a major part of 2018-2019. Accordingly selling prices have been increased to an extent to mitigate as much as possible the raw material price increase.

SIGNIFICANT RISKS

The raw material price may substantially increase, based on the international economic cycle. Shortage in supply of raw material is also a possibility especially when major mills are shut down due to fire accidents and environmental controls as is being implemented in China. The selling price and demand of the company's products in the GCC region, depends on competition, and the economic outlook of the region, which to a major extent is affected by variation of the crude oil prices. As previously experienced, the adverse situation of logistics through the Bahrain – Saudi causeway may resurface and export sales may be affected. The operational cost of doing business also may substantially increase if subsidies and other incentives of cost are curtailed. There is already a significant increase in fuel and electricity costs and related cost like transportation. As for JOBA PACK, substantial sales are made in Jordan, which ultimately are exported to Iraq. Trade barriers, liquidity issues etc or cash flow delay from Iraq may affect local sales demand in Jordan. There is also the risk of geopolitical turmoil and instability continuing in the surrounding region. Profitability of the company is very much dependant on the raw material prices and any increase in the International price of raw material will adversely reflect on the profits, if the increase cannot be passed to the customers because of factors of competition.

BAHRAINISATION

The Company maintained an average Bahrainisation level of 28 % during the year and continuing to improve this percentage through new recruitment, training programs and coordination with TAMKEEN. Effort was directed to improve the skills of the Bahraini work force by providing adequate training programs on matters of production, management, safety and general skills.

The Management acknowledges its sincere gratitude to the Board of Directors of the Company, for their valued guidance to direct the company to achieve its goals. The management also express their gratitude to the customers for their support. The company acknowledges with gratitude the support of the Banks, Tamkeen, Suppliers and foremost the employees of the company for their hard work and dedication.

Hamed Faleh
General Manager
27 May 2018

KPMG Fakhro
Audit
12th Floor, Fakhro Tower
PO Box 710, Manama
Kingdom of Bahrain

Telephone +973 17 224807
Fax +973 17 227443
Website: www.kpmg.com/bh
CR No. 6220

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

United Paper Industries BSC (c)
Sitra, Kingdom of Bahrain

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of United Paper Industries BSC (c) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The recoverability of trade receivables and adequacy of bad debt provision *(refer to the use of estimate and management judgement in note 2(f), impairment policy in note 3(i)(i) and 21 on disclosure of credit risk in the consolidated financial statements)*

Description	***How the matter was addressed in our audit***
Trade receivables comprise up to 35% of the Group's total assets. Significant judgment is required by the Group in assessing the adequacy of the trade receivables provision through considering the expected recoverability of the year end trade receivables.	Our procedures included: ▪ testing the design and operating effectiveness of the Group's relevant credit controls and collection procedures; ▪ challenging the Group's assumptions in calculating the bad debt provision. This includes assessing the aging of trade receivables in comparison to previous years and testing the accuracy of aging reports; ▪ assessing the recoverability of outstanding trade receivables through the examination of subsequent cash receipts; and ▪ assessing the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision by reference to the requirement of relevant accounting standards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (continued)

Other information
The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is Directors' report and Management review of operations report set out on pages 1 to 4.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS (continued)

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended 31 March 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
b) the financial information contained in the directors' report is consistent with the consolidated financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Mahesh Balasubramanian.

KPMG

KPMG Fakhro
Partner registration number 137
27 May 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

Bahraini dinars

	Note	31 March 2018	31 March 2017
ASSETS			
Property, plant and equipment	4	5,492,367	5,783,379
Deferred leasehold cost	19	303,700	-
Available-for-sale investments	5	101,112	109,473
Total non-current assets		**5,897,179**	5,892,852
Cash and bank balances	6	99,788	115,022
Trade receivables	7	5,112,294	4,778,961
Due from related parties	18	110,205	145,301
Prepayments and other receivables	8	348,127	261,388
Inventories	9	3,237,096	2,403,395
Total current assets		**8,907,510**	7,704,067
Total assets		**14,804,689**	13,596,919
EQUITY AND LIABILITIES			
Share capital	10	1,963,225	1,963,225
Share premium		453,750	453,750
Statutory reserve		1,077,635	1,077,635
Retained earnings		3,652,554	3,674,291
Other reserves		728,995	678,027
Total equity (page 10)		**7,876,159**	7,846,928
LIABILITIES			
Non-current portion of bank borrowings	11	525,041	856,006
Provision for employees' leaving indemnities	12	236,549	211,698
Total non-current liabilities		**761,590**	1,067,704
Bank overdrafts	6	1,382,018	491,147
Post shipment bank loan	11	2,015,533	2,158,583
Current portion of bank borrowings	11	219,876	219,876
Trade payables		1,819,771	1,269,927
Due to related parties	18	11,170	11,186
Accruals and other payables		718,572	531,568
Total current liabilities		**6,166,940**	4,682,287
Total liabilities		**6,928,530**	5,749,991
Total equity and liabilities		**14,804,689**	13,596,919

The financial statements consisting of pages 8 to 38 were approved by the Board of directors' on 27 May 2018 and signed on its behalf by:

Abdulla H Buhindi
Chairman

Ebrahim M Ali Zainal
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2018 Bahraini dinars

	Note	2018	2017
REVENUE	13	**13,276,729**	13,271,723
Cost of sales	14	(10,676,851)	(9,996,596)
Gross profit		**2,599,878**	3,275,127
Other income	15	16,940	18,765
Selling and distribution expenses	16	(1,062,916)	(961,459)
Administrative expenses	17	(743,129)	(858,147)
Interest expense		(234,623)	(228,343)
Profit for the year		**576,150**	1,245,943
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences on foreign operations		144	(324)
Change in the fair value of available-for-sale investments		(8,361)	(6,687)
Transferred to profit or loss on impairment of available-for-sale investments		9,185	3,631
Total other comprehensive income		968	(3,380)
Total comprehensive income for the year		**577,118**	1,242,563
Earnings per share (in fils)	20	**29.35**	63.46

The financial statements consisting of pages 8 to 38 were approved by the Board of directors' on 27 May 2018 and signed on its behalf by:

Abdulla H Buhindi
Chairman

Ebrahim M Ali Zainal
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

Bahraini dinars

					Other reserves					
2018	**Share capital**	**Share premium**	**Statutory reserve**	**Retained earnings**	**Investment fair value reserve**	**Foreign currency translation reserve**	**General reserve**	**Charity reserve**	**Total**	**Total**
At 1 April 2017	1,963,225	453,750	1,077,635	3,674,291	20,667	7,360	650,000	-	678,027	7,846,928
Profit for the year (page 9)	-	-	-	576,150	-	-	-	-	-	576,150
Other comprehensive income										
Foreign currency translation differences on foreign operations	-	-	-	-	-	144	-	-	144	144
Change in the fair value of available-for-sale investments	-	-	-	-	(8,361)	-	-	-	(8,361)	(8,361)
Transferred to profit or loss on impairment of available-for-sale investments	-	-	-	-	9,185	-	-	-	9,185	9,185
Total comprehensive income for the year	**-**	**-**	**-**	**576,150**	**824**	**144**	**-**	**-**	**968**	**577,118**
Dividend declared for 2017	-	-	-	(539,887)	-	-	-	-	-	(539,887)
Transfer to charity reserve	-	-	-	(8,000)	-	-	-	8,000	8,000	-
Charity	-	-	-	-	-	-	-	(8,000)	(8000)	(8,000)
Transfer to general reserve	-	-	-	(50,000)		-	50,000	-	50,000	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	**1,963,225**	**453,750**	**1,077,635**	**3,652,554**	**21,491**	**7,504**	**700,000**	**0**	**728,995**	**7,876,159**

The notes on pages 13 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

Bahraini dinars

					Other reserves					
2017	Share capital	Share premium	Statutory reserve	Retained earnings	Investment fair value reserve	Foreign currency translation reserve	General reserve	Charity reserve	Total	Total
At 1 April 2016	1,963,225	453,750	967,392	3,086,897	23,723	7,684	600,000	-	631,407	7,102,671
Profit for the year (page 9)	-	-	-	1,245,943	-	-	-	-	-	1,245,943
Other comprehensive income										
Foreign currency translation differences on foreign operations	-	-	-	-	-	(324)	-	-	(324)	(324)
Change in the fair value of available-for-sale investments	-	-	-	-	(6,687)	-	-	-	(6,687)	(6,687)
Transferred to profit or loss on impairment of available-for-sale investments	-	-	-	-	3,631	-	-	-	3,631	3,631
Total comprehensive income for the year	-	-	-	1,245,943	(3,056)	(324)	-	-	(3,380)	1,242,563
Dividend declared for 2016	-	-	-	(490,806)	-	-	-	-	-	(490,806)
Transfer to charity reserve	-	-	-	(7,500)	-	-	-	7,500	7,500	-
Charity	-	-	-	-	-	-	-	(7,500)	(7,500)	(7,500)
Transfer to general reserve	-	-	-	(50,000)	-	-	50,000	-	50,000	-
Transfer to statutory reserve	-	-	110,243	(110,243)	-	-	-	-	-	-
At 31 March 2017	1,963,225	453,750	1,077,635	3,674,291	20,667	7,360	650,000	-	678,027	7,846,928

The notes on pages 13 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

Bahraini dinars

	Note	2018	2017
OPERATING ACTIVITIES			
Receipts from customers		12,978,491	13,669,716
Payments to suppliers		(8,379,573)	(7,977,530)
Operating expenses		(3,678,212)	(3,510,802)
Other receipts		20,518	56,203
Directors' remuneration paid		(74,650)	(77,350)
Net cash generated from operating activities		**866,574**	2,160,237
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(676,978)	(997,964)
Subsidy received from Government (Tamkeen) for plant and machinery		155,217	-
Dividend received		5,608	6762
Net cash used in investing activities		**(516,153)**	(991,202)
FINANCING ACTIVITIES			
Repayment of bank borrowings	11	(414,189)	(408,798)
Proceeds from bank borrowings	11	83,225	767,083
Repayments of post shipment bank loan	11	(6,592,196)	(8,100,417)
Proceeds from post shipment bank loan	11	6,449,146	7,461,209
Finance charges paid		(234,625)	(272,544)
Dividends paid		(539,887)	(490,806)
Charity paid		(8,000)	(7,500)
Net cash used in financing activities		**(1,256,526)**	(1,051,773)
Net increase in cash and cash equivalents		**(906,105)**	117,262
Cash and cash equivalents at 1 April		(376,125)	(493,387)
Cash and cash equivalents at 31 March	6	**(1,282,230)**	(376,125)

The notes on pages 13 to 38 are an integral part of these consolidated financial statements.

1 REPORTING ENTITY

United Paper Industries BSC(c) ("the Company") is a Bahraini Closed Public Shareholding Company incorporated on 2 March 1993 under Commercial Registration No. 29242-01. The Company commenced commercial operations on 1 October 1994 and was closely listed on the Bahrain Stock Exchange in September 2003.

The Group consists of the Company and its 100% owned subsidiary Jordan Bahrain Paper Industries Private Limited, a company incorporated in the Kingdom of Jordan and 100% Bahrain Duplex Boxes Company SPC, a company incorporated on 13 April 2016 in Bahrain. The Group is engaged in manufacturing and marketing of corrugated boxes and other packaging materials.

Bahrain Duplex Boxes Company SPC has not commenced any commercial activity. There were no revenue or expenses incurred for the company during the current year.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Bahrain Commercial Companies Law 2001.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the measurement at fair value of available-for-sale investments.

The Group classifies its expenses in the income statement by function.

c) New Standards, amendments and interpretations effective on or after 1 January 2017

The following standards, amendments and interpretations, which became effective as of 1 January 2017, are relevant to the Group:

I. Disclosure Initiative (Amendment to IAS 7)

The amendments require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for annual periods beginning on or after 1 January 2017 on prospective basis.

The new disclosure requirements have been included in these consolidated financial statements in note 25 , where the Group has presented a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

II. Annual Improvements to IFRSs 2014–2016 Cycle – various standards.

The annual improvements to IFRSs to 2014-2016 cycles include certain amendments to various IFRSs. earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The adoption of these amendments had no significant impact on the consolidated financial statements.

2 *BASIS OF PREPARATION (continued)*

d) New Standards, amendments and interpretations issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however; the Group has not early applied the following new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Group's consolidated financial statements in the period of initial application.

I. IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which financial assets are managed and the underlying cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: (a) measured at Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVTOCI) and Fair Value through Profit or Loss (FVTPL). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset are no longer bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVTOCI, except for investments in equity instruments. A number of significant judgements are also required in applying the accounting requirements for measuring ECL.

The Group is currently performing an initial assessment of the potential impact of the adoption of IFRS 9 on its consolidated financial statements.

II. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

III. IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

2 *BASIS OF PREPARATION (continued)*

IFRS 16 replaces existing leases guidance including 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 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. The Group has not yet decided whether it will use the optional exemptions.

e) Foreign currency transactions

(i) Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates, ("the functional currency"). The consolidated financial statements are presented in Bahraini Dinars ("BHD"), which is the Company's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items carried at their fair value, such as available-for-sale investments, are included in investments fair value reserve.

(iii) Group Company
The other Group Company's functional currency is denominated in Jordanian Dinar (JD). The assets and liabilities of the Group's subsidiary based outside the Kingdom of Bahrain ("foreign operations") are translated into Bahraini Dinars at the exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated into Bahraini Dinars at average exchange rates prevailing during the year. Exchange differences arising on translation of foreign operations are recognized in the other comprehensive income and presented in equity as a foreign currency translation reserve.

f) Critical accounting estimates and judgements in applying accounting policies

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management believes that the underlying assumptions are appropriate and the Group's consolidated financial statements therefore present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements include the following:

(i) Impairment of inventories
The Group reviews the carrying amounts of the inventories at each reporting date to determine whether the inventories have been impaired. The Group identifies the inventories, which have been impaired based on the physical condition and obsolescence of the inventory and their estimate of the future demand for the inventory. If any impairment indication exists, the inventories recoverable amount is estimated based on past experience relating to disposal of such inventory.

2 *BASIS OF PREPARATION (continued)*

(ii) Impairment of receivables
The Group reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. The Group identifies the receivables, which have been impaired based on the age of the receivables, the financial condition of the counterparty and estimated future cash flows. If any impairment exists, the recoverable amount of the impaired receivable is estimated based on the future cash flows estimated.

(iii) Useful life and residual value of property, plant and equipment
The Group reviews the useful life and residual value of the property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

(iv) Impairment on available-for-sale-investments
The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment and is assessed for each investment separately. Significant or prolonged as per Company's policy is 20% decline in the fair value below cost or decline below cost that persist for a period of 9 months.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

a) Basis of consolidation

(i) Subsidiary
Subsidiary is investee controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions with subsidiary are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Financial assets and liabilities

Financial assets of the Group comprise bank balances, available-for-sale investments, due from related parties, trade receivables and other receivable balances. Financial liabilities of the Group comprise bank overdrafts, post shipment bank loan, bank borrowings, trade payables and other payable balances.

(i) Recognition and de-recognition
All financial assets (except available-for-sale investments) and liabilities are recognised on the date at which they are originated. Available-for-sale investments are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial asset or liability is initially measured at fair value which is the value of the consideration given (in the case of an asset) or received (in the case of a liability). In case of available-for-sale, transaction costs are included as part of initial recognition.

The Group derecognises a financial asset when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership. The Group writes off certain financial assets when they are determined uncollectible. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(ii) Classification of financial assets and liabilities
The Group allocates financial assets to the following IAS 39 categories: loans and receivables and available-for-sale investments. Except for available-for-sale investments, the Group classifies all other financial assets as loans and receivables. All of the financial liabilities of the Group are classified at amortised cost. Management determines the classification of its financial instruments at initial recognition.

(iii) Measurement principles
Financial assets and liabilities are measured either at fair value, amortised cost or in certain cases carried at cost.

- *Fair value measurement*

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

(iv) Subsequent measurement principles
For available-for-sale investments, subsequent to its initial recognition, they are measured at its fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the fair value reserve. All other financial assets and liabilities are subsequently carried at amortised cost.

c) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment allowances, if any. The cost of the assets includes the cost of bringing the asset to its present location and condition and the consideration paid for acquiring the assets. The cost of self-constructed assets includes the cost of materials, direct labour and any costs that are directly attributable to bringing an asset to its working condition for its intended use. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use before the reporting date. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net as "other income" in the consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Subsequent measurement
Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

(iii) Depreciation
Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of a property, plant and equipment. Assets are depreciated from the date of acquisition, or in respect of self constructed assets, from the time an asset is completed and ready for service. Freehold land, capital work-in-progress and inventories held for capital projects are not depreciated. Depreciation methods and useful lives, as well as residual values, are reassessed annually.

The estimated useful lives for the current and comparative periods are as follows:

Asset Category	Useful life in years
Buildings	35
Plant and machinery	15
Furniture, fixtures and equipment	5
Motor vehicles	5
Machinery spare parts	2 - 5

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable which is usually the invoice amount of sales without sign credit terms. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group.

(i) Sale of goods
Revenue from sale of corrugated boxes and packaging materials is recognised when goods are delivered to customers and customers has accepted the products in accordance with the sales agreement.

(ii) Interest income
Interest income is recognised as it accrues using the effective interest rate method.

(iii) Dividend income
Dividend income is recognised on the date that the Group's right to receive payment is established, which in case of equity investments is the date of declaration.

e) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash, balances with banks and bank overdrafts, which are effective part of the cash management process.

f) Borrowings

Borrowings are recognised initially at fair value of the amounts borrowed, less related transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method, with any differences between the cost and final settlement values being recognised in the income statement over the period of borrowings.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Borrowings costs

Borrowings costs include interests and commitment charges on bank borrowings and other short-term and long-term borrowings. All borrowing costs are charged to the profit or loss.

h) Inventories

Inventories represent raw materials, work-in-progress, finished goods, spare parts and consumables. Raw materials, work-in-progress, spare parts and consumables which are not intended for resale, are carried at cost less allowances for any obsolete or slow moving items. Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Cost includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition and has been determined on the following basis:

Raw materials, spare parts and consumables	First-in-first-out (FIFO) basis
Work-in-progress and finished goods	Cost of raw materials, direct labour costs and attributable direct expenses

i) Impairment of assets

The Company assesses at each reporting date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(i) Financial assets carried at amortised cost
For financial assets carried at amortised cost impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective profit rate. Losses are recognised in the profit or loss and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the profit or loss.

(ii) Available-for-sale investments
In the case of available-for-sale equity securities carried at fair value, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in recognition of an impairment loss. In case of equity securities quoted in active markets, the Group considers a decline in value of 20% below cost or a decline in value that persists for more than 6 months as an indicator of impairment. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit or loss. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed through the profit or loss.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(iii) Non-financial assets
The carrying amount of the Group's other non-financial assets (except inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

j) Post employment benefits

All short-term employee benefits are charged to the profit or loss when incurred.

(i) Bahraini employees
Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's contribution to this scheme, which represents a defined contribution scheme under International Accounting Standards 19 - Employee Benefits, is expensed as incurred.

(ii) Expatriate employees
Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector- Law no.(36) of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 - Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

k) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

l) Lease payments

Payments made under operating leases are recognised in the consolidated profit or loss on a straight-line basis over the term of the lease. Any direct costs associated with the lease is amortised over lease period.

m) Statutory reserve

The Bahrain Commercial Companies Law 2001 requires that 10 % of the annual net profit be appropriated to a statutory reserve which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 % of the paid up share capital.

n) General reserve

Transfers made to the general reserve are in accordance with Article 64 of the Articles of Association and is subject shareholders approval in the Annual General Meeting. The general reserve is set aside for future utilisation at the discretion of the directors and shareholders, and is distributable.

o) Charity reserve
Charity reserve represents a voluntary reserve created from the profits of the Company upon approval of the shareholders. This reserve is used for donations and charitable purposes as part of fulfilling the Company's corporate social responsibility.

Bahraini dinars

4 PROPERTY, PLANT AND EQUIPMENT

2018	Land*	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work-in-progress	Total
Cost							
At 1 April 2017	138,241	3,048,438	6,135,399	947,350	217,681	479,569	**10,966,678**
Additions	-	54,027	609,759	126,896	7,176	155,187	**953,045**
Transfer	-	-	(87,685)	-	-	(571,789)	**(659,474)**
At 31 March 2018	**138,241**	**3,102,465**	**6,657,473**	**1,074,246**	**224,857**	**62,967**	**11,260,249**
Depreciation							
At April 2017	-	1,096,472	3,203,374	746,332	137,121	-	**5,183,299**
Charge for the year:							
Cost of sales	-	95,017	386,542	119,370	9,069	-	**609,998**
Disposal	-	-	(64,947)	-	-	-	**(64,947)**
Operating expenses	-	11,370		12,734	15,428	-	**39,532**
At 31 March 2018	**-**	**1,202,859**	**3,524,969**	**878,436**	**161,618**	**-**	**5,767,882**
Net book value							
At 31 March 2018	**138,241**	**1,899,606**	**3,132,504**	**195,810**	**63,239**	**62,967**	**5,492,367**
Cost of fully depreciated assets	-	38,748	1,087,566	672,321	68,479	-	1,867,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

Bahraini dinars

4 *PROPERTY, PLANT AND EQUIPMENT (continued)*

2017	Land*	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work-in-progress	Total
Cost							
At 1 April 2016	138,241	3,047,435	5,689,185	808,399	217,681	15,676	9,916,617
Additions	-	1,003	446,214	138,951	-	472,208	1,058,376
Transfer	-	-	-	-	-	(8,315)	(8,315)
At 31 March 2017	138,241	3,048,438	6,135,399	947,350	217,681	479,569	10,966,678
Depreciation							
At April 2016	-	1,001,176	2,792,757	583,993	118,870	-	4,496,796
Charge for the year:							
Cost of sales	-	93,892	358,519	128,340	10,607	-	591,358
Operating expenses	-	1,404	52,098	33,999	7,644	-	95,145
At 31 March 2017	-	1,096,472	3,203,374	746,332	137,121	-	5,183,299
Net book value							
At 31 March 2017	138,241	1,951,966	2,932,025	201,018	80,560	479,569	5,783,379
Cost of fully depreciated assets	-	37,468	910,251	198,383	3,300	-	1,149,402

*Owned by the subsidiary, Jordan Bahrain Paper Industries Private Limited.

The buildings and plant and machinery of the Parent are located on land leased from the Government for a period of 25 years under two leases, The first lease commenced on 21 November 1993 for 15,968 sq. mtrs .This lease has been renewed from 1st Dec 2018 (The expiry of the current lease) for a further period of 25 years at an increased lease rental of BD.1/- per sq mtr from the current 500 fils per sq.mtr. The second lease is from 1 February 2000 for additional 4,040 sq. mtrs. for a period of 25 years.

5 AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments represents investments in local listed equities. The movement in available-for-sale investments is given below:

	31 March 2018	31 March 2017
At beginning of the year	109,473	116,160
Changes in fair value during the year	(8,361)	(6,687)
At end of the year	**101,112**	109,473

6 CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
Cash and bank balances	99,788	115,022
Bank overdrafts	(1,382,018)	(491,147)
	(1,282,230)	(376,125)

During the year, bank overdraft facilities had an average interest rate of 6.82% per annum (2017: 6.71 % per annum). The facilities were unsecured, and were used to finance the working capital requirements of the Group.

7 TRADE RECEIVABLES

	31 March 2018	31 March 2017
Trade receivables	5,422,218	4,925413
Less Impairment allowances for receivables	(309,924)	(146,452)
	5,112,294	4,778,961

Movement on the provision is disclosed in note 21(b).

8 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2018	31 March 2017
Advance to employees	12,459	28,905
Advance to suppliers	93,458	30,242
Prepayments and other receivables	242,210	202,241
	348,127	261,388

9 INVENTORIES

	31 March 2018	31 March 2017
Raw materials	2,342,310	1,665,546
Work-in-progress	29,117	16,797
Finished goods	301,183	214,747
Spare parts, consumables and other items	584,605	526,609
Goods in transit	3,130	927
Less Impairment allowances for inventories	(23,249)	(21,231)
	3,237,096	2,403,395

10 SHARE CAPITAL

	31 March 2018	31 March 2017
a) Authorised		
30,000,000 (2017: 30,000,000) shares of 100 fils each	**3,000,000**	3,000,000
b) Issued and fully paid up share capital		
19,632,250 (2017 : 19,632,250) shares of 100 fils each	**1,963,225**	1,963,225

Major shareholders as at 31 March 2018 are as follows:

Name of the shareholder	Nationality	**31 March 2018**		31 March 2017	
		No. of Shares	**% of total share capital**	No. of shares	% of total share capital
• Buhindi Group	Bahraini	2,364,756	12.05	2,364,756	12.05
• Khalid Hassan Abdulla Buhindi	Bahraini	1,970,629	10.04	1,970,629	10.04
• Waleed Hassan Abdulla Buhindi	Bahraini	1,970,629	10.04	1,970,629	10.04
• Al Maskati Investment S.P.C	Bahraini	3,537,194	18.02	3,537,194	18.02
• Mohamed Ali Zainal Abdulla Co.	Bahraini	2,355,675	11.99	2,065,675	10.52
• BANZ Gruoup B.S.C ©	Bahraini	2,560,125	13.04		
• Husain Mahdi Maskati & Sons	Bahraini	1,746,049	8.89	1,736,049	8.84
• Mohamed Hassan Abdulla Buhindi	Bahraini	-	-	1,291,486	6.58
• Others		3,127,193	15.93	4,695,832	23.91
Total		19,632,250	100	19,632,250	100

10 SHARE CAPITAL (continued)

Distribution of share holding as at 31 March 2018 is as follows:

Categories	2018			2017		
	No. of Shares	**No. of share holders**	**% of total share capital**	No. of Shares	No. of share holders	% of total share capital
• Less than 1 %	732,292	10	3.73	732,292	10	3.73
• Up to 1 % less than 5 %	2,394,901	6	12.20	2,394,901	6	12.20
• Up to 5 % less than 10 %	1,746,049	1	8.89	4,596,174	3	23.41
• Up to 10 % less than 20 %	14,759,008	7	75.18	11,908,883	6	60.66
• Up to 20 % less than 50 %	-	-	-	-	-	-
Total	19,632,250	24	100	19,632,250	25	100

Total number of shares owned by directors of the Company as at 31 March 2018 is 2,244,240 shares (2017: 2,244,240 shares).

11 BANK BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing borrowings, which are measured at amortized cost. The Group's exposure to interest rate and liquidity risk is discussed in note 21.

Short-term borrowings are rolled over on a regular basis on maturity, which is normally two months. Both short-term loans and overdraft are unsecured.

	2018	2017
At beginning of the year	1,075,882	717,597
Loans availed during the year	83,225	767,083
Loans repaid during the year	(414,190)	(408,798)
At end of the year	**744,917**	1,075,882

11 BANK BORROWINGS (continued)

	2018	2017
Non-current portion – more than one year	525,041	856,006
Current portion – less than one year (effective interest rate 5.68% to 7.75% (2017: 4.25 % to 7.5%))	219,876	219,876
	744,917	1,075,882

The movement on the short term import bank loan as follow:

	2018	2017
At beginning of the year	2,158,583	2,797,791
Loans obtained during the year	6,449,146	7,461,209
Loans repaid during the year	(6,592,196)	(8,100,417)
At end of the year	**2,015,533**	2,158,583

The terms and conditions of the outstanding loans are as follows:

	Currency	Nominal interest rate	Year to maturity	31 March 2018		31 March 2017	
				Face value	Carrying value	Face value	Carrying value
Term Loan	JOD	7.50% - 7.75%	2017 - 2020	469,662	253,281	718,764	364,370
Bank Overdrafts	JOD	7.5% - 7.75%	2018	1,106,041	1,106,041	313,439	313,439
Clean Import loan	JOD	7.5% - 7.75%	2018	1,304,624	1,304,624	1,349,961	1,349,961
Term Loan	BHD	4.00% - 4.85%	2019 - 2023	1,350,000	491,636	1,350,000	711,512
Bank Overdrafts	BHD	4% - 6%	2018	275,977	275,977	177,708	177,708
Clean Import loan	BHD	4.75% - 6%	2018	710,909	710,909	808,622	808,622
				5,217,213	**4,142,468**	4,718,494	3,725,612

The bank facilities of the subsidiary (Jordan Bahrain Paper Industries Private Limited) are covered under corporate guarantee from the Company.

12 PROVISION FOR EMPLOYEES' LEAVING INDEMNITIES	2018	2017
At beginning of the year	211,698	205,188
Charge for the year	43,778	34,314
Indemnities paid in the year	(18,927)	(27,804)
At end of the year	**236,549**	211,698

13 REVENUE

	2018	2017
Domestic sales		
- in Bahrain	6,051,506	5,415,142
- in Jordan	4,588,393	4,526,168
Export sales		
- from Bahrain	2,636,830	3,330,413
	13,276,729	13,271,723

14 COST OF SALES

	2018	2017
Raw materials	7,745,112	7,266,770
Salaries and related expenses	1,084,242	1,023,557
Depreciation	609,998	591,358
Electricity, water and power	578,514	436,820
Stores and spares	350,588	379,708
Other expenses	308,397	298,383
	10,676,851	9,996,596

15 OTHER INCOME

	2018	2017
Dividend income	5,608	6,762
Subsidy from Tamkeen	18,599	9,996
Investment impairment and others	(7,267)	2,007
	16,940	18,765

16 SELLING AND DISTRIBUTION EXPENSES

	2018	2017
Freight	484,831	521,725
Staff costs	195,955	177,629
Export duty and other fees	46,113	48,435
Sales promotion	20,931	18,338
Depreciation	8,239	8,799
Sale incentive	8,000	13,136
Transportation and fuel expenses	12,007	12,899
Pallets	70,416	67,319
Others	216,424	93,179
	1,062,916	961,459

17 ADMINISTRATIVE EXPENSES

	2018	2017
Staff costs	423,225	435,185
Board remuneration	50,000	81,238
Depreciation	34,746	86,346
Rent	23,471	22,630
Telephone and communication	17,230	17,764
Legal and professional charges	26,511	25,766
Directors sitting fees	4,650	5,200
Factory and management medical insurance	16,835	17,480
Government fees and taxes	17,218	16,992
Printing and stationary	9,127	10,275
Travel expenses	17,182	20,832
Foreign exchange rate loss	(605)	6,204
Transportation and vehicles expenses	12,583	13,688
Other expenses	90,956	98,547
	743,129	858,147

STAFF COST

	2018	2017
Salaries and wages	1,306,271	1,252,047
Short-term benefits	51,976	52,367
Employee end of services benefits	43,778	34,314
Annual leave and air tickets	77,069	63,479
Bonus provision	142,714	145,706
Other staff cost	81,614	88,458
	1,703,422	1,636,371

18 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group. Transactions with related parties are conducted at normal commercial terms.

	31 March 2018	31 March 2017
a) **Due from related parties** *(shareholders)*	**110,205**	145,301
b) **Due to related parties** *(shareholders)*	**11,170**	11,186

This relates to goods sold to / purchased from shareholders during the year.

18 RELATED PARTY TRANSACTIONS (continued)

c) Related party transactions

	2018	2017
Sales to related parties *(shareholders)*	**348,149**	402,953

d) Transactions with key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

Transactions with key management personnel are as follows:

	2018	2017
Salaries and other short term benefits	169,432	184,360
Board remuneration including sitting fees paid	74,650	77,350
	244,082	261,710

19 COMMITMENTS AND CONTINGENT LIABILITIES

	31 March 2018	31 March 2017
Acceptances and guarantees	642,871	616,846
Capital Commitments	471,331	-
	1,114,202	616,846

The Company has issued undated cheques for BD 435,346 to LABOUR FUND EDSA as guarantee for fulfilment of the terms of the contract of capital assistance.

Operating lease rental	**31 March 2018**	31 March 2017
Future minimum lease payments		
Less than one year	2,626	10,610
Between one and five years	74,376	15,827
More than five years	324,612	7,878

During the year the Company incurred a deferred leasehold cost for a net amount of BD 303,700 to the previous tenant to vacate a plot of land for 23,147 sq.mt in an adjacent plot no NS112 for allotment on lease to the company from the Government. The amount is considered as a lease acquisition cost and will be amortised over the period of lease commencing in 2018. The formalities of lease agreement is under progress. The company has two other leases from the Government currently in force.

20 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, as follows:

	2018	2017
Profit attributable to shareholders of the parent	576,150	1,245,943
Weighted average number of shares outstanding during the year	19,632,250	19,632,250
Basic earnings per share (in fils)	**29.35**	63.46

The Company does not have any potentially dilutive shares.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established risk management practices and processes approved by the Board of Directors to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management practices and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. There has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, advances to suppliers and other receivables.

(i) Trade and other receivables

The Group has an established credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms are offered. Credit limits are established for each customer, which represents the maximum open amount without requiring approval. Strict credit control is maintained for both credit period and credit limits, both of which are monitored continuously by management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. The majority of the Group's trade receivables is due for payment within 90 days and largely comprises amounts receivable from business customers.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(ii) Exposure to credit risk

The carrying amount of financial assets (excluding equity investments) represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2018	31 March 2017
Cash and bank balances	99,788	115,022
Trade receivables	5,112,294	4,778,961
Due from related parties	110,205	145,301
Advance to employees	12,459	28,905
	5,334,746	5,068,189

(iii) Customers' accounts

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2018	2017
Bahrain	2,110,685	1,575,192
Other middle east markets	3,001,609	3,203,769
	5,112,294	4,778,961

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. Management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

The ageing of the trade receivables at the reporting date was:

31 March 2018	**Gross**	**Impairment**	**Total carrying amount**
Below 90 days	3,681,390	-	3,681390
91 to 180 days	974,238	-	974,238
181 to 360Days	392,439	85,640	306,799
Above 361 days	374,151	224,284	149,867
	5,422,218	**309,924**	**5,112294**

31 March 2017	Gross	Impairment	Total carrying amount
Below 90 days	3,507,812	551	3,507,261
91 to 180 days	794,297	11,567	782,731
181 to 360Days	416,741	5,396	411,346
Above 361 days	206,562	128,939	77,623
	4,925,412	146,453	4,778,961

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade receivables not past due and past due, more than 90 days. All confirmed, accepted and negotiated Letters of Credit ("LCs") are considered as not past due.

(iv) Impairment allowance
The movement in allowance for impairment allowances in respect of financial instruments during the year was as follows:

	2018	2017
At beginning of the year	146,452	91,604
Add Impairment allowance for the year	188,623	75,753
Less Reversal of impairment allowance recognised in the earlier years	(25,151)	(20,905)
At end of the year	**309,924**	146,452

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group borrows funds from banks to meet its liquidity requirements in the normal course of business. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Financial liabilities of the Group consist of bank overdrafts, bank loans, trade and other accounts payable and advances from customers.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Non-derivative financial liabilities at 31 March 2018	**Carrying amount**	**Contractual undiscounted cash flows**	**6 months or less**	**6 - 12 months**	**2 – 5 Years**
Bank borrowings	744,917	818,785	385,719	119,645	313,421
Post shipment bank loan	2,015,533	2,074,308	2,074,308	-	-
Bank overdraft	1,382,018	1,434,029	1,434,029	-	-
Due to related parties	11,170	11,170	11,170	-	-
Trade payables	1,819,771	1,819,771	1,819,771	-	-
	5,973,409	**6,158,063**	**5,724,997**	**119,645**	**313,421**

21 *FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*

Non-derivative financial liabilities at 31 March 2017	Carrying amount	Contractual undiscounted cash flows	6 months or less	6 - 12 months	2 – 5 Years
Bank borrowings	1,075,882	1,177,868	504,770	286,443	386,655
Post shipment bank loan	2,158,583	2,229,268	2,229,268	-	-
Bank overdraft	491,147	508,379	508,379	-	-
Due to related parties	11,186	11,186	11,186	-	-
Trade payables	1,269,927	1,269,927	1,269,927	-	-
	5,006,725	5,196,628	4,523,530	286,443	386,655

The above amounts represent undiscounted cash flows and thus might not match the carrying amounts of the financial liabilities at the reporting date.

d) Market risk

Market risk is the risk that changes in market prices, such as equity prices, interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has substantial purchases from foreign suppliers. The Group's currency risk is related to changes in exchange rates applicable to the settlements in foreign currencies. Majority of the Group's purchase, sale, and trade payables are either in US or currencies that are pegged to the US such as Bahraini Dinar, Saudi Riyal, UAE Dirhams. Consequently, the currency risk of the Group is limited.

The Group's investment in its subsidiary is not hedged as those currency positions are considered to be long-term in nature. In respect of other monetary assets and liabilities denominated in foreign currencies, considering the nature of its financial instruments, the Group currently is not engaged in hedging of foreign currency risk. The currency risk arising from structural positions of net assets in foreign operation is reflected in the transaction reserve in equity and currently is not significant.

(ii) Interest rate risk
Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates. The Group's interest rate risk is limited to its interest bearing borrowings and interest earned on its bank balances which are all at floating rate of interest.

The effective average interest rate for bank overdrafts, post shipment bank loan and borrowings at 31 March 2018 was 6.37 % p.a. (2017: 5.81 % p.a.)

	31 March 2018	31 March 2017
Bank borrowings	744,917	1,075,882
Post shipment bank loan	2,015,533	2,158,583
Bank overdrafts	1,382,018	491,147
	4,142,468	3,725,612

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have (increased) decreased equity and profit or loss by BD 4,142 (2017: BD 3,726). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through the income statement. Therefore a change in interest rates at the reporting date would not affect the income statement. Increase or decrease in equity resulting from variation in interest rates will be insignificant.

e) Accounting classification of financial instruments

Classification of financial assets and financial liabilities, together with the carrying amounts as disclosed in the statement of financial position.

31 March 2018	**Loans and receivables**	**Available-for-sale**	**Others at amortised cost**	**Total carrying Amount**
Financial assets				
Trade receivables	5,112,294	-	-	5,112,294
Cash and bank balances	99,788	-	-	99,788
Due from related parties	110,205	-	-	110,205
Available-for-sale investments	-	101,112	-	101,112
Advance to employees	12,459	-	-	12,459
	5,334,746	**101,112**	**-**	**5,435,858**
Financial liabilities				
Bank borrowings	-	-	744,917	744,917
Post shipment bank loan	-	-	2,015,533	2,015,533
Bank overdrafts	-	-	1,382,018	1,382,018
Due to related parties	-	-	11,170	11,170
Trade payables	-	-	1,819,771	1,819,771
	-	**-**	**5,973,409**	**5,973,409**

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

31 March 2017	Loans and receivables	Available-for-sale	Others at amortised cost	Total carrying Amount
Financial assets				
Trade receivables	4,778,961	-	-	4,778,961
Cash and bank balances	115,022	-	-	115,022
Due from related parties	145,301	-	-	145,301
Available-for-sale investments	-	109,473	-	109,473
Advance to employees	28,905	-	-	28,905
	5,068,189	109,473	-	5,177,662
Financial liabilities				
Bank borrowings	-	-	1,075,882	1,075,882
Post shipment bank loan	-	-	2,158,583	2,158,583
Bank overdrafts	-	-	491,147	491,147
Due to related parties	-	-	11,186	11,186
Trade payables	-	-	1,269,927	1,269,927
	-	-	5,006,725	5,006,725

f) Fair value

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Fair value hierarchy
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

31 March 2018	Level 1	Level 2	Level 3	Total
Available-for-sale investments	101,112	-	-	101,112
	101,112	**-**	**-**	**101,112**

There were no transfers between the levels during the year.

Financial instruments amortised cost
Bank borrowings, overdrafts and post shipment bank loans are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The fair value of financial instruments such as short term trade and other receivables, trade and other payables, due to and from related parties, cash and bank balances approximate their carrying amounts due to their short term nature.

g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Board seeks to maintain a balance between the higher returns and growth that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to shareholders. The Group's objectives for managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

22 PROPOSED APPROPRIATIONS AND RESERVES

The Board of Directors propose a cash dividend of 25% (2017: 27.5 %) of the paid-up capital and other appropriations as follows:

	2018	2017
Cash dividend	490,806	539,887
Statutory reserve	-	110,243
Transfer to general reserve	-	50,000
Directors remuneration	50,000	70,000
Charity contributions	8,000	8,000
	548,806	778,130

23 COMPARATIVES

Certain prior year amounts have been regrouped to conform to the current year's presentation. Such regrouping did not affect previously reported total comprehensive income for the year or total equity.

24 SEGMENT INFORMATION

Segment results that are reported to the Board of Directors, (the Chief Operating Decision Maker) include items directly attributable to segment.

The Group's operations are segregated between Bahrain and Jordan. Segment information disclosed for the year ended 31 March 2018 is as follows:

	Year ended 31 March 2018					Year ended 31 March 2017				
Segment revenue & profit	**Bahrain**	**Jordan**	**Bahrain Duplex**	**Inter - segment elimination**	**Total**	Bahrain	Jordan	Bahrain Duplex	Inter -segment elimination	Total
Revenue (external customers)	8,688,336	4,588,393	-	-	13,276,729	8,745,555	4,526,168	-	-	13,271,723
Other income	16,940	-	-	-	16,940	62,965	-	-	(44,200)	18,765
Depreciation and amortisation	305,759	347,224	-	-	652,983	354,962	331,541	-		686,503
Interest expense	48,783	185,840	-	-	234,623	101,784	170,759	-	(44,200)	228,343
Profit / (loss)	888,969	(312,319)	-500	-	576,150	1,219,817	171,398	(13,777)	(131,495)	1,245,943

	Year ended 31 March 2018					Year ended 31 March 2017				
Segment assets & liabilities	**Bahrain**	**Jordan**	**Bahrain Duplex**	**Inter - segment elimination**	**Total**	Bahrain	Jordan	Bahrain Duplex	Inter -segment elimination	Total
Non-current assets	5,571,220	3,087,066		(2,761,107)	5,897,179	5,463,900	3,190,059	-	(2,761,107)	5,892,852
Current assets	6,088,818	3,340,106	85,723	-607,137	8,907,510	5,430,137	2,892,836	86,223	(705,129)	7,704,067
Total assets	**11,660,038**	**6,427,172**	**85,723**	**(3,368,244)**	**14,804,689**	10,894,037	6,082,895	86,223	(3,466,236)	13,596,919
Current liabilities	3,188,519	3,104,958	500	-127,037	6,166,940	2,499,400	2,337,916	-	(225,029)	4,612,287
Non-current liabilities	508,309	733,381	-	-480,100	761,590	703,334	844,470	-	(480,100)	1,067,704
Total liabilities	**3,696,828**	**3,838,339**	**500**	**-607,137**	**6,928,530**	3,202,734	3,182,386	-	(705,129)	5,679,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 Bahraini dinars

25. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities						Equity					
	Bank borrowings	Employees' leaving indemnity provision	Bank overdrafts	Clean import loan	Trade payables and other payables	Due to related parties	Share capital	Share premiums	Statutory reserve	Other Reserve	Retained earning	Total
Balance at 1 April 2017	1,075,882	211,698	491,147	2,158,583	1,731,495	11,186	1,963,225	453,750	1,077,635	678,027	3,744,291	13,596,919
Repayment of bank borrowings	(414,189)	-	-			-	-	-	-	-	-	(414,189)
Proceeds from bank borrowings	83,225	-	-	-	-	-	-	-	-	-	-	83,225
Repayments of post shipment bank loan	-	-	-	(6,592,196)	-	-	-	-	-	-	-	(6,592,196)
Proceeds from post shipment bank loan	-	-	-	6,449,146	-	-	-	-	-	-	-	6,449,146
Finance charges paid	-	-	-	-	(234,625)	-	-	-	-	-	-	(234,625)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(539,887)	(539,887)
Charity paid	-	-	-	-	-	-	-	-	-	(8,000)		(8,000)
Net cash generated from/ (used in) financing activities	**(330,964)**	**-**	**-**	**(143,050)**	**(234,625)**	**-**	**-**	**-**	**-**	**(8,000)**	**(539,887)**	**(1,256,526)**
Liability-related other changes	**(1)**	**24,851**	**890,871**	**-**	**1,041,473**	**(16)**	**-**	**-**	**-**	**-**	**-**	**1,957,178**
Equity-related other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**58,968**	**448,150**	**507,118**
Balance at 31 March 2018	**744,917**	**236,549**	**1,382,018**	**2,015,533**	**2,538,343**	**11,170**	**1,963,225**	**453,750**	**1,077,635**	**728,995**	**3,652,554**	**14,804,689**

Summarised financial statements of the Parent Company, United Paper Industries BSC (c)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS	31 March 2018	31 March 2017
Non-current assets		
Property, plant and equipment	2,405,301	2,593,320
Other Assets (Deferred Expenses)	303,700	
Investment in subsidiary, at cost	2,761,107	2,761,107
Available-for-sale investments	101,112	109,473
Total non-current assets	**5,571,220**	5,463,900
Current assets		
Cash and bank balances	39,411	3,516
Trade receivables	3,094,495	3,026,615
Due from related parties	171,519	172,611
Prepayments and other receivables	175,544	238,489
Loan to subsidiary	480,100	480,100
Inventories	2,127,749	1,508,805
Total current assets	**6,088,818**	5,430,136
Total assets	**11,660,038**	10,894,036
EQUITY AND LIABILITIES		
Equity		
Share capital	1,963,225	1,963,225
Share premium	453,750	453,750
Statutory reserve	981,613	981,613
Fair value reserve	21,491	20,667
General reserve	700,000	650,000
Retained earnings	3,843,131	3,552,048
Total equity	**7,963,210**	7,621,303
Liabilities		
Non-current liabilities		
Non-current portion of bank loans	271,760	491,636
Provision for employees' leaving indemnities	236,549	211,698
Total non-current liabilities	**508,309**	703,334

Additional information - not part of the audited financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018 *(continued)*

	31 March 2018	31 March 2017
Current liabilities		
Bank overdrafts	275,977	177,708
Post shipment bank loan	710,909	808,622
Current portion of bank borrowings	219,876	219,876
Trade payables	1,402,905	908,202
Due to related parties	11,170	11,186
Due to subsidiary	65,723	66,223
Accrued expenses	501,959	377,582
Total current liabilities	**3,188,519**	2,569,399
Total liabilities	**3,696,828**	3,272,733
Total equity and liabilities	**11,660,038**	10,894,036

Summarised financial statements of the Parent Company, United Paper Industries BSC (c)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
REVENUE	8,688,336	8,745,555
Cost of sales	(6,753,241)	(6,475,776)
Gross profit	**1,935,095**	2,269,779
Other income	16,940	194,460
Selling and distribution expenses	(530,250)	(581,566)
Administrative expenses	(484,033)	(561,072)
Financing costs	(48,783)	(101,784)
Profit for the year	**888,969**	1,219,817
Other comprehensive income		
Change in the fair value of available-for-sale investments	(8,361)	(6,687)
Transferred to profit or loss on impairment of available-for-sale investments	9,185	3,631
Total other comprehensive income	**824**	(3,056)
Total comprehensive income for the year	**889,793**	1,216,761

Additional information - not part of the audited financial statements.

Summarised financial statements of the Parent Company, United Paper Industries BSC (c)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
OPERATING ACTIVITIES		
Receipts from customers	8,621,548	8,975,468
Payments to suppliers	(5,452,646)	(5,228,897)
Operating expenses	(2,060,243)	(2,371,031)
Directors' remuneration paid	(74,650)	56,203
Other receipts	20,517	(65,200)
Net cash from operating activities	**1,054,526**	1,366,543
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(363,467)	(366,425)
Acquisition of available for sale investment	-	(100,000)
Subsidy Received from Government (Tamkeen)	155,218	-
Dividend Received	5,608	138,257
Net cash used in investing activities	**(202,641)**	(328,168)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(219,876)	(322,755)
Proceeds from bank borrowings	-	400,000
Repayment of Post Shipment bank loan	(2,024,995)	(3,641,643)
Proceeds from Post Shipment bank loan	1,927,282	3,068,787
Finance charges paid	(48,783)	(101,784)
Dividend paid	(539,887)	(490,806)
Charity paid	(8,000)	(7,500)
Net cash generated from / (used in) financing activities	**(914,259)**	(1,095,701)
Net increase / (decrease) in cash and cash equivalents	**(62,374)**	(57,326)
Cash and cash equivalents at the beginning of the year	(174,192)	(116,866)
Cash and cash equivalents at the end of the year	**(236,566)**	(174,192)

Additional information - not part of the audited financial statements.