



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Kuwait Cement Company K.P.S.C.
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
And the Review Report for the Three Months Ended 31 March 2021



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Kuwait Cement Company K.P.S.C.

Kuwait Public Shareholding Company
State of Kuwait

Report on review of interim condensed consolidated financial information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.P.S.C. ("the Parent Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any contravention during the three month period ended 31 March 2021, of the Commercial Companies' Law No. 1 of 2016 and its executive regulations, as amended or the Parent Company's Memorandum of incorporation and Articles of Association, as amended, which might have materially affected the Group's activities or its consolidated financial position.

We further report that, during the course of our review, we have not become aware of any material violations provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021, that might had a material effect on the business of Group or on its consolidated financial position.

Talal Yousef Al-Muzaini

License No. 209 A
Deloitte & Touche - Al Wazzan & Co.

Kuwait, 11 May 2021

Faisal Saqer Al Saqer

License No. 172 A
BDO Al Nisf & Partners

**Interim Condensed Consolidated Statement of Financial Position as at 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	31 March 2021	31 December 2020 (Audited)	31 March 2020
Assets				
Non-current assets				
Property, plant and equipment	4	134,489,128	136,211,120	150,227,402
Intangible assets		10	10	25,939
Investment properties		770,641	770,641	770,641
Investments in associates	5	16,517,131	16,380,034	16,121,562
Financial assets at fair value through other comprehensive income	6	79,790,015	77,474,477	66,900,092
Right-of-use assets	7	3,865,120	3,989,802	4,363,844
		<u>235,432,045</u>	<u>234,826,084</u>	<u>238,409,480</u>
Current assets				
Inventories	8	12,758,465	13,330,333	16,153,267
Accounts receivable and other debit balances	9	15,641,321	15,704,653	27,235,295
Cash and cash equivalents	10	16,643,699	15,186,967	10,685,495
		<u>45,043,485</u>	<u>44,221,953</u>	<u>54,074,057</u>
Total assets		<u>280,475,530</u>	<u>279,048,037</u>	<u>292,483,537</u>
Equity and liabilities				
Equity				
Share capital	11	73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	12	(13,546,935)	(13,546,935)	(13,546,935)
Gains on sale of treasury shares		441,409	441,409	441,409
Statutory reserve		48,270,703	48,270,703	48,270,703
Voluntary reserve		42,048,346	42,048,346	42,048,346
General reserve		18,930,128	18,930,128	18,930,128
Investments revaluation reserve		(12,457,987)	(14,590,317)	(24,822,445)
Group's share in associates' reserves		(178,848)	(176,209)	(41,143)
Foreign currency translation reserve		107,854	107,677	108,127
(Accumulated losses)/ retained earnings		(5,848,787)	(5,606,536)	15,084,158
Equity attributable to shareholders of the Parent Company		<u>177,772,080</u>	<u>175,884,463</u>	<u>186,478,545</u>
Non-controlling interests		148,860	148,103	143,654
Total equity		<u>177,920,940</u>	<u>176,032,566</u>	<u>186,622,199</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	13	52,571,816	53,010,713	57,397,637
Provision for employees' end of service indemnity		3,545,573	3,522,910	3,531,411
Lease liabilities	7	3,517,094	3,481,193	3,473,009
		<u>59,634,483</u>	<u>60,014,816</u>	<u>64,402,057</u>
Current liabilities				
Loans, bank facilities and Murabaha	13	19,978,239	20,530,142	18,976,364
Accounts payable and other credit balances	14	22,519,948	22,015,137	22,028,743
Lease liabilities	7	421,920	455,376	454,174
		<u>42,920,107</u>	<u>43,000,655</u>	<u>41,459,281</u>
Total liabilities		<u>102,554,590</u>	<u>103,015,471</u>	<u>105,861,338</u>
Total equity and liabilities		<u>280,475,530</u>	<u>279,048,037</u>	<u>292,483,537</u>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Rashed Abdulaziz Al-Rashed
Chairman


Dr. Abdulaziz Rashed Al-Rashed
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended	
		31 March	
		2021	2020
Sales		12,531,394	15,441,374
Cost of sales	15	(12,193,323)	(14,715,009)
Gross profit		338,071	726,365
Other operating income/ (loss)	16	83,416	(6,864)
Selling, general and administrative expenses		(902,094)	(918,224)
Loss from operations		(480,607)	(198,723)
Provision for expected credit losses		(30,479)	(57,382)
Finance charges		(432,939)	(628,208)
Interest income		10,764	492
Net investment gains	17	272,833	124,742
Group's share of results of associates	5	134,709	326,959
Net loss for the period		(525,719)	(432,120)
Attributable to:			
Shareholders of the Parent Company		(523,020)	(431,943)
Non-controlling interests		(2,699)	(177)
Net loss for the period		(525,719)	(432,120)
Basic and diluted loss per share (fils)	18	(0.73)	(0.61)

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2021	2020
Net loss for the period		(525,719)	(432,120)
Other comprehensive income/ (loss) items:			
<i>Items that may be reclassified subsequently to interim condensed consolidated statement of income:</i>			
Group's share of associates' reserves	5	(2,639)	13,603
Group's share of foreign currency translation reserve		177	13,039
		(2,462)	26,642
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income:</i>			
Change in fair value of financial assets at fair value through other comprehensive income		2,410,973	(22,306,566)
Total other comprehensive income/ (loss) items for the period		2,408,511	(22,279,924)
Total comprehensive income/ (loss) for the period		1,882,792	(22,712,044)
Attributable to:			
Shareholders of the Parent Company		1,882,590	(22,690,337)
Non-controlling interests		202	(21,707)
Total comprehensive income/ (loss) for the period		1,882,792	(22,712,044)

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company										Non-controlling interests	Total equity		
	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Investments revaluation reserve	Group's share in associates' reserves	Foreign currency translation reserve			Retained earnings/ (accumulated losses)	Total
Balance at 1 January 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(2,347,295)	(54,746)	95,186	15,320,862	209,163,855	163,843	209,327,698
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(431,943)	(431,943)	(177)	(432,120)
Total other comprehensive (loss) / income items for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from investments revaluation reserve	-	-	-	-	-	-	-	(22,284,938)	13,603	12,941	-	(22,258,394)	(21,530)	(22,279,924)
The Group's share from movements on retained earnings of associates	-	-	-	-	-	-	-	(190,212)	-	-	190,212	-	1,518	1,518
Balance at 31 March 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(24,822,445)	(41,143)	108,127	15,084,158	186,478,545	143,654	186,622,199
Balance at 1 January 2021	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(14,590,317)	(176,209)	107,677	(5,606,536)	175,884,463	148,103	176,032,566
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(523,020)	(523,020)	(2,699)	(525,719)
Total other comprehensive (loss) / income items for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from investments revaluation reserve	-	-	-	-	-	-	-	2,408,072	(2,639)	177	-	2,405,610	2,901	2,408,511
Group's share from transfer to retained earnings of associates	-	-	-	-	-	-	-	(275,742)	-	-	275,742	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,027	5,027	555	5,027
Balance at 31 March 2021	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(12,457,987)	(178,848)	107,854	(5,848,787)	177,772,080	148,860	177,920,940

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2021	2020
Cash flows from operating activities			
Net loss for the period		(525,719)	(432,120)
Adjustments:			
Depreciation and amortization		1,888,487	2,555,600
Provision for expected credit losses	9	30,479	57,382
Gain on sale of property, plant and equipment		(267)	(1,094)
Net investment gains	17	(294,942)	(146,359)
Finance charges		432,939	628,208
Interest income		(10,764)	(492)
Group's share of results from associates	5	(134,709)	(326,959)
Provision for employees' end of service indemnity		22,663	(63,086)
Net operating profit before working capital changes		1,408,167	2,271,080
Inventories		571,868	275,780
Accounts receivable and other debit balances		131,507	175,041
Accounts payable and other credit balances		432,459	(114,657)
Net cash generated from operating activities		2,544,001	2,607,244
Cash flows from investing activities			
Paid for purchase of property, plant and equipment	4	(42,952)	(347,465)
Proceeds on sale of property, plant and equipment		1,406	1,094
Paid for purchase of intangible assets		-	(1,694)
Paid for purchase of financial assets at fair value through other comprehensive income		(661,406)	(713,284)
Proceeds on sale of financial assets at fair value through other comprehensive income		756,841	730,072
Dividends received		196,288	146,359
Interest income received		10,764	492
Net cash generated from/ (used in) investing activities		260,941	(184,426)
Cash flows from financing activities			
Paid for loans, bank facilities and Murabaha		(979,204)	(400,100)
Finance charges paid		(324,657)	(367,742)
Paid from lease liabilities		(33,455)	(489,763)
Dividends paid		(11,449)	(8,336)
Change in non-controlling interests		555	-
Net cash used in financing activities		(1,348,210)	(1,265,941)
Net increase in cash and cash equivalents		1,456,732	1,156,877
Cash and cash equivalents at beginning of the period		15,186,967	9,528,618
Cash and cash equivalents at the end of the period	10	16,643,699	10,685,495

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Incorporation and activities

Kuwait Cement Company K.P.S.C. "the Parent Company" is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company's shares were listed on Kuwait Stock Exchange on 29 September 1984.

The Parent Company's objectives are as follows:

1. Establishing a project for the production of ordinary cement, sulphate resisting portland cement and portland cement for industrial purposes and all kinds of cement.
2. Producing clinker material in all its different types, selling and exporting inside or outside the State of Kuwait.
3. Construction of factories and laboratories needed for achieving the Parent Company's objectives.
4. Dealing in all types of products, materials, tools and machinery relating to the Parent Company's activity and transferring them locally or abroad and importing and selling of aggregates inside or outside the State of Kuwait.
5. The Parent Company may have interests or participate in any suitable way with entities or companies conducting similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may as well acquire such entities or affiliate them, and participate in incorporation of real estate companies.
6. Utilize the financial surpluses available with the Parent Company by investing the same locally and internationally in financial and real estate portfolios with different types and purposes.
7. Investing the Company's funds by participating in incorporation of companies of all types and with different purposes and in investment funds, inside and outside the State of Kuwait.

The Parent Company's headquarters is located at Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries (collectively referred to as "the Group"). The disaggregation of such subsidiaries is set out below:

Name of the Company	Legal entity	Principal activity	Country of Incorporation	Percentage of ownership (%)		
				31 March 2021	31 December 2020 (Audited)	31 March 2020
Shuwaikh Cement Company	K.S.C.C.	Industrial	State of Kuwait	99.250	99.250	99.250
Amwaj Real Estate Company	K.S.C.C.	Real Estate	State of Kuwait	96.000	96.000	96.000
Kuwait Cement Ready-mix Company	K.S.C.C.	Industrial	State of Kuwait	99.844	99.844	99.844

The financial information prepared by the subsidiary's management was used to prepare interim condensed consolidated financial information for the three month period ended 31 March 2021. The subsidiaries' total assets were KD 31,613,501 as at 31 March 2021 (KD 31,664,874 - 31 December 2020 and KD 38,575,486 - 31 March 2020), and their net losses were KD 321,568 for the three month period ended 31 March 2021 (losses of KD 231,104 for the three month period ended 31 March 2020).

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors on 11 May 2021.

The general assembly of the shareholders of the Parent Company for the year 2020 was not held yet, and therefore the consolidated financial statements for the year ended 31 December 2020, and the remaining agenda of the general assembly were not approved until the issuance date of this financial information.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

2. Basis of presentation and significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information is prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

In the opinion of the management all adjustments (including recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2020.

2.2 Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, 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 2021 and which did not result in any material impact on the accounting policies, financial position or performance of the Group.

3. Fair value estimation

The fair values of financial assets and liabilities are estimated as follows.

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Observable inputs other than quoted prices of financial instruments.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of significant financial assets and liabilities are determined:

	Fair value as of			Fair value level	Valuation techniques and key inputs
	31 March 2021	31 December 2020 (Audited)	31 March 2020		
Financial assets at fair value through statement of other comprehensive income:					
Quoted securities	62,500,400	59,673,883	50,492,339	First	Closing price
Funds and portfolios	12,238,845	12,197,570	10,729,452	Second	Net assets value Based on the revised NBV or on the basis of the last transactions
Unquoted securities	5,050,770	5,603,024	5,678,301	Three	

The fair value of the other financial assets and liabilities equal to their carrying amounts approximately as at the date of interim condensed consolidated financial information.

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

4. Property, plant and equipment

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Net carrying value at beginning of period/ year	136,211,120	152,261,624	152,261,624
Additions	42,952	509,976	347,465
Disposals	(1,139)	(4,564)	-
Depreciation for the period/ year	(1,763,805)	(8,452,671)	(2,422,310)
Impairment losses	-	(8,143,628)	-
Foreign currency translation differences	-	40,383	40,623
Net carrying value at end of the period/ year	<u>134,489,128</u>	<u>136,211,120</u>	<u>150,227,402</u>

All property, plant and equipment located on a land leased from the State under leases contracts for a term of five years ending 2024 and 2025.

5. Investments in associates

	Country of incorporation	Voting rights and ownership percentage %	Carrying amount		
			31 March 2021	31 December 2020 (Audited)	31 March 2020
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Contracting and Marine Services Co. K.S.C.C.	Kuwait	33.39	<u>16,517,131</u>	<u>16,380,034</u>	<u>16,121,562</u>
			<u>16,517,131</u>	<u>16,380,034</u>	<u>16,121,562</u>

Movement on investment in associates was as follows:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Balance at beginning of the period/ year	16,380,034	15,775,973	15,775,973
Group's share of results of associates'	134,709	1,087,195	326,959
Group's share of other comprehensive income of associates'	(2,639)	(121,463)	13,603
Group's share of retained earnings movement of associates'	5,027	20,108	5,027
Cash dividends received	-	(381,779)	-
Balance at end of the period/ year	<u>16,517,131</u>	<u>16,380,034</u>	<u>16,121,562</u>

6. Financial assets at fair value through other comprehensive income

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Quoted securities	62,500,400	59,673,883	50,492,339
Unquoted securities	5,050,770	5,603,024	5,678,301
Funds and portfolios	<u>12,238,845</u>	<u>12,197,570</u>	<u>10,729,452</u>
	<u>79,790,015</u>	<u>77,474,477</u>	<u>66,900,092</u>

The quoted investments include investments of KD 26,073,236 as at 31 March 2021 in the shares of National Industries Group Holding K.S.C. (Public), which is one of the major shareholders in the Group (KD 25,075,898 - 31 December 2020 and KD 21,513,981 - 31 March 2020).

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Leases

The Group as a lessee

The Group leases plot of lands. Leases typically run for a period of five years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

The carrying amounts of the Group's right of use assets and the movement during the period / year are set out below:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
As at beginning of the period / year	3,989,802	4,488,527	4,488,527
Amortization expenses	(124,682)	(498,725)	(124,683)
Balance at end of the period / year	<u>3,865,120</u>	<u>3,989,802</u>	<u>4,363,844</u>

Lease liabilities

Lease liabilities are grouped in the interim condensed consolidated statement of financial position as follows:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Lease liabilities - Non-current portion	3,517,094	3,481,193	3,473,009
Lease liabilities - Current portion	421,920	455,376	454,174
	<u>3,939,014</u>	<u>3,936,569</u>	<u>3,927,183</u>

	31 March 2021	31 December 2020 (Audited)	31 March 2020
At beginning of the period/year	3,936,569	4,373,513	4,373,513
Lease liabilities paid	(33,455)	(591,778)	(489,763)
Interests of lease liabilities	35,900	154,834	43,433
At the end of the period/year	<u>3,939,014</u>	<u>3,936,569</u>	<u>3,927,183</u>

Below are the amounts of short term lease contracts:

	Three months ended 31 March	
	2021	2020
Amount relating to short-term leases (stated under cost of production)	100,147	115,617
Expenses relating to short-term leases (stated under general and administrative expenses)	12,635	11,810
	<u>112,782</u>	<u>127,427</u>

8. Inventories

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Raw materials	11,673,687	12,648,642	15,562,023
Finished production	719,070	681,691	591,244
Spare parts	365,708	-	-
	<u>12,758,465</u>	<u>13,330,333</u>	<u>16,153,267</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Accounts receivable and other debit balances

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Amounts under collection at banks	479,684	261,731	262,913
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	2,942,555	3,153,186	3,525,626
Related parties (Note 19)	476,309	327,606	413,427
Other trade receivables	408,458	559,777	1,339,564
Total trade receivables	15,255,953	15,901,300	21,201,568
Other receivables	19,562,959	20,203,600	26,743,098
Provision for expected credit losses	2,040,997	1,916,556	1,664,911
	21,603,956	22,120,156	28,408,009
	(7,319,490)	(7,310,882)	(3,239,605)
	14,284,466	14,809,274	25,168,404
Prepaid expenses	492,295	128,182	716,759
Notes receivables	864,560	767,197	1,350,132
	15,641,321	15,704,653	27,235,295

The movement of provision for expected credit losses is as follows:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Balance at beginning of the period/ year	7,310,882	3,178,626	3,178,626
Charge during the period/ year	30,479	4,128,659	57,382
Used during the period/ year	(21,871)	-	-
Foreign currency translation differences	-	3,597	3,597
Balance at end of the period/ year	7,319,490	7,310,882	3,239,605

10. Cash and cash equivalents

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Cash on hand and at banks	10,341,899	11,672,051	9,077,455
Time deposits	4,000,000	-	-
Cash at investment portfolios	2,301,800	3,514,916	1,608,040
Cash and cash equivalents	16,643,699	15,186,967	10,685,495

The average interest rate on time deposits was 1% as at 31 March 2021.

11. Share capital

The authorized, issued, and fully paid capital is KD 73,330,387 comprises of 733,303,870 shares as at 31 March 2021 and 31 December 2020 and 31 March 2020, each of a nominal value of 100 fils. All shares are cash shares.

12. Treasury shares

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Number of shares (No's)	20,330,200	20,330,200	20,330,200
Percentage to issued shares (%)	2.77	2.77	2.77
Market value (KD)	4,492,974	4,655,616	3,212,172

The Parent Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

13. Loans, bank facilities and Murabaha

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Non-current portion			
Loans	11,560,000	11,560,001	15,400,000
Murabaha	41,011,816	41,450,712	41,997,637
	<u>52,571,816</u>	<u>53,010,713</u>	<u>57,397,637</u>
Current portion			
Loans	3,840,000	3,840,000	5,890,000
Murabaha	16,138,239	16,690,142	13,086,364
	<u>19,978,239</u>	<u>20,530,142</u>	<u>18,976,364</u>
Total loans bank facilities and Murabaha	<u>72,550,055</u>	<u>73,540,855</u>	<u>76,374,001</u>

The average effective interest rate on the loans, bank facilities and Murabaha was 2.65% as at 31 March 2021 (2.65% - 31 December 2020 and 3.5% - 31 March 2020).

The loans and Murabaha's covenants state that the ratio of net debts to equity more than (0.8:1) and the ratio of liabilities to equity is not more than (1.3:1).

14. Accounts payable and other credit balances

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Suppliers	15,660,936	15,261,233	15,545,503
Accrued interest and expenses	3,426,875	3,099,139	3,186,692
Notes payable	1,008,631	1,183,027	1,246,620
Clients - advance payments	1,433,602	1,470,388	951,420
Payable cash dividends	974,926	986,375	961,830
Contribution to Kuwait Foundation for the Advancement of Sciences	579	579	39,370
National Labor Support Tax	-	-	63,776
Zakat	375	375	18,593
Retention	3,500	3,500	3,500
Other	10,524	10,521	11,439
	<u>22,519,948</u>	<u>22,015,137</u>	<u>22,028,743</u>

15. Cost of sales

	Three months ended 31 March	
	2021	2020
Raw materials	10,029,701	12,015,909
Change in finished goods	(37,379)	(18,194)
Salaries and benefits	890,239	940,061
Rents	480,323	865,881
Maintenance and spare parts	510,944	567,539
Depreciations and amortizations	100,147	105,282
Other	219,348	238,531
	<u>12,193,323</u>	<u>14,715,009</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

16. Other operating income/ (expenses)

	Three months ended 31 March	
	2021	2020
Net income from investment properties	22,350	31,149
Net losses from exchange differences	(44,056)	(61,120)
Other income	105,122	23,107
	83,416	(6,864)

17. Net investment gains

	Three months ended 31 March	
	2021	2020
Cash dividends	294,942	146,359
Portfolio management fees	(22,109)	(21,617)
	272,833	124,742

18. Basic and diluted loss per share

Basic and diluted loss per share are calculated by dividing net loss for the period attributable to shareholders of the Parent Company for the year by the weighted average of the number of the existing ordinary shares determined based on number of existing shares of issued capital during the period, taking into account treasury shares. The calculation of basic and diluted loss per share is as follows:

	Three months ended 31 March	
	2021	2020
Net loss for the period attributable to shareholders of the Parent Company	(523,020)	(431,943)
Weighted average number of outstanding shares during the period (shares)	712,973,670	712,973,670
Basic and diluted loss per share (fils)	(0.73)	(0.61)

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the Company has representatives in their board. In the normal course of business, and subject to the approval of the Group's management, transactions were made with such parties during the period ended 31 March 2021. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Following is a summary of significant related party transactions and balances:

	31 March 2021	31 December 2020 (Audited)	31 March 2020
Balances			
Account receivable and other debit balances (Note 9)	408,458	559,777	1,339,564
Provision for employees' end of service indemnity	636,229	632,584	621,738
Transactions			
Sales		175,963	644,783
Committees' fees		44,750	44,750
Senior management salaries and benefits		117,785	116,886

All transactions with related parties are subject to the approval of the shareholders' general assembly.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

20. Contingent liabilities and capital commitments	31 March 2021	31 December 2020 (Audited)	31 March 2020
Contingent liabilities			
Letters of guarantee	693,001	693,001	793,000
Capital commitments			
Letters of Credit	136,456	122,580	115,529
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	6,033,804	8,962,474	9,747,944
Property, plant and equipment	856,811	856,811	744,201

There is a dispute between the Parent Company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while Parent Company's management has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the previous period, a judgment was issued for the release of all the Parent Company's financial obligations towards the supplier.

The dispute with the supplier has not been resolved yet and the Parent Company's management believes that the provisions provided are sufficient against all the obligations that might result from this dispute.

21. Segment financial information

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

The primary segments information as follows:

Operating Segments

The Group has determined the following two major business segments for internal reporting purposes:

- Manufacturing sector which includes production and sale cement and ready-mix cement.
- Investments segment

Financial information about business segments for the three month period ended 31 March is as follows:

	2021			2020		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	12,636,516	429,892	13,066,408	15,464,481	482,850	15,947,331
Segments gross (loss)/ profit	(533,436)	429,892	(103,544)	(287,254)	482,850	195,596
Segments assets	181,095,943	99,379,587	280,475,530	207,083,202	85,400,335	292,483,537
Adjustments:						
Segments gross (loss)/ profit			(103,544)			195,596
Finance charges			(432,939)			(628,208)
Interest income			10,764			492
			<u>(525,719)</u>			<u>(432,120)</u>

**Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

22. Impact of COVID-19

The Coronavirus (Covid-19) pandemic continues to spread rapidly across several global geographic regions, causing major disruptions to business and economic activities and resulting in fundamental uncertainties regarding the global economic environment. Financial and monetary authorities around the world have taken intensive measures that have been allocated to alleviate the dire consequences of this pandemic.

Other effects

The Group has considered the potential impact of fluctuations in current economic conditions when determining the amount recorded for the Group's financial and non-financial assets. These reported amounts represent management's best assessments based on observable information. Nevertheless, the markets remain volatile and the carrying value of the assets is still sensitive to fluctuations in the market. The vulnerability of this uncertain economic environment to a large extent is still a matter of estimation accordingly, the Group will continue to reassess its financial position and related influence on a regular basis.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.