



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 Six Months Ended 30 June 2021**



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 Six Months Ended 30 June 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 30 June 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for the preparation and 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 six month period ended 30 June 2021, of the 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 of provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2021, that might had a material effect on the business of Group or on its consolidated financial position.

Talal Y. Al-Muzaini

License No. 209 A

Deloitte & Touche - Al Wazzan & Co.

Qais M. Al Nisf

License No. 38 A

BDO Al Nisf & Partners

Kuwait, 10 August 2021

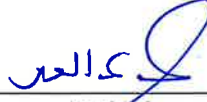
Interim Condensed Consolidated Statement of Financial Position as at 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment	4	133,012,002	136,211,120	139,740,932
Intangible assets		10	10	16,944
Investment properties		770,641	770,641	770,641
Investments in associates	5	16,269,001	16,380,034	16,231,678
Financial assets at fair value through other comprehensive income	6	93,112,923	77,474,477	71,935,648
Right-of-use assets	7	3,740,439	3,989,802	4,239,163
		<u>246,905,016</u>	<u>234,826,084</u>	<u>232,935,006</u>
Current assets				
Inventories	8	14,878,062	13,330,333	17,207,798
Accounts receivable and other debit balances	9	14,455,020	15,704,653	20,556,798
Cash and cash equivalents	10	13,240,862	15,186,967	24,158,260
		<u>42,573,944</u>	<u>44,221,953</u>	<u>61,922,856</u>
Total assets		<u>289,478,960</u>	<u>279,048,037</u>	<u>294,857,862</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		968,916	(14,590,317)	(19,859,996)
Group's share in associates' reserves		(165,289)	(176,209)	(212,687)
Foreign currency translation reserve		107,854	107,677	108,360
Accumulated losses		(5,448,501)	(5,606,536)	(1,777,959)
Equity attributable to shareholders of the Parent Company		<u>191,612,828</u>	<u>175,884,463</u>	<u>174,407,566</u>
Non-controlling interests		<u>167,531</u>	<u>148,103</u>	<u>147,561</u>
Total equity		<u>191,780,359</u>	<u>176,032,566</u>	<u>174,555,127</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	13	47,967,633	53,010,713	57,872,318
Provision for employees' end of service indemnity		3,583,824	3,522,910	3,567,402
Lease liabilities	7	2,963,272	3,481,193	3,473,491
		<u>54,514,729</u>	<u>60,014,816</u>	<u>64,913,211</u>
Current liabilities				
Loans, bank facilities and Murabaha	13	19,972,833	20,530,142	28,472,763
Accounts payable and other credit balances	14	22,752,194	22,015,137	26,460,493
Lease liabilities	7	458,845	455,376	456,268
		<u>43,183,872</u>	<u>43,000,655</u>	<u>55,389,524</u>
Total liabilities		<u>97,698,601</u>	<u>103,015,471</u>	<u>120,302,735</u>
Total equity and liabilities		<u>289,478,960</u>	<u>279,048,037</u>	<u>294,857,862</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 six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
Sales		11,335,680	5,161,298	23,867,074	20,602,672
Cost of sales	15	(10,741,243)	(16,367,556)	(22,934,566)	(31,082,565)
Gross profit/ (loss)		594,437	(11,206,258)	932,508	(10,479,893)
Other operating income	16	250,296	29,310	333,712	22,446
Selling, general and administrative expenses		(942,963)	(946,680)	(1,845,057)	(1,864,904)
Loss from operations		(98,230)	(12,123,628)	(578,837)	(12,322,351)
Reversal/ (provision) for expected credit losses		7,507	(3,158,627)	(22,972)	(3,216,009)
Finance charges		(437,127)	(770,326)	(870,066)	(1,398,534)
Interest income		13,568	20,123	24,332	20,615
Net investment gains	17	535,565	2,440,902	808,398	2,565,644
Group's share of results of associates	5	115,061	271,606	249,770	598,565
Net profit/ (loss) for the period		136,344	(13,319,950)	(389,375)	(13,752,070)
Attributable to:					
Shareholders of the Parent Company		136,007	(13,320,831)	(387,013)	(13,752,774)
Non-controlling interests		337	881	(2,362)	704
Net profit/ (loss) for the period		136,344	(13,319,950)	(389,375)	(13,752,070)
Basic and diluted earnings/ (loss) per share (fils)	18	0.19	(18.68)	(0.54)	(19.29)

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

**Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
Net profit/ (loss) for the period		136,344	(13,319,950)	(389,375)	(13,752,070)
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	13,559	(171,544)	10,920	(157,941)
Group's share of foreign currency translation reserve		-	135	177	13,174
		13,559	(171,409)	11,097	(144,767)
<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		13,704,490	4,980,619	16,115,463	(17,325,947)
Total other comprehensive income/ (loss) items for the period		13,718,049	4,809,210	16,126,560	(17,470,714)
Total comprehensive income/ (loss) for the period		13,854,393	(8,510,740)	15,737,185	(31,222,784)
Attributable to:					
Shareholders of the Parent Company		13,835,721	(8,514,647)	15,718,311	(31,204,984)
Non-controlling interests		18,672	3,907	18,874	(17,800)
Total comprehensive income/ (loss) for the period		13,854,393	(8,510,740)	15,737,185	(31,222,784)

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

**Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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	-	-	-	-	-	-	-	-	-	-	(13,752,774)	(13,752,774)	704	(13,752,070)
Total other comprehensive (loss) / income items for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from investments revaluation reserve	-	-	-	-	-	-	-	(17,308,961)	(157,941)	13,174	-	(17,453,728)	(16,986)	(17,470,714)
The Group's share from movements on retained earnings of associates	-	-	-	-	-	-	-	(203,740)	-	-	203,740	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(19,859,996)	(212,687)	108,360	(1,777,959)	174,407,566	147,561	174,555,127
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	-	-	-	-	-	-	-	-	-	-	(387,013)	(387,013)	(2,362)	(389,375)
Total other comprehensive income/ (loss) items for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from investments revaluation reserve	-	-	-	-	-	-	-	16,094,227	10,920	177	-	16,105,324	21,236	16,126,560
Group's share from transfer to retained earnings of associates	-	-	-	-	-	-	-	(534,994)	-	-	534,994	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	10,054	10,054	-	10,054
Balance at 30 June 2021	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	968,916	(165,289)	107,854	(5,448,501)	191,612,828	167,531	191,780,359

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

**Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Six months ended 30 June	
		2021	2020
Cash flows from operating activities			
Net loss for the period		(389,375)	(13,752,070)
Adjustments:			
Depreciation and amortization		3,663,082	5,119,195
Provision for expected credit losses	9	22,972	3,216,009
Gain on sale of property, plant and equipment		(267)	(1,094)
Impairment losses of property, plant and equipment		-	8,143,627
Net investment gains	17	(862,883)	(2,612,566)
Finance charges		870,066	1,398,534
Interest income		(24,332)	(20,615)
Group's share of results from associates	5	(249,770)	(598,565)
Provision for employees' end of service indemnity		60,914	(27,095)
Net operating profit before working capital changes		3,090,407	865,360
Inventories		(1,547,729)	(778,751)
Accounts receivable and other debit balances		1,226,661	3,998,622
Accounts payable and other credit balances		734,302	496,243
Net cash generated from operating activities		3,503,641	4,581,474
Cash flows from investing activities			
Paid for purchase of property, plant and equipment	4	(215,739)	(434,623)
Proceeds on sale of property, plant and equipment		1,405	1,094
Paid for purchase of intangible assets		-	(1,694)
Paid for purchase of financial assets at fair value through other comprehensive income		(1,273,085)	(2,181,336)
Proceeds on sale of financial assets at fair value through other comprehensive income		1,750,102	2,141,471
Dividends received		1,244,660	2,308,855
Interest income received		24,332	20,615
Net cash generated from investing activities		1,531,675	1,854,382
Cash flows from financing activities			
Withdrawn from loans, bank facilities and Murabaha		5,000,000	10,000,000
Paid for loans, bank facilities and Murabaha		(10,567,075)	(414,599)
Finance charges paid		(800,962)	(859,995)
Paid from lease liabilities		(586,033)	(523,217)
Dividends paid		(27,905)	(8,403)
Change in non-controlling interests		554	-
Net cash (used in)/ generated from financing activities		(6,981,421)	8,193,786
Net changes in cash and cash equivalents		(1,946,105)	14,629,642
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	13,240,862	24,158,260

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

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 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:

<u>Name of the Company</u>	<u>Legal entity</u>	<u>Principal activity</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership (%)</u>		
				<u>30 June 2021</u> <u>(Unaudited)</u>	<u>31 December 2020</u> <u>(Audited)</u>	<u>30 June 2020</u> <u>(Unaudited)</u>
Shuwaikh Cement Company	K.S.C.C.	Industrial Real	State of Kuwait	99.250	99.250	99.250
Amwaj Real Estate Company	K.S.C.C.	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 six month period ended 30 June 2021. The subsidiaries' total assets were KD 31,260,400 as at 30 June 2021 (KD 31,664,874 - 31 December 2020 and KD 34,153,782 - 30 June 2020), and their net losses were KD 271,318 for the six month period ended 30 June 2021 (losses of KD 1,319,753 for the six month period ended 30 June 2020).

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors on 10 August 2021.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 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 30 June 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 interim condensed consolidated financial information 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
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)		
Financial assets at fair value through statement of other comprehensive income:					
Quoted securities	74,426,595	59,673,883	54,961,157	First	Closing price
Funds and portfolios	11,987,991	12,197,570	10,999,327	Second	Net assets value
Unquoted securities	6,698,337	5,603,024	5,975,164	Three	Based on the revised NBV or on the basis of the last transactions

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 six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

4. Property, plant and equipment

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Net carrying value at beginning of period/ year	136,211,120	152,261,624	152,261,624
Additions	215,739	509,976	434,623
Disposals	(1,138)	(4,564)	-
Depreciation for the period/ year	(3,413,719)	(8,452,671)	(4,852,229)
Impairment losses	-	(8,143,628)	(8,143,627)
Foreign currency translation differences	-	40,383	40,541
Net carrying value at end of the period/ year	<u>133,012,002</u>	<u>136,211,120</u>	<u>139,740,932</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		
			30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Contracting and Marine Services Co. K.S.C.C.	Kuwait	33.39	<u>16,269,001</u>	<u>16,380,034</u>	<u>16,231,678</u>
			<u>16,269,001</u>	<u>16,380,034</u>	<u>16,231,678</u>

Movement on investment in associates was as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Balance at beginning of the period/ year	16,380,034	15,775,973	15,775,973
Group's share of results of associates'	249,770	1,087,195	598,565
Group's share of other comprehensive income of associates'	10,920	(121,463)	(157,941)
Group's share of retained earnings movement of associates'	10,054	20,108	15,081
Cash dividends received	(381,777)	(381,779)	-
Balance at end of the period/ year	<u>16,269,001</u>	<u>16,380,034</u>	<u>16,231,678</u>

Group's share in an associate result has been recognized based on the financial information prepared by the associate company's management for the period ended 31 March 2021.

6. Financial assets at fair value through other comprehensive income

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Quoted securities	74,426,595	59,673,883	54,961,157
Unquoted securities	6,698,337	5,603,024	5,975,164
Funds and portfolios	11,987,991	12,197,570	10,999,327
	<u>93,112,923</u>	<u>77,474,477</u>	<u>71,935,648</u>

The quoted investments include investments of KD 34,258,522 as at 30 June 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 23,081,225 - 30 June 2020).

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 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:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
As at beginning of the period / year	3,989,802	4,488,527	4,488,527
Amortization expenses	(249,363)	(498,725)	(249,364)
Balance at end of the period / year	<u>3,740,439</u>	<u>3,989,802</u>	<u>4,239,163</u>

Lease liabilities

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Lease liabilities - Non-current portion	2,963,272	3,481,193	3,473,491
Lease liabilities - Current portion	458,845	455,376	456,268
	<u>3,422,117</u>	<u>3,936,569</u>	<u>3,929,759</u>

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
At beginning of the period/year	3,936,569	4,373,513	4,373,513
Lease liabilities paid	(586,033)	(591,778)	(523,217)
Interests of lease liabilities	71,581	154,834	79,463
At the end of the period/year	<u>3,422,117</u>	<u>3,936,569</u>	<u>3,929,759</u>

Below are the amounts of short term lease contracts:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Amount relating to short-term leases (stated under cost of production)	101,344	77,704	201,491	193,321
Expenses relating to short-term leases (stated under general and administrative expenses)	5,640	5,095	18,275	16,905
	<u>106,984</u>	<u>82,799</u>	<u>219,766</u>	<u>210,226</u>

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

8. Inventories

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Raw materials	13,830,125	12,648,642	16,563,842
Finished production	502,520	681,691	643,956
Spare parts	545,417	-	-
	<u>14,878,062</u>	<u>13,330,333</u>	<u>17,207,798</u>

9. Accounts receivable and other debit balances

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Amounts under collection at banks	633,350	261,731	204,789
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsidizing cement and ready-made concrete to the public	3,048,437	3,153,186	3,246,006
Related parties (Note 19)	1,156,900	327,606	126,202
Other trade receivables	260,825	559,777	1,285,728
Total trade receivables	<u>13,468,963</u>	<u>15,901,300</u>	<u>18,577,789</u>
Other receivables	18,568,475	20,203,600	23,440,514
	<u>2,101,671</u>	<u>1,916,556</u>	<u>1,959,969</u>
	20,670,146	22,120,156	25,400,483
Provision for expected credit losses	<u>(7,311,983)</u>	<u>(7,310,882)</u>	<u>(6,398,232)</u>
	13,358,163	14,809,274	19,002,251
Prepaid expenses	328,856	128,182	593,363
Notes receivables	768,001	767,197	961,184
	<u>14,455,020</u>	<u>15,704,653</u>	<u>20,556,798</u>

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Balance at beginning of the period/ year	7,310,882	3,178,626	3,178,626
Charge during the period/ year	22,972	4,128,659	3,216,009
Used during the period/ year	(21,871)	-	-
Foreign currency translation differences	-	3,597	3,597
Balance at end of the period/ year	<u>7,311,983</u>	<u>7,310,882</u>	<u>6,398,232</u>

10. Cash and cash equivalents

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Cash on hand and at banks	9,864,865	11,672,051	21,443,815
Cash at investment portfolios	3,375,997	3,514,916	2,714,445
Cash and cash equivalents	<u>13,240,862</u>	<u>15,186,967</u>	<u>24,158,260</u>

11. Share capital

The authorized, issued, and fully paid capital is KD 73,330,387 comprises of 733,303,870 shares as at 30 June 2021 and 31 December 2020 and 30 June 2020, each of a nominal value of 100 fils. All shares are cash shares.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

12. Treasury shares

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
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)	5,102,880	4,655,616	3,761,087

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.

13. Loans, bank facilities and Murabaha

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Non-current portion			
Loans	14,640,000	11,560,001	13,480,000
Murabaha	33,327,633	41,450,712	44,392,318
	<u>47,967,633</u>	<u>53,010,713</u>	<u>57,872,318</u>
Current portion			
Loans	3,840,000	3,840,000	7,810,000
Murabaha	16,132,833	16,690,142	20,662,763
	<u>19,972,833</u>	<u>20,530,142</u>	<u>28,472,763</u>
Total loans bank facilities and Murabaha	<u>67,940,466</u>	<u>73,540,855</u>	<u>86,345,081</u>

The average effective interest rate on the loans, bank facilities and Murabaha was 2.4% as at 30 June 2021 (2.65% - 31 December 2020 and 3.25% - 30 June 2020).

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

14. Accounts payable and other credit balances

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Suppliers	16,204,133	15,261,233	14,769,221
Accrued interest and expenses	2,662,517	3,099,139	3,727,599
Notes payable	1,123,015	1,183,027	1,354,397
Clients - advance payments	1,789,451	1,470,388	1,945,964
Payable cash dividends	958,470	986,375	4,526,631
Contribution to Kuwait Foundation for the Advancement of Sciences	579	579	40,002
National Labor Support Tax	-	-	63,776
Zakat	-	375	18,593
Retention	3,500	3,500	3,500
Other	10,529	10,521	10,810
	<u>22,752,194</u>	<u>22,015,137</u>	<u>26,460,493</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Raw materials	8,444,901	6,177,563	18,474,602	18,193,472
Change in finished goods	216,550	(52,712)	179,171	(70,906)
Impairment losses of property, plant, and equipment	-	8,143,627	-	8,143,627
Salaries and benefits	834,128	1,015,001	1,724,367	1,955,062
Maintenance and spare parts	559,403	305,355	1,039,726	1,171,236
Depreciations and amortizations	457,286	565,642	968,230	1,133,181
Rents	101,344	77,274	201,491	182,556
Other	127,631	135,806	346,979	374,337
	<u>10,741,243</u>	<u>16,367,556</u>	<u>22,934,566</u>	<u>31,082,565</u>

16. Other operating income

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net income from investment properties	17,833	14,663	40,183	45,812
Net losses from exchange differences	60,740	7,540	16,684	(53,580)
Other income	171,723	7,107	276,845	30,214
	<u>250,296</u>	<u>29,310</u>	<u>333,712</u>	<u>22,446</u>

Other income includes KD 144,000, which represents the financial implications arising from the approval of the General Assembly of Shareholders for the financial statements for the year ended 31 December 2020 held on 26 May 2021 (note 20).

17. Net investment gains

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Cash dividends	567,941	2,466,207	862,883	2,612,566
Portfolio management fees	(32,376)	(25,305)	(54,485)	(46,922)
	<u>535,565</u>	<u>2,440,902</u>	<u>808,398</u>	<u>2,565,644</u>

18. Basic and diluted earnings/ (loss) per share

Basic and diluted earnings/ (loss) per share are calculated by dividing net profit/ (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 earnings/ (loss) per share is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Net profit/ (loss) for the period attributable to shareholders of the Parent Company	136,007	(13,320,831)	(387,013)	(13,752,774)
Weighted average number of outstanding shares during the period (shares)	<u>712,973,670</u>	<u>712,973,670</u>	<u>712,973,670</u>	<u>712,973,670</u>
Basic and diluted earnings/ (loss) per share (fils)	<u>0.19</u>	<u>(18.68)</u>	<u>(0.54)</u>	<u>(19.29)</u>

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

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 30 June 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:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Balances			
Account receivable and other debit balances (Note 9)	260,825	559,777	1,285,728
Provision for employees' end of service indemnity	639,913	632,584	625,295
	Three months ended 30 June		Six months ended 30 June
	2021	2020	2021
	2021	2020	2020
Transactions			
Sales	235,095	192,248	411,058
Committees' fees	44,750	44,750	89,500
Senior management salaries and benefits	86,948	122,085	204,733

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

20. General assembly of the Parent Company's Shareholders

On 26 May 2021, the General Assembly of shareholders of the Parent company approved the consolidated financial statements for the year ended 31 December 2020, and;

- approved not to distribute cash dividends or bonus shares for 2020,
- amended senior management's benefits from KD 412,000 to KD 268,000, the financial impact was recognised in other operating income item in the statement of income for the current period.

21. Contingent liabilities and capital commitments

	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2020 (Unaudited)
Contingent liabilities			
Letters of guarantee	693,001	693,001	793,000
Capital commitments			
Letters of Credit	144,368	122,580	114,006
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	6,741,786	8,962,474	7,545,978
Property, plant and equipment	855,179	856,811	798,058

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.

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise stated)

22. 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 six month period ended 30 June is as follows:

	2021			2020		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	24,143,919	1,098,351	25,242,270	20,632,886	3,210,021	23,842,907
Segments gross (loss)/ profit	(641,992)	1,098,351	456,359	(15,584,172)	3,210,021	(12,374,151)
Segments assets	175,950,398	113,528,562	289,478,960	203,205,450	91,652,412	294,857,862
Adjustments:						
Segments gross profit/ (loss)			456,359			(12,374,151)
Finance charges			(870,066)			(1,398,534)
Interest income			24,332			20,615
			<u>(389,375)</u>			<u>(13,752,070)</u>

23. 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.