



شركة الاسمنت الكويتية
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 2023**



**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 2023**

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**To the Board of Directors
Kuwait Cement Company
Kuwait Public Shareholding Company
State of Kuwait**

Report on Review of Interim Condensed Consolidated Financial Information

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 (together referred to as "the Group") as at 31 March 2023, and the interim condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (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 has come to our attention indicating any violations during the three month period ended 31 March 2023, 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 interim condensed consolidated financial position.

We further report that, based on our review, nothing has come to our attention indicating any material violations during the three month period ended 31 March 2023 of Law No. 7 of 2010, as amended, regarding Establishment of Capital Markets Authority and organization of Security Activity, and its Executive Regulations, and its Related Regulations, as amended, which might have materially affected the Group's business or its interim condensed consolidated financial position.



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

Kuwait: 10 May 2023

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	31 March 2023	31 December 2022 (Audited)	31 March 2022
Assets				
Non-current assets				
Property, plant and equipment	4	128,255,596	128,937,213	130,460,109
Intangible assets		10	10	10
Investment properties		770,641	770,641	770,641
Investment in associates	5	17,324,995	17,252,492	17,062,272
Financial assets at fair value through other comprehensive income	6	91,335,580	99,751,017	101,350,876
Right-of-use assets		2,867,670	2,992,352	3,366,395
Total non-current assets		240,554,492	249,703,725	253,010,303
Currents assets				
Inventory	7	21,000,719	20,268,995	11,518,745
Accounts receivable and other debit balances	8	15,620,797	17,688,639	15,291,343
Financial assets at fair value through profit or loss		-	-	877,125
Cash and cash equivalents	9	13,884,124	8,723,902	21,985,239
Total current assets		50,505,640	46,681,536	49,672,452
Total assets		291,060,132	296,385,261	302,682,755
Equity and liabilities				
Equity				
Share capital		73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	10	(13,546,935)	(13,546,935)	(13,546,935)
Profits 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		(13,654,676)	(7,252,092)	6,283,976
Group's share in associates' reserves		(75,640)	(11,220)	65,856
Foreign currency translation reserve		107,854	107,854	107,854
Retained earnings		4,312,950	5,165,534	5,064,633
Equity attributable to Shareholders of the Parent Company		186,840,336	194,159,924	207,672,167
Non-controlling interests		161,725	168,041	180,142
Total equity		187,002,061	194,327,965	207,852,309
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	11	68,288,170	64,975,840	44,532,911
Provision for employees' end of service indemnity		3,737,239	3,647,465	3,700,443
Lease liabilities		1,817,901	2,350,386	2,445,393
Total non-current liabilities		73,843,310	70,973,691	50,678,747
Current liabilities				
Loans, bank facilities and Murabaha	11	9,607,261	9,343,858	18,854,008
Accounts payable and other credit balances	12	20,122,809	21,251,904	24,825,437
Lease liabilities		484,691	487,843	472,254
Total current liabilities		30,214,761	31,083,605	44,151,699
Total liabilities		104,058,071	102,057,296	94,830,446
Total equity and liabilities		291,060,132	296,385,261	302,682,755

The accompanying notes are an integral part of the 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 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2023	2022
Sales		17,192,091	16,107,193
Cost of sales	13	(16,469,126)	(15,767,991)
Gross profit		722,965	339,202
Selling, general and administrative expenses		(858,323)	(931,607)
Net income from other operating	14	164,771	46,997
Operating profit / (loss)		29,413	(545,408)
Provision for expected credit losses	8	(30,936)	(42,881)
Finance charges		(847,981)	(391,282)
Interest income		1,509	2,068
Net investment income	15	47,538	1,060,361
Group's share of results from associates	5	131,896	13,479
Net (loss) / profit for the period before deductions		(668,561)	96,337
Kuwait Foundation for the Advancement of Science		-	(921)
National Labour Support Tax		-	(19,357)
Zakat		-	(5,374)
Net (loss) / profit for the period		<u>(668,561)</u>	<u>70,685</u>
Attributable to:			
The Parent Company's Shareholders		(667,801)	66,965
Non-controlling interests		(760)	3,720
Net (loss) / profit for the period		<u>(668,561)</u>	<u>70,685</u>
Basic and diluted (losses) / earnings per share (fils)	16	<u>(0.94)</u>	<u>0.09</u>

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

Interim Condensed Consolidated Statement of Income and Other Comprehensive Income For the three months ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2023	2022
Net (loss) / profit for the period		(668,561)	70,685
Items of other comprehensive (loss) / income:			
<u>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</u>			
Group's share of associates' reserves	5	(64,420)	76,468
<u>Items that will not be reclassified subsequently in the interim condensed consolidated statement of income:</u>			
Changes in fair value of financial assets at fair value through other comprehensive income		(6,597,950)	5,434,869
Total other comprehensive (loss) / income for the period		(6,662,370)	5,511,337
Total comprehensive (loss) / income for the period		(7,330,931)	5,582,022
Attributable to:			
The Parent Company's Shareholders		(7,321,686)	5,577,718
Non-controlling interests		(9,245)	4,304
Total comprehensive (loss) / income for the period		(7,330,931)	5,582,022

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

Interim Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2023
(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	Treasury shares	Statutory reserve	Voluntary reserve	General reserve	Investments revaluation reserve	Group's share in associates' reserves	Foreign currency translation reserve			Retained earnings	Sub-total
Balance as at 1 January 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	1,702,675	(10,612)	107,854	4,140,643	202,090,408	174,852	202,265,260
Net profit for the period	-	-	-	-	-	-	-	-	-	-	66,965	66,965	3,720	70,685
Other comprehensive income for the period	-	-	-	-	-	-	-	5,434,285	76,468	-	-	5,510,753	584	5,511,337
Total comprehensive income for the period	-	-	-	-	-	-	-	5,434,285	76,468	-	66,965	5,577,718	4,304	5,582,022
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(852,984)	-	-	851,998	(986)	986	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	5,027	5,027	-	5,027
Balance as at 31 March 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	6,283,976	65,856	107,854	5,064,633	207,672,167	180,142	207,852,309
Balance as at 1 January 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(7,252,092)	(11,220)	107,854	5,165,534	194,159,924	168,041	194,327,965
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(667,801)	(667,801)	(760)	(668,561)
Other comprehensive loss for the period	-	-	-	-	-	-	-	(6,589,465)	(64,420)	-	-	(6,653,885)	(8,485)	(6,662,370)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(6,589,465)	(64,420)	-	(667,801)	(7,321,686)	(9,245)	(7,330,931)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	186,881	-	-	(189,810)	(2,929)	2,929	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	5,027	5,027	-	5,027
Balance as at 31 March 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(13,654,676)	(75,640)	107,854	4,312,950	186,840,336	161,725	187,002,061

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

Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended	
	31 March	
	2023	2022
Cash flows from operating activities:		
Net (loss) / profit for the period	(668,561)	70,685
Adjustments:		
Depreciation and amortization	850,715	1,352,218
Provision for expected credit losses	30,936	42,881
Gains on sale of property, plant and equipment	(2,108)	(2,034)
Net investment income	(80,429)	(1,096,109)
Finance charges	847,981	391,282
Interest income	(1,509)	(2,068)
Group's share of results from associates	(131,896)	(13,479)
Provision for employees' end of service indemnity	89,774	71,051
Net operating profit before working capital changes	934,903	814,427
Inventories	(731,724)	35,141
Accounts receivable and other debit balances	2,036,906	(1,740,972)
Accounts payable and other credit balances	(1,123,710)	2,924,455
Net cash generated from operating activities	1,116,375	2,033,051
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(45,323)	(196,209)
Proceeds from sale of property, plant and equipment	3,015	8,502
Paid for purchase of financial assets at fair value through other comprehensive income	(1,421,425)	(368,590)
Proceeds from sale of financial assets at fair value through other comprehensive income	3,238,912	4,245,900
Proceeds from sale of financial assets at fair value through profit or loss	-	5,765,059
Dividends income received	80,429	268,825
Interest income received	1,509	2,068
Net cash generated from investing activities	1,857,117	9,725,555
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	4,000,000	-
Paid for loans, bank facilities and Murabaha	(424,267)	(419,205)
Finance charges paid	(823,614)	(362,635)
Lease liabilities paid	(562,890)	(463,181)
Dividends payments	(2,499)	(5,332)
Net cash generated from / (used in) financing activities	2,186,730	(1,250,353)
Net increase in cash and cash equivalents	5,160,222	10,508,253
Cash and cash equivalents at beginning of the period	8,723,902	11,476,986
Cash and cash equivalents at end of the period (Note 9)	13,884,124	21,985,239

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

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activity

Kuwait Cement Company - Kuwait Public Shareholding Company “the Parent 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 at large.
2. Construction of factories and laboratories needed for achieving the Company’s objectives.
3. Dealing in all types of products, materials, tools and machinery relating to the Company’s activity and transferring them locally or abroad and importing and selling of aggregates inside or outside the State of Kuwait.
4. The 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.
5. Utilize the financial surpluses available with the Company by investing the same locally and internationally in securities and real estate portfolios with different types and purposes.
6. 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.
7. Producing clinker material in all its different types, selling and exporting inside or outside the State of Kuwait.
8. Importing chemicals for use in the production of clinker and cement.

The Company may practice the abovementioned activities inside the State of Kuwait and abroad either in its own name or by proxy. It may practice similar, supplementary, necessary or related business to the stated objectives.

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

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company’s board of directors on 10 May 2023.

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 2022.

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 period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2022.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31
March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Basis of presentation and significant accounting policies (Continued)

2.2 Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

Several amendments are applied for the first time in 2023, but they do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17: Insurance Contracts

In May 2017, IASB issued IFRS (17) Insurance Contracts, which is a new comprehensive accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (Variable fee approach).
- A simplified approach (premium allocation approach) mainly for short duration contracts.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Definition of Accounting Estimates - Amendments to IAS (8)

The amendments to IAS (8) clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information, but may affect the disclosures of accounting policies in the Group's consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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: Valuation methods whose inputs 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 2023	31 December 2022 (Audited)	31 March 2022		
<i>Financial assets at fair value through other comprehensive income:</i>					
Quoted securities	73,491,009	82,208,165	82,485,840	First	Last bid price
Funds and portfolios	10,079,955	10,596,485	11,661,522	Second	Net assets value
Unquoted securities	7,764,616	6,946,367	7,203,514	Three	Based on the revised NBV or on the basis of the last transactions
<i>Financial assets at fair value through profit or loss:</i>					
Quoted securities	-	-	877,125	First	Last bid price

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

4. Property, plant and equipment

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Net carrying amount at beginning of the period / year	128,937,213	131,497,904	131,497,904
Additions	45,323	793,892	196,209
Disposals	(907)	(22,723)	(6,468)
Depreciation during the period / year	(726,033)	(3,331,860)	(1,227,536)
Net carrying amount at end of the period / year	128,255,596	128,937,213	130,460,109

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

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Investment in associates

	Country of Incorporation	Voting Rights and percentage of holding %	Carrying value		
			31 March 2023	31 December 2022 (Audited)	31 March 2022
Kuwait Rocks Co. K.S.C.C. (under liquidation)	State of Kuwait	30.00	-	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	17,324,995	17,252,492	17,062,272
			<u>17,324,995</u>	<u>17,252,492</u>	<u>17,062,272</u>

The movement of investment in associates are as following:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Balance at beginning of the period / year	17,252,492	16,967,298	16,967,298
Group's share of results from associates	131,896	647,472	13,479
Group's share of associates' reserves	(64,420)	(608)	76,468
Group's share from the transfer to the retained earnings	5,027	20,108	5,027
Cash dividends received	-	(381,778)	-
	<u>17,324,995</u>	<u>17,252,492</u>	<u>17,062,272</u>

6. Financial assets at fair value through other comprehensive income

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Quoted securities	73,491,009	82,208,165	82,485,840
Unquoted securities	7,764,616	6,946,367	7,203,514
Funds and portfolios	10,079,955	10,596,485	11,661,522
	<u>91,335,580</u>	<u>99,751,017</u>	<u>101,350,876</u>

The quoted securities include investments amounting to KD 42,500,736 as at 31 March 2023 in the shares of National Industries Group Holding - K.P.S.C., which is one of the major shareholders in the Group (31 December 2022: KD 47,320,407, 31 March 2022: KD 42,449,768).

7. Inventory

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Raw materials	17,708,432	17,677,687	10,376,110
Finished production	896,571	727,168	544,260
Spare parts	2,395,716	1,864,140	598,375
	<u>21,000,719</u>	<u>20,268,995</u>	<u>11,518,745</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

8. Accounts receivable and other debit balances

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Receivables against unconditional bank guarantees	2,151,917	1,740,023	2,457,724
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	679,858	958,698	998,482
Related parties (Note 17)	306,907	518,218	379,736
Other trade receivables	15,322,152	16,343,291	15,315,117
Total trade receivables	18,460,834	19,560,230	19,151,059
Other receivables	2,116,868	2,013,975	2,993,109
Advance payments to suppliers	585,282	2,249,915	-
	21,162,984	23,824,120	22,144,168
Provision for expected credit losses	(6,646,680)	(6,615,744)	(7,521,290)
	14,516,304	17,208,376	14,622,878
Prepaid expenses	471,713	222,154	429,259
Notes receivables	632,780	258,109	239,206
	15,620,797	17,688,639	15,291,343

The movement on the provision for expected credit losses account is as follows:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Balance at beginning of the period / year	6,615,744	7,478,409	7,478,409
Charged provision / (no longer required) during the period / year	30,936	(862,665)	42,881
Balance at end of the period / year	6,646,680	6,615,744	7,521,290

9. Cash and cash equivalents

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Cash on hand and at banks	6,710,134	4,936,429	8,809,054
Cash at investment portfolios	5,173,990	3,787,473	13,176,185
Short-term bank deposits	2,000,000	-	-
	13,884,124	8,723,902	21,985,239

The effective interest rate on short-term bank deposits is 5% (31 December 2022: Nil, 31 March 2022: Nil) per annum, and these deposits are contractually matured within 90 days.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

10. Treasury shares

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Number of shares (share)	20,330,200	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77	2.77
Cost (KD)	13,546,935	13,546,935	13,546,935
Market value (KD)	3,659,436	4,513,304	5,428,163

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.

11. Loans, bank facilities and Murabaha

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Non-current portion			
Loans	20,826,000	20,826,000	11,720,000
Murabaha	47,462,170	44,149,840	32,812,911
	<u>68,288,170</u>	<u>64,975,840</u>	<u>44,532,911</u>
Current portion			
Loans	2,314,000	2,314,000	4,840,000
Murabaha	7,293,261	7,029,858	14,014,008
	<u>9,607,261</u>	<u>9,343,858</u>	<u>18,854,008</u>
Total loans, bank facilities and Murabaha	<u>77,895,431</u>	<u>74,319,698</u>	<u>63,386,919</u>

The average effective interest rate on loans, bank facilities and Murabaha was 4.25% per annum as at 31 March 2023 (31 December 2022: 3.25% and 31 March 2022: 2.5%).

12. Accounts payable and other credit balances

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Trade payables	11,639,491	13,172,765	14,793,269
Accrued interest and expenses	2,466,609	2,548,225	3,167,445
Notes payable	1,046,304	875,365	934,887
Advance payments from customers	3,993,477	3,678,544	4,964,074
Dividends payable	928,046	930,545	926,769
Accrued KFAS	30,150	28,643	921
Accrued NLST	-	-	19,357
Accrued Zakat	913	-	5,374
Retention	3,500	3,500	3,500
Other	14,319	14,317	9,841
	<u>20,122,809</u>	<u>21,251,904</u>	<u>24,825,437</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

13. Cost of sales

	Three months ended 31 March	
	2023	2022
Cost of raw materials	13,357,557	13,239,650
Salaries and benefits	1,449,985	1,246,143
Maintenance and spare parts	936,310	474,221
Depreciations and amortizations	364,781	423,466
Rent	77,346	88,446
Other	283,147	296,065
	<u>16,469,126</u>	<u>15,767,991</u>

14. Net income from other operating

	Three months ended 31 March	
	2023	2022
Net income from investment properties	27,585	21,373
Net gain from exchange differences	35,020	6,631
Other income	102,166	18,993
	<u>164,771</u>	<u>46,997</u>

15. Net investment income

	Three months ended 31 March	
	2023	2022
<i>Financial assets at fair value through other comprehensive income:</i>		
Cash dividends	80,429	268,825
Portfolio management fees	(32,891)	(35,748)
	<u>47,538</u>	<u>233,077</u>
<i>Financial assets at fair value through profit or loss:</i>		
Unrealized gain from change in the fair value	-	39,525
Realized gain from sale	-	787,759
	<u>-</u>	<u>827,284</u>
	<u>47,538</u>	<u>1,060,361</u>

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

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

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

16. Basic and diluted (loss) / earnings per share (Continued)

	Three months ended 31 March	
	2023	2022
Net (loss) / profit for the period attributable to shareholders of the Parent Company	(667,801)	66,965
Weighted average number of outstanding shares during the period (shares)	712,973,670	712,973,670
Basic and diluted (losses) / earnings per share (fils)	(0.94)	0.09

17. 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 2023. Balances and transactions between the Parent 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:

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Balances included in the interim condensed consolidated statement of financial position:			
Receivables and other debit balances (Note 8)	306,907	518,218	379,736
Provision for employees' end of service indemnity	663,524	658,252	651,009
Transactions included in the interim condensed consolidated statement of income:			
Sales		155,518	159,902
Committees' fees		46,000	44,750
Executive management salaries and benefits		102,785	118,808

All transactions with related parties are subject to the approval of the Shareholders' General Assembly.

18. Contingent liabilities and capital commitments

	31 March 2023	31 December 2022 (Audited)	31 March 2022
Contingent liabilities			
Letters of guarantee	1,004,544	1,004,544	1,003,225
Capital commitments			
Letters of Credit	371,992	789,767	326,149
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	6,568,792	3,301,906	8,424,272
Property, plant and equipment	713,193	706,664	729,513

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

18. Contingent liabilities and capital commitments (Continued)

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.

19. 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 & ready – mix cement.
- Investments segment

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

	31 March 2023			31 March 2022		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	17,294,257	207,019	17,501,276	16,126,113	1,095,212	17,221,325
Gross (loss) / profit of segments	(29,108)	207,019	177,911	(635,313)	1,095,212	459,899
Segments assets	176,454,926	114,605,206	291,060,132	169,445,653	133,237,102	302,682,755
Adjustments:						
Gross segments profit			177,911			459,899
Finance charges			(847,981)			(391,282)
Interest income			1,509			2,068
(Loss) / profit for the period			(668,561)			70,685

20. General Assembly of the Parent Company's Shareholders

The Parent Company's General Assembly of Shareholders held on 3 May 2023 approved the consolidated financial statements for the year ended 31 December 2022. It also approved cash dividends of 5 fils per share of the paid share capital after deducting treasury shares to the concerned shareholders as set out in the schedule approved by the Shareholders' General Assembly.