



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 Nine Months Ended 30 September 2023



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

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Contents	Page
Review report	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Income (Unaudited)	3
Interim Condensed Consolidated Statement of Income and Other Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	5
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	6
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	7-16

**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 30 September 2023, and the interim condensed consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the nine 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 nine month period ended 30 September 2023, 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 Parent Company's activities or its financial position.

We further report that, based on our review, nothing has come to our attention indicating any material violations during the nine month period ended 30 September 2023 of Law No. 7 of 2010, as amended, concerning Capital Markets Authority and its Related Regulations, which might have materially affected on the Parent Company business or its financial position.



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

Kuwait: 1 November 2023

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2023
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2023	31 December 2022 (Audited)	30 September 2022
Assets				
Non-current assets				
Property, plant and equipment	4	126,796,302	128,937,213	128,464,632
Intangible assets		10	10	10
Investment properties		770,641	770,641	770,641
Investment in associates	5	17,783,627	17,252,492	17,067,410
Financial assets at fair value through other comprehensive income	6	95,935,162	99,751,017	100,706,937
Right-of-use assets		2,618,307	2,992,352	3,117,031
Total non-current assets		243,904,049	249,703,725	250,126,661
Currents assets				
Inventory	7	20,359,590	20,268,995	16,215,844
Accounts receivable and other debit balances	8	13,913,209	17,688,639	17,758,753
Cash and cash equivalents	9	14,381,293	8,723,902	11,687,576
Total current assets		48,654,092	46,681,536	45,662,173
Total assets		292,558,141	296,385,261	295,788,834
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		(10,895,044)	(7,252,092)	(6,017,984)
Group's share in associates' reserves		(113,283)	(11,220)	64,218
Foreign currency translation reserve		107,854	107,854	107,854
Retained earnings		2,340,677	5,165,534	2,479,789
Equity attributable to Shareholders of the Parent Company		187,590,052	194,159,924	192,783,725
Non-controlling interests		165,895	168,041	169,305
Total equity		187,755,947	194,327,965	192,953,030
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	11	60,214,338	64,975,840	54,398,715
Provision for employees' end of service indemnity		3,787,882	3,647,465	3,835,225
Lease liabilities		1,700,044	2,350,386	2,367,058
Total non-current liabilities		65,702,264	70,973,691	60,600,998
Current liabilities				
Loans, bank facilities and Murabaha	11	14,567,000	9,343,858	19,604,559
Accounts payable and other credit balances	12	24,027,996	21,251,904	22,155,325
Lease liabilities		504,934	487,843	474,922
Total current liabilities		39,099,930	31,083,605	42,234,806
Total liabilities		104,802,194	102,057,296	102,835,804
Total equity and liabilities		292,558,141	296,385,261	295,788,834

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 Nine Months Ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
Sales		14,248,703	17,521,323	47,125,077	48,051,571
Cost of sales	13	(13,619,194)	(18,251,152)	(44,881,331)	(49,413,194)
Gross profit / (loss)		629,509	(729,829)	2,243,746	(1,361,623)
Selling, general and administrative expenses		(763,102)	(865,690)	(2,540,133)	(2,704,180)
Net income from other activities	14	105,083	44,410	383,103	106,436
Operating (loss) / profit		(28,510)	(1,551,109)	86,716	(3,959,367)
Provision for expected credit losses	8	(22,460)	(40,379)	(85,442)	(2,896)
Finance charges		(944,405)	(593,301)	(2,779,325)	(1,427,126)
Interest income		22,413	731	60,738	4,689
Net investment income	15	255,754	2,584,053	2,394,484	5,891,545
Group's share in associates' business results	5	581,609	242,585	999,895	391,979
Net (loss) / profit for the period before deductions		(135,599)	642,580	677,066	898,824
Kuwait Foundation for the Advancement of Science		-	5,669	-	-
National Labour Support Tax		-	12,868	-	-
Zakat		-	2,396	-	-
Net (loss) / profit for the period		(135,599)	663,513	677,066	898,824
Attributable to:					
The Parent Company's Shareholders		(134,534)	662,888	678,452	896,565
Non-controlling interests		(1,065)	625	(1,386)	2,259
Net (loss) / profit for the period		(135,599)	663,513	677,066	898,824
Basic and diluted (losses) / earnings per share (fils)	16	(0.19)	0.93	0.95	1.26

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 Nine Months Ended 30 September 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
Net (loss) / profit for the period		(135,599)	663,513	677,066	898,824
Other comprehensive income / (loss) items:					
<u>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</u>					
Group's share of associates' reserves	5	33,693	(8,218)	(102,063)	74,830
<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		(1,672,607)	(2,972,417)	(3,597,138)	(6,736,097)
Total other comprehensive loss for the period		(1,638,914)	(2,980,635)	(3,699,201)	(6,661,267)
Total comprehensive loss for the period		(1,774,513)	(2,317,122)	(3,022,135)	(5,762,443)
Attributable to:					
The Parent Company's Shareholders		(1,772,812)	(2,315,527)	(3,016,865)	(5,755,500)
Non-controlling interests		(1,701)	(1,595)	(5,270)	(6,943)
Total comprehensive loss for the period		(1,774,513)	(2,317,122)	(3,022,135)	(5,762,443)

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

**Interim Condensed Consolidated Statement of Changes in Equity for the Nine Months Ended 30 September 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 (13,546,935)	Profits 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	Sub-total
Balance as at 1 January 2022	73,330,387	26,675,810	-	-	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	-	-	-	-	-	-	-	-	-	-	-	896,565	896,565	2,259	898,824
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	(6,726,895)	74,830	-	-	(6,652,065)	(9,202)	(6,661,267)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	(6,726,895)	74,830	-	896,565	(5,755,500)	(6,943)	(5,762,443)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	-	(993,764)	-	-	992,368	(1,396)	1,396	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	-	15,081	15,081	-	15,081
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 30 September 2022	73,330,387	26,675,810	(13,546,935)	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(6,017,984)	64,218	107,854	2,479,789	192,783,725	169,305	192,953,030
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 profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	678,452	678,452	(1,386)	677,066
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	(3,593,254)	(102,063)	-	-	(3,695,317)	(3,884)	(3,699,201)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	(3,593,254)	(102,063)	-	678,452	(3,016,865)	(5,270)	(3,022,135)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	-	(49,698)	-	-	46,478	(3,220)	3,220	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	-	15,081	15,081	-	15,081
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(96)	(96)
Cash dividends (Note 20)	-	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 30 September 2023	73,330,387	26,675,810	(13,546,935)	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(10,895,044)	(113,283)	107,854	2,340,677	187,590,052	165,895	187,755,947

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

**Interim Condensed Consolidated Statement of Cash Flows for Nine Months ended 30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Nine months ended 30 September	
	2023	2022
Cash flows from operating activities:		
Net profit for the period	677,066	898,824
Adjustments:		
Depreciation and amortization	2,766,070	4,079,428
Provision for expected credit losses	85,442	2,896
Gains on sale of property, plant and equipment	(75,530)	(37,713)
Net investment income	(2,489,983)	(5,997,252)
Finance charges	2,779,325	1,427,126
Interest income	(60,738)	(4,689)
Group's share in associates' business results	(999,895)	(391,979)
Provision for employees' end of service indemnity	140,417	205,833
Net operating profit before working capital changes	2,822,174	182,474
Inventories	(90,595)	(4,661,958)
Accounts receivable and other debit balances	3,689,988	(4,168,397)
Accounts payable and other credit balances	2,780,182	277,125
Net cash generated from / (used in) operating activities	9,201,749	(8,370,756)
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(252,385)	(690,720)
Proceeds from sale of property, plant and equipment	76,801	56,323
Paid for purchase of financial assets at fair value through other comprehensive income	(4,575,066)	(12,699,254)
Proceeds from sale of financial assets at fair value through other comprehensive income	4,793,783	5,049,539
Paid for purchase of financial assets at fair value through profit or loss	-	(3,061,607)
Proceeds from sale of financial assets at fair value through profit or loss	-	11,239,298
Dividends income received	2,871,761	4,016,238
Interest income received	60,738	4,689
Net cash generated from investing activities	2,975,632	3,914,506
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	7,000,000	22,300,000
Paid for loans, bank facilities and Murabaha	(6,538,360)	(12,137,501)
Finance charges paid	(2,705,079)	(1,333,236)
Lease liabilities paid	(715,010)	(602,717)
Dividends payments	(3,561,445)	(3,559,706)
Change in Non-controlling interests	(96)	-
Net cash (used in) / generated from financing activities	(6,519,990)	4,666,840
Net increase in cash and cash equivalents	5,657,391	210,590
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)	14,381,293	11,687,576

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

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities

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 interim condensed consolidated financial information includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group").

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company’s board of directors on 1 November 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.

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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

2.1 Basis of preparation (Continued)

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 September 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.

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.

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 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 (Continued)

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.

3. Fair value estimation

The fair values of financial assets 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 the significant financial assets are determined:

	Fair value as of			Fair value level	Valuation techniques and key inputs
	30 September 2023	31 December 2022 (Audited)	30 September 2022		
<i>Financial assets at fair value through other comprehensive income:</i>					
Quoted securities	76,138,692	82,208,165	83,913,693	One	Last bid price
Funds and portfolios	11,570,217	10,596,485	10,055,285	Second	Net asset value Based on the revised NBV or on the basis of the last transactions
Unquoted securities	8,226,253	6,946,367	6,737,959	Three	

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

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

4. Property, plant and equipment

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Net carrying amount at beginning of the period / year	128,937,213	131,497,904	131,497,904
Additions	252,385	793,892	690,720
Disposals	(1,271)	(22,723)	(18,610)
Depreciation during the period / year	(2,392,025)	(3,331,860)	(3,705,382)
Net carrying amount at end of the period / year	<u>126,796,302</u>	<u>128,937,213</u>	<u>128,464,632</u>

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.

5. Investment in associates

The movement of investment in associates are the following:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Balance at beginning of the period / year	17,252,492	16,967,298	16,967,298
Group's share in associates' business results	999,895	647,472	391,979
Group's share of associates' reserves	(102,063)	(608)	74,830
Group's share from the transfer to the retained earnings	15,081	20,108	15,081
Cash dividends received	(381,778)	(381,778)	(381,778)
	<u>17,783,627</u>	<u>17,252,492</u>	<u>17,067,410</u>

6. Financial assets at fair value through other comprehensive income

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Quoted securities	76,138,692	82,208,165	83,913,693
Unquoted securities	8,226,253	6,946,367	6,737,959
Funds and portfolios	11,570,217	10,596,485	10,055,285
	<u>95,935,162</u>	<u>99,751,017</u>	<u>100,706,937</u>

The quoted securities include investments amounting to KD 46,005,951 as at 30 September 2023 in the shares of National Industries Group Holding - K.P.S.C., Which is one of the major shareholders of the Group (KD 47,320,407 as at 31 December 2022, KD 49,949,318 as at 30 September 2022).

7. Inventory

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Raw materials	17,733,809	17,677,687	14,726,641
Finished production	666,896	727,168	705,511
Spare parts	1,958,885	1,864,140	783,692
	<u>20,359,590</u>	<u>20,268,995</u>	<u>16,215,844</u>

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

8. Accounts receivable and other debit balances

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Receivables against unconditional bank guarantees	1,531,208	1,740,023	1,790,166
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	549,015	958,698	2,319,795
Related parties (Note 17)	376,245	518,218	603,938
Other trade receivables	15,260,686	16,343,291	15,985,632
Total trade receivables	17,717,154	19,560,230	20,699,531
Other receivables	2,171,312	2,013,975	2,126,423
Advance payments to suppliers	130,868	2,249,915	1,802,433
	20,019,334	23,824,120	24,628,387
Provision for expected credit losses	(6,701,186)	(6,615,744)	(7,440,927)
	13,318,148	17,208,376	17,187,460
Prepaid expenses	287,196	222,154	317,453
Notes receivables	307,865	258,109	253,840
	13,913,209	17,688,639	17,758,753

Movement in provision for expected credit losses is as follows:

	30 September 2023	31 December 2022 (Audited)	30 September 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	85,442	(862,665)	2,896
Written-off during the period / year	-	-	(40,378)
Balance at end of the period / year	6,701,186	6,615,744	7,440,927

9. Cash and cash equivalents

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Cash on hand and at banks	11,100,244	4,936,429	7,084,668
Cash at investment portfolios	2,281,049	3,787,473	4,602,908
Short-term bank deposits	1,000,000	-	-
	14,381,293	8,723,902	11,687,576

The effective interest rate on short-term bank deposits is 4.5% (31 December 2022: Nil, 30 September 2022: Nil) per annum, and these deposits are contractually matured within 90 days.

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

10. Treasury shares

	30 September 2023	31 December 2022 (Audited)	30 September 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)	3,232,502	4,513,304	4,208,351

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

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Non-current portion			
Loans	19,412,000	20,826,000	12,800,000
Murabaha	40,802,338	44,149,840	41,598,715
	<u>60,214,338</u>	<u>64,975,840</u>	<u>54,398,715</u>
Current portion			
Loans	5,228,000	2,314,000	5,840,000
Murabaha	9,339,000	7,029,858	13,764,559
	<u>14,567,000</u>	<u>9,343,858</u>	<u>19,604,559</u>
Total loans, bank facilities and Murabaha	<u>74,781,338</u>	<u>74,319,698</u>	<u>74,003,274</u>

The average effective interest rate on loans, bank facilities and Murabaha was 4.5% per annum as at 30 September 2023 (31 December 2022: 3.25% per annum and 30 September 2022: 2.85%).

12. Accounts payable and other credit balances

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Trade payables	14,487,555	13,172,765	13,416,612
Accrued interest and expenses	2,113,423	2,548,225	2,238,618
Notes payable	828,547	875,365	1,277,900
Advance payments from customers	5,612,001	3,678,544	4,267,116
Dividends payable	933,968	930,545	937,263
Accrued KAFS	30,150	28,643	-
Accrued Zakat	913	-	-
Retention	3,500	3,500	3,500
Other	17,939	14,317	14,316
	<u>24,027,996</u>	<u>21,251,904</u>	<u>22,155,325</u>

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

13. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Cost of raw materials and production	11,136,566	15,573,045	37,316,591	42,282,493
Salaries and benefits	1,050,554	1,499,605	3,769,215	3,920,220
Maintenance and spare parts	1,205,260	992,791	2,863,554	2,299,074
Rent	79,955	84,082	236,721	255,295
Other	146,859	101,629	695,250	656,112
	<u>13,619,194</u>	<u>18,251,152</u>	<u>44,881,331</u>	<u>49,413,194</u>

14. Net income from other activities

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Net income from investment properties	26,857	28,052	82,859	71,880
Net (loss) / gain from exchange differences	(7,591)	(53,365)	32,612	(107,607)
Other income	85,817	69,723	267,632	142,163
	<u>105,083</u>	<u>44,410</u>	<u>383,103</u>	<u>106,436</u>

15. Net investment income

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
<i>Financial assets at fair value through other comprehensive income:</i>				
Cash dividends	286,568	2,619,797	2,489,983	3,634,460
Portfolio management expenses	(30,814)	(35,744)	(95,499)	(105,707)
	<u>255,754</u>	<u>2,584,053</u>	<u>2,394,484</u>	<u>3,528,753</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	-	-	-	2,323,267
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362,792</u>
	<u>255,754</u>	<u>2,584,053</u>	<u>2,394,484</u>	<u>5,891,545</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 Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
Net (loss) / profit for the period attributable to shareholders of the Parent Company	(134,534)	662,888	678,452	896,565
Weighted average number of outstanding shares during the period (shares)	712,973,670	712,973,670	712,973,670	712,973,670
Basic and diluted (loss) / earnings per share (fils)	(0.19)	0.93	0.95	1.26

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 30 September 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:

	30 September 2023	31 December 2022 (Audited)	30 September 2022
<u>Balances included in the interim condensed consolidated statement of financial position:</u>			
Accounts receivables and other debit balances (Note 8)	376,245	518,218	603,938
Provision for employees' end of service indemnity	718,239	658,252	658,419
	Three months ended 30 September	Nine months ended 30 September	
	2023	2022	2023
<u>Transactions included in the interim condensed consolidated statement of income:</u>			
Sales	197,373	387,801	507,828
Committees' fees	46,000	44,750	138,000
Executive management salaries and benefits	129,780	155,875	340,110

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 Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

18. Contingent liabilities and capital commitments

	30 September 2023	31 December 2022 (Audited)	30 September 2022
Contingent liabilities			
Letters of guarantee	1,004,544	1,004,544	1,003,225
Capital commitments			
Letters of Credit	268,087	789,767	507,257
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	583,575	3,301,906	8,145,182
Property, plant and equipment	711,560	706,664	664,232

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 significant operating segments 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 about business segments for the nine month period ended 30 September is as follows:

	30 September 2023			30 September 2022		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	47,392,709	3,477,238	50,869,947	48,193,734	6,355,404	54,549,138
Gross (loss) / profit of segments	(81,585)	3,477,238	3,395,653	(4,034,143)	6,355,404	2,321,261
Segments assets	175,787,662	116,770,479	292,558,141	172,640,938	123,147,896	295,788,834
Adjustments:						
Gross segments profit			3,395,653			2,321,261
Finance charges			(2,779,325)			(1,427,126)
Interest income			60,738			4,689
Profit for the period			677,066			898,824

**Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended
30 September 2023
(Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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.

The Extraordinary General Assembly of the Parent Company's Shareholders was held on 22 October 2023, in which it approved amending the activities of the Parent Company and some articles of the Articles of Association and Memorandum of Incorporation of the Parent Company. Until the reporting date, this has not been nortarized in the commercial register.