بسم الله الرحمن الرحيم

In The Name of Allah The Most Gracious The Most Merciful

Established in accordance with Amiri Decree on 5 Nov. 1968

Paid up capital KD 73,330,387

C.R. 1532 - P.O. Box 20581,Safat, 13066 KUWAIT

Tel.: (+9651(22401700 - 1801700 - Cable: SMEETCO - Telefax: (+965(22432956 - 22440896

Website: www.kuwaitcement.com - Email: alcement@kuwaitcement.com

Head Office: Kuwait City - Cement House

At the intersection of Al-Shuhada Street

With Khaled Ibn Al-Waleed Street, Al-Sawaber Area

State of Kuwait

KUWAIT CEMENT COMPANY K.S.C.P



HIS HIGHNESS

SHEIKH MESHAL AL-AHMAD AL-JABER AL-SABAH

AMIR OF THE STATE OF KUWAIT

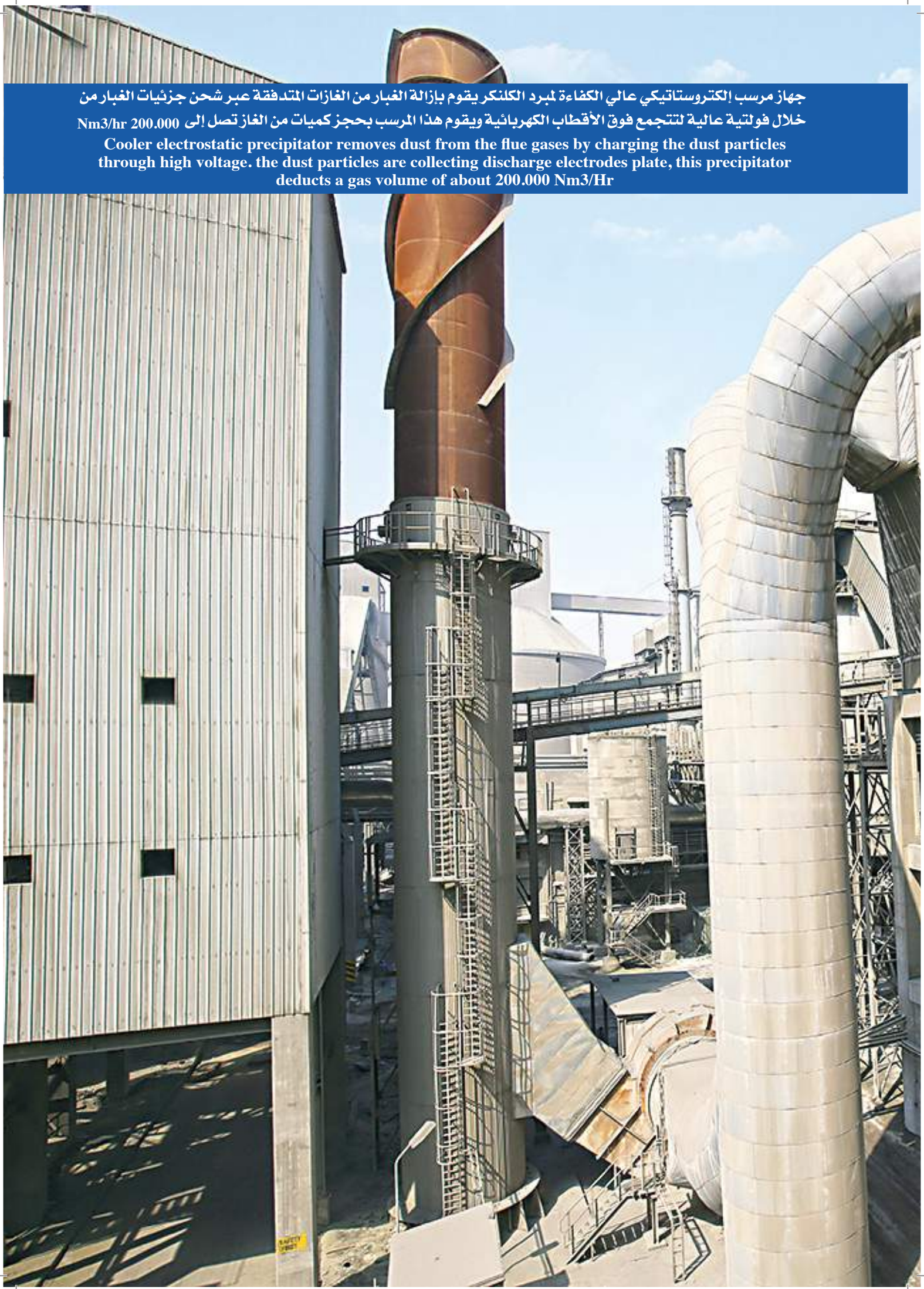
KUWAIT CEMENT COMPANY K.S.C.P



HIS HIGHNESS

SHEIKH DR. MOHAMMED SABAH AL-SALEM AL-SABAH

PRIME MINISTER OF THE STATE OF KUWAIT



جهاز مرسب إلكتروستاتيكي عالي الكفاءة لمبرد الكلنكر يقوم بإزالة الغبار من الغازات المتدفقة عبر شحن جزئيات الغبار من خلال فولتية عالية لتتجمع فوق الأقطاب الكهربائية ويقوم هذا المرسب بحجز كميات من الغاز تصل إلى 200.000 Nm3/hr

Cooler electrostatic precipitator removes dust from the flue gases by charging the dust particles through high voltage. the dust particles are collecting discharge electrodes plate, this precipitator deducts a gas volume of about 200.000 Nm3/Hr


FLSmidth

KUWAIT CEMENT COMPANY K.S.C.P

CONTENTS

Board of Directors 11

Agenda of the fifty-sixth Ordinary General Assembly 12

Board of Directors' Report 14

Company's Governance Report 18

Board of Directors Declaration and Acknowledgment Concerning Financial Statements 39

Independent auditors report 42

Consolidated statement of financial position 46

Consolidated statement of income 47

Consolidated statement of comprehensive income 48

Consolidated statement of changes in equity 49

Consolidated statement of cash flows 50

Notes to the consolidated financial statements 51

صوامع تخزين الاسمنت لتعبئة الاسمنت السائب

The cement silo for loading bulk cement



BOARD OF DIRECTORS

Rashed Abdulaziz Al-Rashed	CHAIRMAN
Dr. Abdulaziz Rashed Al-Rashed	VICE CHAIRMAN
Khaled Abdullah Al-Rabiah	BOARD MEMBER
Ziad Tareq Al-Mukhaizeem	BOARD MEMBER
Abdullah Manea Al-Ajmi	BOARD MEMBER
Abdullah Mohamad Al-Saad	BOARD MEMBER
Mishal Abdulmohsen Al-Rashed	BOARD MEMBER
Waleed Abdullah Al-Roumi	BOARD MEMBER
Yaqoub Yousef Al-Saqer	BOARD MEMBER
Yousef Bader Al-Kharafi	BOARD MEMBER

Auditor

Qais M. Al-Nisf

BDO Al-Nisf & Partners

Agenda of the fifty-sixth Ordinary General Assembly

1 - Discussing and approving the Board of Directors' report on the company's activity, financial position and results of its work for the financial year ending on 31/12/2023.

2 - Reading and approving both the governance report and the audit committee report for the financial year ending on 31/12/2023.

3 - Discussing and approving the external auditor's report on the results of the company's financial statements for the financial year ending on 31/12/2023.

4 - Discussing and approving the consolidated financial statements for the fiscal year ending on 31/12/2023.

5 - Review any violations observed by the regulatory authorities, and any penalties issued as a result of those violations that resulted in the application of financial and non-financial penalties to the company during the fiscal year ending on 31/12/2023 (if any).

6 - Discussing the Board of Directors' recommendation not to distribute cash dividends for the fiscal year ending on 31/12/2023.

7 - Discussing the Board of Directors' recommendation not to pay remuneration to members of the Board of Directors for their membership in the Board of Directors for the financial year ending on 31/12/2023.

8 - Reviewing transactions with related parties for the fiscal year ending on 31/12/2023 and authorizing the Board of Directors in dealings with related parties that will take place during the fiscal year ending on 31/12/2024.

9 - Approval for the Board of Directors to issue bonds in the Kuwaiti Dinar, or in any other currency it deems appropriate, not exceeding the legally authorized maximum, or its equivalent in foreign currencies, with authorization for the Board of Directors to determine the type of these bonds, their duration, nominal value, the return on them, and the date of payment and all its terms and conditions, after obtaining the approval of the competent regulatory authorities.

10- Approval of authorizing the Board of Directors to buy or sell the company's shares not to exceed 10% of the number of its shares, in accordance with the articles of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and its executive regulations and their amendments.

11- Approval to release the members of the Board of Directors, and absolve them of all liabilities related to their legal, financial and administrative actions for the fiscal year ending on 31/12/2023.

12- Approval of the appointment or reappointment of the company's auditor from among the list approved by the Capital Markets Authority, taking into account the period of the mandatory change of the auditor for the fiscal year that will end on 31/12/2024 and authorizing the Board of Directors to determine the fees.



Rashed Abdulaziz Al-Rashed
Board Chairman

In The Name of God, Most Gracious, Most Merciful

Board of Directors' Report

for the Fiscal Year Ended on December 31 , 2023

Honorable Shareholders,

Peace and God's mercy and blessing be upon you,

To begin with, it is a tribute to offer mercy on the deceased of our beloved, His Highness Sheikh / Nawaf Al-Ahmad Al-Jaber Al-Sabah - Amir of the State of Kuwait. May God bless his soul and make paradise his home. His death, may God have mercy on him, had a profound impact and deep sadness and sorrow for all of us, as we lost with his demise a great leader among the leaders of our Arab nation, and a man known for his wisdom and dedication to the leadership of the State of Kuwait, recollecting with all appreciation and reverence to his path full of humanitarian charity, his high humility and tolerance, and his notable contributions to strengthening the bonds of friendly relations and cooperation with the Arab and Islamic countries. May God reward him on behalf of the people of Kuwait with the best recompence, and place his philanthropic performances in the balance of his good deeds. Although we have suffered from this great affliction, our consolation is that God compensated us with goodness, a successor to the best predecessor, to assume responsibility for governance, His Highness the Amir Sheikh / Mishaal Al-Ahmad Al-Jaber Al-Sabah. We plead to God Almighty to direct his steps on the path of goodness to continue leading the path of goodness, charitable and progress for our beloved Kuwait. We also ask God Almighty to bless His Highness with abundant health, wellness, and a long life. He is All-Hearing and Answering.

Honorable Shareholders

On the occasion of the end of the 53rd fiscal year, the Board of Directors presents its annual report, which includes a detailed explanation of the most important activities and achievements of the Company and its subsidiaries, the independent auditor's report, and the consolidated financial statements for the fiscal year ended on December 31, 2023.

Honorable Shareholders

Your company seeks to achieve its strategic goals and ambitious plans set by your Board of Directors and whose features have been defined by the Executive Management, which will strengthen the pillars of sustainability, face the difficult challenges that affect business and production, and continue its journey to secure the needs of the local market for Portland Cement of its various types, and continue to provide better services to its clients who come at the forefront of its interest in maintaining its effective role in the industrial development process, as it is one of the first major industrial companies in the State of Kuwait and the first in the Kuwaiti cement market.

In this regard, I would not miss to point out that your company continues its path of success and leadership to reinforce the prominent position it holds, and that this would not have been achieved without the clarity of purpose and sincerity of efforts from your Board of Directors and the supportive trust of the Company's shareholders and its esteemed clients, pleading to God Almighty that we achieve what we all aspire to as hopes and aspirations.

The following is an explanation of the Company's activities and achievements for the year 2023.

• Sales and Marketing:

In 2023, your Company continued its efforts and intensified its communications with all parties and at all levels of government and various sectors to achieve the greatest possible extent in marketing its production of Ordinary and Sulphate Resistant Portland Cement Type 5, Oil Well Cement and Ground Granulated Blast Furnace Slag (GGBS),

which are environmentally friendly, where the Company possesses the capacities and potential to produce (16) thousand tons of Cement per day (5 million tons per year). Moreover, thanks to God, the Company was able to achieve profits from its industrial activity, and this appears clear from the Company's results, despite the decrease in the value and quantity of sales compared to year 2022, which is due to the continued dumping of Iranian cement into the Kuwaiti market during the year, the decreased performance of the construction market in Kuwait in the scale of government projects, private projects and infrastructure projects, the reduction in government spending on public projects, and the delay in awarding bids to contractors and companies, all of which had a direct impact on your Company's operational activities for this year. In addition to the difficult political and economic conditions the region and the world are going through as well as exceptional circumstances that have led to significant rise in the prices of raw materials and fuel along with increase in marine freight and insurance costs, and their profound effects on the cost of production.

Honorable Shareholders,

Nevertheless, there is a bright side that gives us great hope in achieving the desired results for your Company in the coming years following the auspicious historic visit made by His Highness the Amir of the country Sheikh / Mishaal Al-Ahmad Al-Jaber Al-Sabah, may God protect him, to China in the month of September this year when His Highness was the Crown Prince, which resulted in the signing of a number of important agreements in various fields between the two countries, including urban development and the construction of integrated housing cities, which would positively impact the building and construction market in Kuwait for many years to come. In addition to resuming work on postponed projects and granting the private sector a major role in the development together with increased government spending on these projects as a result of the rise in oil prices, the matter which will provide your Company with better opportunities to increase operations and cause rise in demand for cement, especially in the event that the decision to impose anti-dumping duties against Iranian cement imports is imposed on the ground, and for the State to support the national domestic products and help them in overcoming the difficulties it faces, as well as the return of calm and economic stability to the region and the world.

• Environmental Fuels Project (RDF)

In continuation of what was stated in the Board of Directors' report for year 2022 on this project and the subsequent issuance of Council of Ministers' Resolution No. (1271) dated 13/11/2023, mandating Kuwait Municipality to coordinate with the Environment Public Authority, Kuwait Cement Company and other bodies it deems appropriate, to take the necessary measures to enable your Company to implement its initiative of contributing to resolving part of the waste disposal problem. It is our pleasure to inform you of the completion of negotiations with all concerned bodies and reaching a final contractual wording, awaiting approval from the Audit Bureau to sign the contract with the government in preparation for starting the implementation and completion of this vital industrial project which is important for the country as soon as it is signed.

Subsidiary Companies:

- Kuwait Cement Ready Mix Company (K.S.C.) Closed

Kuwait Cement Ready Mix Company did not spare any effort during the year 2023 to continue its steady and strong performance to confront the condition of stagnation of the ready-mix concrete market is still witnessing as a result of the delay in introducing new government projects, mainly because these projects are the ones that revive the construction and building sector and all its supporting sectors, the most important of which is the ready-mix concrete market, which has been greatly affected for nearly more than 4-years. To this end, the Company's Management has been closely following market conditions and clients' aspirations, especially the owner of plots in the new residential cities, considering that they are the most prominent projects in the construction sector that were launched recently, and the Company's Management has worked hard to maintain on its clients base through

leadership visions supported by technical expertise and specialized work teams, as well as through various new marketing programs, which have always been a strong supporter for the Company to remain the first and best choice among the clients.

As for the Company's vision and future aspirations, it is based primarily on leading and developing the ready-mixed concrete sector through several principles, the most important of which is following up and applying the best comprehensive quality standards and adhering to international and local standards in all phases of design, manufacturing and supply. In line with the Kuwait Cement Ready Mix Company's strategy and its persistent keenness to quickly provide and meet the needs of its clients for ready-mix concrete without delay, the Company will continue to pay attention to developing and upgrading the efficiency of its plants and its fleet of trucks.

- Shuwaikh Cement Company (K.S.C.) Closed

Thanks to God and his success, Shuwaikh Cement Company was able, in year 2023, to sell approximately 200 Thousand tons of raw materials in the Kuwaiti local market, which will reflect positively on its financial results.

As for the activity of Shuwaikh Crusher in the Emirate of Fujairah, costs were reduced by laying off 60% of the workforce and adopting a policy of renting equipment instead of purchasing it, while approximately 70% of the crusher's stock of raw materials was sold.

We are hopeful that the Emirates market will improve next year with the approaching operation of Dibba Port in the Emirate of Fujairah.

- Amwaj International Real Estate Company (K.S.C.) Closed

During the year 2023, Amwaj International Real Estate Company was able to achieve satisfactory profits from its investment activities in local companies listed on the Kuwait Stock Exchange and other international companies with a high reputation and strong performance, and in a number of portfolios and funds that are managed by companies and entities specialized in multiple geographical sectors (Kuwait, Gulf Cooperation Council, United States, United Kingdom) which reflects the Company's approach to diversifying its investment portfolio to reduce risks, and to ensure attaining rewarding returns and stable cash flows. This in addition to the dividends received from investments in domestic and foreign companies, and from its activity in managing the Cement House property, maintaining occupancy of most of the rental units through the best marketing methods, despite the difficult political and economic conditions the region and the world are going through, as well as the conditions of wars, global inflation and rising interest rates.

As previously mentioned in the Company's report for the year ended on 31/12/2022 regarding the development of the plots leased to the parent company (Kuwait Cement) in the East Ahmadi district, these plots were merged this year and all construction drawings for the building were completed, and work is underway to launch a tender for all items required for the construction and development process in order to obtain the best prices from contractors, as it is expected that the construction process will begin during the month of January and February of year 2024, and the construction process will take approximately (18 months), so that the building will be ready during the third quarter of year 2025, unless any obstacles or other circumstances beyond its control occur, and it is expected that we will realize good profits from it that will benefit the Company and the parent Company "Kuwait Cement", with God's willing.

• Governance Report

Kuwait Cement Company is keen to fully comply with all requirements of the Capital Markets Authority in relation to corporate governance rules and any amendments occurring on them. The annual report includes a separate report on the Company's governance for year 2023.

Financial Report

The net profit for the year amounted to 1,752,714 Kuwaiti Dinars and the earning per share amounted to 2.46 Fils for the year ended on 31/12/2023. Moreover, total assets amounted to 291,367,296 Kuwaiti Dinars, while reserves amounted to 109,249,177 Kuwaiti Dinars as of 31/12/2023.

Honorable Shareholders,

The Board of Directors, having reviewed with you the most important achievements of the Company for year 2023, is honored to extend its highest congratulations and blessings to His Highness Sheikh / Mishaal Al-Ahmad Al-Jaber Al-Sabah - the Amir of the country, may God protect and preserve him, on the occasion of His Highness assuming the reins of power. We plead to Almighty God to bless His Highness with abundant health, complete wellness and long life, and to preserve Kuwait and its people under his wise leadership, and to perpetuate on the country the blessings of security, safety, prosperity and stability, and to achieve the hopes we all aspire to. The Board of Directors extends its sincere congratulations to His Highness Sheikh / Dr. Mohammed Sabah Al-Salem Al-Sabah, may God protect him, by appointing him as Prime Minister, pleading to God to grant His Highness all success and judiciousness in serving the nation and the citizens.

The Board of Directors would not miss extending its sincere thanks to their Excellencies the Ministers and to all State authorities, associate companies and national banks, for their effective support and continuous cooperation. The Board also expresses its thanks to the shareholders and is proud of their great trust and support for its efforts. Moreover, the Board thanks the Executive Management and all administrative and technical staff for their hard work and sincere efforts to maintain the Company›s continued progress and prosperity.

We ask God Almighty to grant us all success to give more in serving our beloved country, God is All-Hearing and Answering.

Peace and God's mercy and blessing be upon you,



Rashed Abdulaziz Al-Rashed

Board Chairman

Company's Governance Report for Year 2023

- **Formation of the Board of Directors:**

Pursuant to the provisions of Clause (18) of the Articles of Association of Kuwait Cement Company, which has specified the Members of Board of Directors to be Ten members, thus the Board of Directors of Kuwait Cement Company (K.S.C.P) has approved formation of the Board of Directors for the current term (2022 - 2024) at its Session held on 20/ 04 /2022 during the Fifty-Fourth Ordinary General Assembly meeting of the Company's shareholders dated 20/ 04 /2022.

As such, the formation of the current Board of Directors is as follows:

Member's Name	Member's Rank (Executive/ Non-Executive/ Independent, Secretary)	Date of Election/ Appointment/Secretary Appointment
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors	Non-executive	20/04/2022
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	Non-executive	20/04/2022
Khaled Abdullah Al-Rabiah Board Member	Non-executive	20/04/2022
Ziad Tariq Al-Mukhaizeem Board Member	Non-executive	20/04/2022
Abdullah Manea Al-Ajmi Board Member	Non-executive	20/04/2022
Abdullah Mohamad Al-Saad Board Member	Non-Executive - Independent	20/04/2022
Mishal Abdulmohsen Al-Rashed Board Member	Executive	20/04/2022
Waleed Abdullah Al-Roumi Board Member	Non-executive	20/04/2022
Yacoub Yousef Al-Saqer Board Member	Non-executive	20/04/2022
Yousef Bader Al-Kharafi Board Member	Non-Executive -Independent	20/04/2022
Mishal Abdulmohsen Al-Rashed	Board Secretary	22/12/2022

- **Qualifications, Experiences and Positions of Board Members:**

All members of the Board of Directors are of Kuwaiti nationality, who possess academic credentials and experience for assuming their positions:

Mr. Rashed Abdulaziz Al-Rashed – Chairman of Board of Directors

- He holds a Bachelor's degree in Business Administration and Economics from Claremont University in the United States of America in 1958, and a Master's degree in Business Administration from the same university in 1959.
- Founding member of Kuwait Cement Company since its inception in 1968, the first Chairman of Board of Directors from the convening date of the Constituent Assembly on 20 /01 /1969 till 1978. He assumed the post of Board Chairman and Managing Director from 1996 till 27/12/2015, and Board Chairman since 28/12/2015 until now. He also holds the post of Head of the Nominations and Remunerations Committee.
- His experiences include working at several ministries. Among the posts he assumed are the following:
  * Assistant Director of Technical Affairs at Ministry of Public Works.
  * State Secretariat for Political Affairs.
  * Director of Political Affairs at the Ministry of Foreign Affairs.
  * Ambassador of the State of Kuwait to the United Nations (first ambassador(.
  * Vice-President of the United Nations' General Assembly.
  * Undersecretary of Ministry of Foreign Affairs from 1967 till 1985.
  * Minister of State for Council of Ministers Affairs during the period 1985- 1990.
  * Participated in large number of international and regional meetings.
  * Received a number of Arab and international medals.
  * In 1990, he dedicated himself to private business.

Dr. Abdulaziz Rashed Al-Rashed - Vice Chairman

- He holds a doctorate degree in Electrical Engineering from the University of Wisconsin in the United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected as Vice Chairman at the Board meeting on 08/11/2017. He is also a member of the Audit Committee.
- He chairs the Board of Directors of Kuwait Drilling Company.
- Member of Board of Directors of the Contracting and Marine Services Company.
- Member of Board of Directors of the National Industries Holding Group.

Mr. Khaled Abdullah Al-Rabiah –Board Member

- He holds a university degree from Kuwait University in 1977.
- Member of Board of Directors of Kuwait Cement Company, representing the National Industries Holding Group since 1998 until today. He is also a member of the Risk Management Committee.
- He held the post of General Manager of the Gulf International General Trading Corporation and, also, at Mohammed Abdullah Al-Rabiah Company & Partners.

Mr. Ziad Tariq Al-Mukhaizeem- Board Member

* He holds Bachelor's Scientific degree in Civil Engineering from the University of the Pacific, California - United States of America, 2004.
* He holds Master's degree in Business Administration from DePaul University, Illinois, - United States of America, 2006.
* Mr. Ziad Tariq Al-Mukhaizeem joined the Board of Directors as representative of Investment Public Authority as on 13/11/2019 until now. He also holds the post of member of the Risk Management Committee.

- His professional experience (financial and investment) covers many entities, including:
  * Kuwaiti Manager Company and Bovis Lend Lease (KMC & Bovis Lend Lease) in the Kingdom of Bahrain and in the State of Kuwait, where he progressed in several posts: Planning Manager and Project Manager, during the period June 2004 till July 2007.
  * Kuwait Finance House - Investment Manager, during the period August 2007 till December 2010.
  * AREF Investment Group - Executive Officer - Head of Investment Sector, during the period January 2011 till January 2017.
  * Cap Corp Investments Company - Vice-Chairman and Executive Officer from March 2021 till now.
- He held the post of member of Board of Directors at many companies, institutions and banks, namely:
  * Arab Capital Investment and Finance Company - Kuwait (2010 - 2012), member of Board of Directors and member of the Executive and Investment Committee.
  * Elenmaa Real Estate Company - Kuwait – (2008 - 2013), member of the Audit Committee.
  * Ibdar Bank Bahrain (2013 - 2015 - member of the Executive Committee.
  * Bank of London and Middle East - United Kingdom (2013 – 2017) - Member of the Audit Committee, the Risk Committee and the Remuneration Committee.
  * Munshaat Real Estate Projects Company, Kuwait - Chairman of Board of Directors, Head of the Executive Committee (2013 - 2017(, Head of Remuneration and Nominations Committee (2013 -2016(.
  * The Public Institution for Social Security - Kuwait - member of the Investment Committee (2017 till 2023).
- He also assumed membership in a number of companies, investment funds and committees inside and outside the State of Kuwait.

Mr. Abdullah Manea Al-Ajmi -Board Member

* He holds a Bachelor's degree in Accounting major from Kuwait University in year 1999.
* He holds a Master's degree in Business Administration major (Accounting) from Delmont University, 2010.
* He holds a Certificate of Judicial Server approved by the Ministry of Justice - Supreme Court, 2014.
* Mr. Abdullah Manea Al-Ajmi joined the membership of the Board of Directors as representative of the Investment Public Authority on 20/04/2022 until now, and he also holds the post of Member of the Nominations and Remuneration Committee.

- His previous and current practical and professional experiences covers many entities, namely:
  * Kuwait Cement Company - Accountant - from 1999 till 2002.
  * Investment Public Authority - Assistant Director - from 2002 till now.
  * Ibrahim Al-Raqam Company - Participating Member in the Liquidation Committee from 2004 until now.
  * National Technology Projects Company, where he held many posts, namely:
- Member of Board of Directors from 2015 till 2018.
- Member of the Audit and Risks Committee from 2015 till 2018.
- Vice-Chairman of Board of Directors from 2018 till 2020.
- Head of the Audit and Risks Committee from 2018 till 2020.
  * Aluminum Extrusions Company - Chairman of Board of Directors from 2018 till now.

Mr. Abdullah Mohammed Al-Saad -Board Member (Independent)

* He holds a Bachelor's degree in Business Administration from Cairo University in 1969.
* Member of Board of Directors of Kuwait Cement Company since 1998 until today. He also holds the post of member of the Nomination and Remuneration Committee.

- His work experiences covered several posts including:
  * Worked at the Ministry of Foreign Affairs as a Diplomatic attaché in 1970.
  * Director of Kuwait Office in Dubai until 1972.
  * Chargé d'affaires of the Embassy of Kuwait in Abu Dhabi, 1973
  * Chargé d'affaires of the Embassy of Kuwait in Nairobi, Kenya, 1974.
  * Chargé d'affaires of the Embassy of Kuwaiti in Mogadishu, Somalia, 1975.
  * Completed his work at the Ministry of Foreign Affairs and returned to Kuwait in year 1976.
  * He started his private business in year 1977.
  * He Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 till 2017.
  * Board Chairman and Managing Director of Sefury Americana International, 1984.
  * Member of the Board of Directors of Al-Ahlia Insurance Company from year 1999 until today.

Mr. Mishal Abdulmohsen Al-Rashed - Board Member

* He holds a Bachelor's degree from the American University in Washington as on 12/05/1996 majoring in International Business.
* He worked for Wafra International Investment Company – European Stocks Department, during the period 19/10/1997 till 14/11/1998.
* He worked for Global Investment House Company - American Stocks Department, during the period 15/11/1998 till 31/12/2002.

* He held the post of Executive Director of Financial and Administrative Affairs at Kuwait Cement Company, during the period 01/01/2003 till 27/12/2015.
* He held the post of Deputy Chief Executive Officer of Kuwait Cement Company during the period 28/12/2015 till 21/12/2022.
* Mr. Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of Board of Directors as on 22/12/2022.
* Mr. Mishal Abdulmohsen Al-Rashed was elected as member of Board of Directors of Kuwait Cement Company as on 20/04/2022 and continued till year 2024. He also held the post of member of the Risk Management Committee during the period 20/04/2022 till year 2024.

Mr. Waleed Abdullah Al-Roumi -Board Member

* He holds a Bachelor of Commerce, majoring in Business Administration and Marketing from Kuwait University, 1983.
* He works at the Investment Public Authority since 1983 till today.
* Mr. Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors as representative of the Investment Public Authority on 20/04/2022 till today. He also holds the post of member of the Audit Committee.

- His current membership covers several companies, amongst them are:
  * Equity Holding Company – Egypt, Board Chairman from 2015 till now.
  * Livestock Transport and Trade Company, Member of Board of Directors from 2013 till now, and also Chairman of Board of Directors during the period 2020 till 2022.
  * Kuwait Cement Company, Member of Board of Directors from 2022 till 2024.
- He assumed Board membership in several companies during previous periods, which included the following:
  * Nakheel Agricultural Production Company – Vice Chairman of Board of Directors during the period 1992 till 1995.
  * Kuwait Cement Company, Member of Board of Directors during the period 1995 till 1998.
  * Misr Cement Company (Qena), Member of Board of Directors during the period 2002 till 2007.
  * The Tunisian Kuwaiti Development Group, Member of Board of Directors during the period 2001 till 2007.
  * International Investment and Tourism Group - Chairman of the Board, during the period 1999 till 2007.
  * Zamalek Investment and Tourism Company, Chairman of Board of Directors, during the period 1999 till 2007.
  * Aslon Company - Egypt (plastic pipes factory affiliated to Kuwait Egyptian Investment Company), Chairman of Board of Directors during the period 1997 till 2007.
  * Kuwaiti Egyptian Investment Company, Vice Chairman and Managing Director (Executive), during the period 1997 till 2007.

* Moroccan Kuwaiti Development Group, Chairman of Board of Directors during the period 2008 till 2013.
* Kuwait Investment Company, Member of Board of Directors during the period 2013 till 2015, and also Chairman of Board of Directors during the period 2015 till 2018.

Mr. Yacoub Yousef Al-Saqer –Board Member

* Member of the Board of Directors of Kuwait Cement Company representing the National Industries Holding Group from 2007 till today, and also holds the post of Head of the Audit Committee.
* Member of the Board of Directors of the Tourism Projects Company during the years 1976 till 1982, and from 1998 till 2004. He was also a member of the Board of Directors of Warba Insurance Company from 31/03/1987 till 13/03/1993. Also, he worked at the Directorate General of Civil Aviation from September 1969 till 01/12/2006, where he progressed in several posts such as researcher, supervisor, director of financial and administrative affairs, Deputy Director General at the rank of Assistant Undersecretary, Director General of Civil Aviation with the rank of Ministry Undersecretary, and then Director of Civil Aviation at the Excellence Level.

Mr. Yousef Bader Al-Kharafi -Board Member (Independent)

* He holds a Military College degree from Egypt in 1957, and a certificate of Theoretical and Training Studies in the various Departments of the Ministry of Interior in Egypt in the same aforesaid year.
* Member of Board of Directors of Kuwait Cement Company since 2007 until today, he also holds the post of Head of the Risk Management Committee.
* He held many leadership posts during his service at the Ministry of Interior from 1957 till 1998, namely: First-Lieutenant, Captain, Major, Lieutenant-Colonel, Colonel, Brigadier-General, Major-General, Lieutenant-General, then promoted to the rank of General in 1998. Moreover, he assumed responsibility of several departments in the Ministry of Interior during the period from 22/05/1974 until retirement on 14/11/1998, of which he was the Director of Administration, Head of Personnel Affairs Committee, Head of General Committee for Police Affairs, Board Chairman of Police Academy, Deputy Head of the Emergency Committee, President of Traffic Higher Council, Board Chairman of Police Officers' Club, Assistant Ministry Undersecretary, then Undersecretary of Ministry of Interior in year 1981 until retirement in year 1998.

- **Meetings of the Board of Directors of Kuwait Cement Company During 2023**

The Board of Directors of Kuwait Cement Company has held (6) meetings during year 2023.

The following table shows the details and number of those meetings attended by each member:

Member's Name	Meeting No.1/2023 dated 14/03/2023	Meeting No. 2/2023 dated 03/05/2023	Meeting No. 3/2023 dated 10/05/2023	Meeting No. 4/2023 dated 13/08/2023	Meeting No. 5/2023 dated 01/11/2023	Meeting No. 6/2023 dated 27/12/2023	Number of Meetings
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors		√			√		2
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	√	√	√	√	√	√	6
Khaled Abdullah Al-Rabiah Board Member	√	√	√	√	√	√	6
Ziad Tariq Al-Mukhaizeem Board Member	√	√	√	√	√	√	6
Abdullah Mohamad Al-Saad Board Member	√	√	√	√	√		5
Abdullah Manea Al-Ajmi Board Member	√	√	√	√	√	√	6
Mishal Abdulmohsen Al-Rashed Board Member	√	√	√	√	√	√	6
Waleed Abdullah Al-Roumi Board Member	√	√	√		√		4
Yacoub Yousef Al-Saqer Board Member	√	√	√	√	√	√	6
Yousef Bader Al-Kharafi Board Member	√	√	√			√	4

* Marking with the sign (√) denotes attendance of the meeting by the member of board of directors.

- **Recording, Coordinating and Keeping the Minutes of Meetings of the Company's Board of Directors:**

The Secretary of the Board of Directors applies the requirements of recording, coordinating, and keeping the minutes the meetings of the Board of Directors of Kuwait Cement Company, using special register that contains information about the agenda of each meeting, its date and venue, as well as the meeting starting and ending times. Each meeting is kept under a serial number according to the respective year, and special files are prepared in which the minutes of meetings are kept, together with the deliberations and discussions that take place therein. The Board members are provided with the agenda together with its relevant documents before the date of the meeting with sufficient time, in order for the members to study the agenda items. The minutes of meetings are signed by the Board members and its Secretary who are present at that meeting. In the meetings that take place by passing the minutes are signed by all members. As regards the means of remote communication (according to the Companies Law, Article No.«190»(and pursuant to the rules and directives of government bodies, the minutes of its meetings

must be signed by all participating members, and the Board Secretary works on the coordination and clarifying all information to each Board member.

- **The Policy of Tasks and Responsibilities of the Company's Board of Directors, Duties of each Board Member and the Executive Management, and the Powers Delegated to the Executive Management**

The Regulation of tasks and specializations of the Board of Directors approved by the Board on 15/11/2016 and updated on 31/08/2022, has stipulated that the Company's Board of Directors bears comprehensive responsibility for the Company, including setting strategic goals for the Company as well as the risks strategy, governance standards, responsibility of supervising the Executive Management, preserving interests of the shareholders, creditors, employees and all stakeholders, and ensuring that management of the Company is carried out effectively and within the framework of the laws of the regulatory authorities, the Articles of Association, and the internal regulations and policies of the Company. Here below is an overview of the general duties of the Board of Directors:

- The Board bears ultimate responsibility for the Company›s operations and the soundness of its financial position, fulfilling the requirements of the Capital Markets Authority, protecting the interests of shareholders, protecting the rights of minority, creditors, investors, customers, employees and stakeholders, and also ensuring that the Company is managed in a prudent manner and in accordance with the applicable laws and the internal regulations, policies and procedures.
- Ensure reviewing the dealings with the relevant parties, and verify the accuracy and soundness of these dealings.
- Approve the important goals, strategies, plans and policies of the Company, which include the following, as minimum:
  - Endorsing the interim and annual financial statements.
  - Overseeing the key capital expenditures of the Company, and the ownership of the assets and disposing them.
  - Ensuring the Company's adherence to the policies and procedures that guarantee the Company's compliance with the applicable internal systems and regulations.
  - Ensuring the accuracy and soundness of the data and information to be disclosed, in accordance with the applicable systems of disclosure and transparency.
  - Formation of specialized committees in accordance with a charter that clarifies the committee's duration, powers and responsibilities, and monitoring it by the Board.
  - Ensuring that the organizational structure of the Company is transparent and clear, which allows for a process of decision making and realization of the principles of judicious governance and separation of powers and merits between the Board of Directors and the Executive Management.
  - Determining the powers delegated to the Executive Management, the decision-making procedures, and the duration of delegation. Moreover, the Board determines the subject matters for which it retains merit to take decisions thereon.
  - Monitoring and supervising the performance of the Executive Management, and ensuring that it fulfills the roles entrusted to it.

- Moreover, the Board of Directors has also approved the policies and procedures regulating the work of the Executive Management. The following is an overview of the general duties of the Executive Management:
- Manage the Company's business and provide directions to the Executive Departments in a manner consistent with the Company›s strategic goals and the policies established by the Board of Directors, as well as the provisions of the law and those of the other legislations related to the Company›s business and activities.
- Furnish the Board of Directors with accurate periodic reports on the Company›s financial conditions and its business, as well as the measures taken on risk management and the internal control system, so that the Board of Directors can review the established goals, plans and policies, and to question the Executive Management about its performance.
- Provide the Board of Directors with recommendations regarding any suggestions it deems necessary that relate to the Company's business.
- Provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, the systems, directives and resolutions issued regarding any of them.

- **Tasks and Achievements of the Company›s Board of Directors During 2023**

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the plans and strategic goals set out by the Board, and to communicate constantly with the Executive Management in order to achieve these goals, and to comply with the regulatory directives of the Capital Markets Authority, as well as responding completely to the requirements of Corporate Governance rules and adhering to them, and make this practice as business strategy within the Company. Among the most prominent tasks and achievements carried out by the Board of Directors during year 2023 are:

1- Follow up the Company's work progress with the Executive Management, and discuss all issues related to the Company›s financial, administrative and technical activities, as well as the extent of their impact on the work and production.
2- Examine the sessions' minutes of the three committees emanating from the Board of Directors for the year 2023.
3- Review and approve the work results of the Audit Committee and the recommendations submitted by it regarding the interim and annual financial statements of the Company.
4- Endorse the annual report for year 2023, including the Corporate Governance report and the Audit Committee's report.
5- Approve the Audit Committee's recommendation to re-appoint the external auditor - Mr. Qais Mohammed Al-Nisef for the office of Messrs. BDO Al-Nisef & Partners.
6- Review and endorse the reports and recommendations issued by the Nominations and Remuneration Committee, including the annual evaluation process of the Board Members and the Executive Management.

- **Board's Committees**

Pursuant to the Board of Directors' Resolution No.13 29/2/2022 dated 20/04/2022, three specialized committees emanating from the Board of Directors were formed for a period of Three years ending at the end of the current term of the Board of Directors (2022-2024(, and these committees are as follows:

1- Audit Committee:

- **Formation of the Committee:**

The Board of Directors shall form the Audit Committee, where the number of its members shall not be less than three, and at least one of its members must be from among the independent members. Membership in the committee cannot be taken by the Board Chairman or any of the Board Executive members. Moreover, the Committee member must possess the academic qualification and practical experience appropriate for the work of the committee. Among the members of the Committee there must be at least one member with academic qualifications and/or practical experience in the fields of accounting and finance. The committee shall have the right to seek the assistance of external experts after the approval of the Board of Directors on that. The Board of Directors shall determine the term of membership of the Committee members as well as the method of its work, as the term of membership in the Committee ends with the end of their membership in the Board of Directors. Furthermore, the Board of Directors has endorsed formation of the Audit Committee, and his Committee has already held (4) meetings during year 2023. The table below illustrates formation of the Committee, and details of those meetings:

Member's Name	Capacity	Rank	First 14/03/2023	Second 10/05/2023	Third 13/08/2023	Fourth 01/11/2023
Yacoub Yousef Al-Saqer	Head of Committee	Non-Executive	√	√	√	√
Dr. Abdulaziz Rashed Al-Rashed	Member	Non-Executive	√	√	√	√
Waleed Abdullah Al-Roumi	Member	Non-Executive	√	√		√
Yousef Bader Al-Kharafi	Member	Non-Executive - Independent	√	√	√	

* Marking with the sign (√) denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

The Committee carries out its controlling role by means of backing up and supporting the Board of Directors in its responsibilities of representing the shareholders with respect to accuracy and integrity of the financial statements, supervision and review of accounts and financial statements for both the Company and the Internal Control, and implementation of the policy of contracting an external auditor, while ensuring its independence and integrity. Added to that, ensuring efficiency of the internal control systems and extent of its efficacy according to the audit standards approved through the audit works conducted by the Internal Audit Unit of the Company, and also ensuring the extent of the Company's compliance to the rules of professional conduct, as well as guaranteeing implementation of the relevant laws, policies, systems and directives and endorsing them in accordance with the policies approved by the Board of Directors in this domain.

- **Tasks and Achievements of the Audit Committee during year 2023:**

1- Discuss and approve the reports submitted by the Manager of the Internal Audit Unit in accordance with the Audit Plan approved for year 2023.

2- Review the interim and annual financial statements, and submit opinion and recommendation to the Board of Directors.

3- Meet regularly with the external auditor, and discuss any pending matters and notes that came up during the audit phase.

4- Prepare and endorse the Audit Committee report in preparation for presenting it to the Company›s shareholders while holding the General Assembly of the shareholders.

5- Ensure the independence of the Internal Audit Unit, and that all internal audit activities were safe from any interference in determining the scope of audit or completion of the audit work or reporting the results of the audit work to the Committee, in addition to evaluating the performance of the Manager of Internal Audit Unit.

6- Recommend to the Board of Directors the appointment and re- appointment of the Auditor.

7- Approve the audit plan for years 2024 that are submitted by the Manager of Internal Audit Unit.

8- Discuss developments on the previously submitted reports to ensure compliance of all departments to the approved recommendations.

2- Risk Management Committee:

- **Formation of the Committee:**

The Board of Directors shall form a Risk Management Committee whose members must not be less than three, and at least one of its members must be independent. The Chairman of Board of Directors may not be a member of the Committee. The Board of Directors shall determine the term of membership of the Committee members and the method of its work, where the term of membership of the Committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has approved formation of the Risk Management Committee, and the Risk Management Committee has held (4(meetings during 2023. The following table illustrates the formation of the Committee and the details of these meetings:

Member's Name	Capacity	Rank	First 10/05/2023	Second 12/09/2023	Third 19/11/2023	Fourth 27/12/2023
Yousef BaderAl-Kharafi	Head of Committee	Non-Executive – Independent	√	√	√	√
Khaled Abdullah Al-Rabiah	Member	Non-Executive	√	√	√	√
Ziad Tariq Al-Mukhaizeem	Member	Non-Executive	√	√	√	√
Mishal Abdulmohsen Al-Rashed	Member	Executive	√	√	√	√

* Marking with the sign (√) denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors in carrying out its responsibilities towards Risk Management by preparing and reviewing the strategies and policies of managing the risks, before being endorsed by the Board, and ensuring that its implementation and that it

is consistent with the nature and size of the Company's activities. In addition to evaluating the systems and mechanisms of identifying, measuring and following up the types of risks the Company may be exposed to, so as to determine the deficiencies therein and rectify them in a timely manner, hence avoid any losses that may be exposed to, as well as submitting recommendations to the Board of Directors to take appropriate corrective measure.

It is worth mentioning that the Company has sought assistance from one of the consultancy offices accredited by the Capital Markets Authority to help identify the types and nature of risks the Company may be exposed to, and prepare a special register for that, and also submit quarterly reports about them in order to preserve the Company's assets and ensure continuity of practicing its activity in a positive manner.

- **Most Important Achievements of the Risk Management Committee during 2023:**

1- Review the Risk Assessment Report submitted by the Consultancy Office.

2- Review and endorse the Risk Plan for the two years 2024 and 2025.

3- Meeting periodically with the Consultancy Office and discuss any pending matters and notes.

4- Supervise and monitor the works of the Risk Management Unit.

3- Nominations and Remunerations Committee:

- **Formation of the Committee:**

The Board of Directors shall form the Nomination and Remuneration Committee of at least three members, provided that at least one of its members must be from among the independent ones, and the Head of the Committee must be from among the non-executive Board members. The Board of Directors shall determine the term of membership of the Committee members and its method of work, where the term of membership of the Committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has endorsed formation of the Nominations and Remuneration Committee. The Nomination and Remuneration Committee has held (2(meetings during year 2023. The following table illustrates formation of the Committee and the details of those meetings:

Member'sName	Capacity	Rank	First 14/03/2023	Second 01/11/2023
Rashed Abdulaziz Al-Rashed	Head of Committee	Non-executive		√
Abdullah Manea Al-Ajmi	Member	Non-executive	√	√
Abdullah Mohamad Al-Saad	Member	Non-executive - Independent	√	√
Yousef Bader Al-Kharafi	Member	Non-executive - Independent	√	

* Marking with the sign (√(denotes attendance of the meeting by the Head and Members of the Committee.

- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors with respect to its responsibilities towards the nominations and remuneration of the members of Board of Directors and the Executive staff, and also reviewing the framework and plan of the remuneration plan applied at the Company, as well as preparing a detailed annual report on all remunerations granted to members of the Board of Directors and the Executive Management, whether as salaries, benefits, privileges or incentives. The Committee also assumes the responsibility of ensuring that the capacity of independence is not removed from the Board member who is independent, in addition to supervising evaluation of the members of Board of Directors and the Executive Management.

- **Most Important Achievements of the Nominations and Remuneration Committee during 2023:**

1- Prepare an annual report on all remunerations and privileges granted to members of the Board of Directors and the Executive Management as well as the employees, and submit this report to the Board of Directors for approval.

2- Supervise conducting the annual evaluation process on the members of the Board of Directors and the Executive Management.

3- Review and ensure that the capacity of independence is not removed from the Board member who is independent.

- **Mechanism for Members of Board of Directors to Obtain the Information and Data Accurately and in Due Time:**

The Company has made available equipment and tools that enable the Board members to obtain the required information and data in a timely manner, by means of developing information technology environment inside the Company, establishing direct communication channels between the Board's Secretary and Members, and furnish reports of the meetings, which must be of high quality and accuracy, and to do this in advance so as to discuss them and take decisions thereon.

- **Report on the Remunerations Granted to Members of the Board of Directors and the Executive Management**

- Remunerations and Incentives Policy

The remuneration policy applied in the Company is consistent with the determined strategic goals, which aims to attract, retain and motivate all its workers especially those with academic and professional competence as well as skills and knowledge, thus enhance the risk management and perpetual profitability, while taking into account all relevant laws.

The Nominations and Remunerations Committee operates within the framework of this policy and in accordance with the ratings of the annual performance and evaluation applicable at the Company, where it recommends the remunerations for both the Board of Directors and the Executive Management, taking into consideration the Company's success in realizing its objectives and in line with the Companies Law, Article No. (198) and Article No. (29) of the Articles of Association of Kuwait Cement Company. Moreover, it is the responsibility of the Board of Directors to take the final decisions in approving those remunerations and incentives.

- Board Members' Remunerations

On 26/09/2021, the Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Appendix No. 2 (Structure of the Corporate Governance Report Form) in Chapter Two of the Governance Rules. The following table illustrates details of the Remunerations and Privileges granted to members of the Board of Directors (in Kuwaiti Dinar(:

Remunerations and Privileges of the Members of Board of Directors							
Total Number of Members	Remunerations and Privileges through Mother Company			Remunerations and Privileges through Subsidiary Companies			
	Fixed Remunerations and Privileges	Variable Remunerations and Privileges		Fixed Remunerations and Privileges		Variable Remunerations and Privileges	
	Health Insurance	Annual Bonus	Committees' Bonus	Health Insurance	Monthly Salaries (annual total(	Annual Bonus	Committees' Bonus
10	-	-	184,000	-	-	-	-

- **- Remunerations of the Executive Management and the Finance Manager**

The following table illustrates, in accordance with the decision referred to above, details of the remunerations and privileges granted to the Executive Management and the Finance Manager (in Kuwaiti Dinar(:

Total Number of Executive Posts	Remunerations and Privileges through Mother Company								Remunerations and Privileges through Subsidiary Companies						
	Fixed Remunerations and Privileges							Variable Remunerations and Privileges	Fixed Remunerations and Privileges						Variable Remunerations and Privileges
	Monthly Salaries (annual total(	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Others	Annual Bons	Monthly Salaries (annual total(	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Annual Bons
5	186,600	-	1,450	13,200	17,240	18,135	-	150,000	--	-	-	-	-	-	18,000

There were no material deviations or changes in the application of the Remunerations Policy for year 2023 from the policy approved by the Board of Directors. Moreover, these remunerations are subject to the approval of the Shareholders' Ordinary General Assembly.

14/02/2024

Nominations and Remunerations Committee

Kuwait Cement Company

- **Written Undertakings by both the Board of Directors and the Executive Management on Soundness and Integrity of the Prepared Financial Reports**

  In line with the Corporate Governance requirements, the Executive Management has submitted a declaration and undertaking on its responsibilities towards the Board of Directors for presenting the Company's annual financial statements and reports, and the correctness, accuracy and completeness of the information and data contained therein and its attachments, and that they are displayed in a sound and fair manner, and that they are prepared in accordance with the International Financial Reporting Standards.

  In turn, the Board of Directors, after discussing and approving the financial statements, has submitted a declaration and undertaking to the General Assembly of the shareholders on the financial reports and its responsibility for the soundness and integrity of all Company's annual financial statements and reports.

- **Recommendations of the Audit Committee to the Company's Board of Directors**

  In accordance with the powers and responsibilities outlined in the Corporate Governance Rules, which relate to supervising, reviewing and following up all works of the Company's auditors, the activities of the internal audit, and the other tasks that ensure instilling the culture of commitment and guaranteeing fairness and transparency of the financial reports, as well as ensuring the effectiveness of the applied internal control systems, the Committee undertakes to periodically submit any observations or recommendations related to its work to the Board of Directors. During year 2023, there was no contradiction between the recommendations of the Audit Committee and decisions issued by the Company's Board of Directors.

- **Independence and Impartiality of the External Auditor**

  The Ordinary General Assembly of the Company, held on 03/05/2023, has approved re-appointment of the external auditor - Mr. Qais Mohammed Al-Nisef for Messrs. BDO Al-Nisef & Partners, for the year 2023, which is one of the registered and accredited auditors in the special register with the Capital Markets Authority, and enjoys complete independence from the Company and its Board of Directors.

- **Risk Management Unit**

  Emanating from the Company's keenness to comply with the directives issued by the Capital Markets Authority, the Board of Directors took its Decision No. 1264/6/2018 on approving that the Risk Management Unit shall be affiliated directly to the Risk Management Committee, pursuant to the Decision No. (124) for year 2018 issued by the Capital Markets Authority.

- **Control and Internal Control Systems**

  * The Company relies on a set of control systems and monitoring rules that cover all activities of the Company and its Management. These systems and rules work to maintain the soundness of the Company's financial position, accuracy of its data, and efficiency of its operations from various aspects. The organization structure in the Company reflects the dual control restrictions (Four Eyes Principles), which includes the proper description of powers and responsibilities, complete segregation of duties, no conflict of interest, and dual screening and control.
  * The Company's Audit Committee assumes reviewing the work of the Internal Audit Unit in the Company, and discusses its reports to ensure soundness, efficacy and effectiveness of the control and internal control systems.
  * The Company commits to the requirements of the Corporate Governance, Book Fifteen - Article (6 - 9). Moreover, an independent consultancy office, accredited by the Capital Markets Authority, was assigned to review the internal control systems (ICR) of the Company.

- **Internal Audit Unit**

  The Internal Audit Unit enjoys complete technical independence and reports to the Audit Committee. The Internal Audit Unit provides assurances and advisory services with the aim to add value to the Company and improve its operations. Moreover, it assists the Audit Unit in realizing the Company's objectives, by means of adopting an organized systematic methodology to evaluate and improve the effectiveness of governance, risk management and control processes.

- **Guide to Professional Conduct and Ethical Values**

  The Company applies the already made Scheme of Rules and Ethics of professional conduct for the Board of Directors, the Executive Management and the employees, which includes the general rules of professional ethics, and also covers a wide range of procedures and practices consistent with the regulatory requirements, the relevant legislations and the local traditions, in order to limit the cases of conflict of interest. Emanating from the Board of Directors keenness, it has applied the highest standards and values that bestow integrity upon the whole Company, the Executive Management and the other employees. Moreover, it defines the Company's Code of Conduct and the Ethical Standards to be applied on the various stakeholders while executing the Company's operations. Moreover, the Board of Directors assumes the task of monitoring and managing any potential conflict of interest the Company may face, including exploitation of the Company's resources as well as the misuse of powers and jurisdictions.

- **Disclosure and Transparency of Information**

  The Company is committed to providing accurate, complete and up-to-date information to the shareholders, in line with the legislative and regulatory requirements within the framework of transparency. Also, the Company guarantees applying integrated practices and procedures for disclosure of material information, and for the public to be able to obtain the announced information in a prompt and accurate manner.

- **Register of Disclosures by the Members of Board of Directors and Executive Management**

  The Company has prepared a register for the disclosures by the members of Board of Directors and Executive Management, which is updated instantly in the event of any disclosure by the members of Board of Directors and Executive Management. Moreover, the Company's shareholders have the right to examine the register during official working hours without paying any fees.

- **Shareholders Affairs Section (Investors Affairs)**

  The Company is committed to developing policies and procedures to represent the Company fairly, so that the existing and potential investors are informed of the major decisions taken by the Company. The Shareholders Affairs Section in the Company enjoys the necessary independence, as it works to provide data, information and reports in a timely manner and with the necessary accuracy through the generally accepted means of disclosure.

- **Information Technology Infrastructure in the Company**

  The Company has developed its website in line with the requirements of the Capital Markets Authority, and dedicated part of the website to Corporate Governance, and also posted all information, data, financial statements and reports as well as disclosures and others on the Company's website, noting that such information are updated as soon as it becomes available to the Company.

- **General Rights of Shareholders and Limiting Cases of Conflict of Interest**

The policy of the Stakeholders and Shareholders Relations and Rights has been approved by the Board of Directors on 15/11/2016, and updated on 20/03/2022, where the Guide stipulates that all Company's shareholders enjoy general and clear rights that include, for example but not limited to, the following:

* Disposing of the shares by means of registering, assigning or transferring the ownership thereof.
* The right to review and participate in making the decisions related to amending the Company's Articles of Association and Memorandum of Incorporation, as well as the decisions regarding unusual transactions that may affect the Company's future or business, such as mergers, sale of large part of its assets or liquidation of subsidiary companies.
* The right to participate in meetings and make remarks and recommendations thereon.
* The right to express opinion on the appointment and election of members of the Board of Directors.
* The right to monitor the Company's performance in general and the actions of the Board of Directors in particular.
* The right to receive dividends, participate and vote in the General Assembly meetings
* The shareholders' rights to be treated on equal basis and given the opportunity to rectify any mishandling of their rights.
* The right to request sufficient time before the meeting of the General Assembly, and access all information related to the meeting agenda, especially the reports of the Board of Directors and the auditor, as well as the financial statements.
* The right of shareholders who own 5% and above of the Company's capital to add items to the agenda of the General Assembly meeting.

Moreover, a special register about the Company has been provided and kept with Kuwait Clearing Company, in which the shareholders' names, nationalities, domicile and number of shares owned by them are recorded. Furthermore, this register is marked in the event of any changes to the data therein, in accordance with what the Company or Kuwait Clearing Company receive, and any interested party may request from the Company or from Kuwait Clearing Company to furnish it with data from this register.

In addition to the above policy, the Company's Articles of Association explains the above in line with the requirements of the Capital Markets Authority and the regulatory authorities.

The Company has a policy of dealings with affiliated parties, which clarifies the guiding principles on ways to conduct and manage the dealings with the affiliates, and also the cases of conflict of interest, whether those dealings are between the Company, Board members, subsidiary companies, other affiliates, Executive Management and the employees. Besides, the policy adheres to the monitoring standards and the international financial reporting standards.

- **The Company›s General Assembly Meeting**

Kuwait Cement Company is keen to organize the meetings of the General Assemblies of shareholders in accordance with what is stated in the Corporate Governance Rules as well as the laws and regulations governing the same, where the agenda items would contain the minimum required items according to the Rules of Governance. The data and information of the agenda are provided to the shareholders in advance prior to holding the General Assembly meeting. Moreover, the shareholders are permitted to actively participate in the meetings of the General Assemblies, and to discuss all listed topics. The Company is also keen to grant opportunity for all shareholders to exercise all their voting rights without any obstacles.

- **Stakeholders' Rights**

The Company has prepared clear policies and procedures for managing the open dialogue and communication with its stakeholders, and adopting transparency in communicating with them, and also the level and degree of information that can be disclosed. The stakeholders' rights include the following matters, for example but not limited to:

* The right to be treated on a just and equitable basis
* The right to receive compensation in the event of any violations to their rights.
* The right to access the Company's relevant information that are necessary for the stakeholders.
*Must inform the stakeholders about the Company's Violation Reporting Program, and they must be provided adequate protection in accordance with the requirements of the policy of Reporting Violations.

- **Training Programs and Courses**

Kuwait Cement Company guarantees providing all members of the Board of Directors and the Executive Management with the training courses necessary to increase their skills, knowledge and efficiency at work. During the year 2023, a training program was organized for all members of the Board of Directors and the Executive Management on "Business Continuity through Sustainable Development", and at the end of the program the members of the Board of Directors and the Executive Management received certificates of attendance approved by the program's producer and presenter - "Focus-Human".

- **General Framework for Evaluating Performance of the Board of Directors and the Executive Management**

A clear and comprehensive mechanism has been prepared to conduct the annual evaluation process for members the Board of Directors and the Executive Management, which is founded on practical principles that measure the performance in a comprehensive, impartial and substantive manner. Besides, the evaluation is carried out by the Nomination and Remunerations Committee.

- **Corporate Values of the Company's Employees**

On 15/11/2016, the Board of Directors of Kuwait Cement Company approved the Rules and Ethics of Professional Conduct, which are founded by establishing the corporate values on the basis that the Company's reputation is based on the conduct of the members of Board of Directors, Executive Management and staff, and everyone must play a role in preserving the Company's reputation by adhering to the highest ethical standards. Moreover, the Board of Directors assumes the responsibility of setting the standards and specifications of the Company's ethical values, and every member of the Executive Management and staff must assist in implementing this Guide as part of his job and ethical responsibility, and must report any violation to the Board of Directors.

At another aspect of reaffirming by the Board of Directors the importance of establishing corporate values for the workers at the Company, Kuwait Cement Company initiated the development of Integrated Report as one of the most effective tool to achieve the Company's strategic objectives, and later enhance the corporate values and take decisions in a systematic and appropriate manner, and thus realize the interests of the shareholders in accordance with the stipulations of the Corporate Governance Rules.

On the other hand, in order for the Board of Directors to emphasize the importance of establishing institutional values among the Company's employees, Kuwait Cement Company developed the Integrated Report as one of the effective tools in achieving the Company's strategic objectives, thus enhancing institutional values and making decisions in a systematic and sound manner, and hence achieving the interests of shareholders in accordance with what is stated in the Corporate Governance Rules.

- **Company's Contribution to Social Responsibility and Preservation of Environment**

The Board of Directors of Kuwait Cement Company was keen to adopt a clear Guide to Policies and Procedures that ensure achieving a balance between both the Company's objectives and those that society seeks to achieve, and that this policy works to develop the living, social and economic conditions of the community in which it operates, in accordance with what is stated in the of Corporate Governance Rules.

Kuwait Cement Company had the precedence among similar companies in addressing social responsibility, which the Company diligently seeks to adhere to by developing and deepening its role in the society, and achieving social development as one of the main aspects of the Company's mission and objectives. Among the Company's most important achievements include, for example but not limited to, the following:

*** Alternative Fuels Project (RDF)**

In continuation of the efforts exerted by Kuwait Cement Company in solving the problem of disposing of municipal solid waste from local sources, treating it, making use of it, and converting it into environmentally friendly dry fuel (Refuse-Derived Fuel) that is used in the kilns of the cement production plant, and what these efforts have resulted in namely the State's interest in implementing this project as being one of important development projects in the country, and one of the best modern solutions to provide a safe and sustainable environment, similar to the practice in many developed countries, by getting rid of the harm caused by these wastes to the environment, whereby the respected Council of Ministers issued the Resolution No. (1271) on 13/11/2023, assigning Kuwait Municipality to coordinate with the Environment Public Authority, Kuwait Cement Company, as well as other parties it deems appropriate, to take the necessary measures to enable the Company to implement its initiative thus contribute to solving part of the problem of solid waste disposal and treatment, in addition to the two decisions issued on12/09/2022 and 15/09/2023 on the same topic.

Negotiations for the project have been completed with Kuwait Municipality and other concerned parties, where Kuwait Municipality signed the final draft contract and sent it to the Ministry of Finance/State Property Department to address the Audit Bureau to express its opinion and approval in preparation for signing the contract.

It is worth mentioning that the Company has previously contracted with an international consultant specialized in the field of circular economy and waste management, and with a local engineering consulting office to carry out architectural and structural design work, supervise the project implementation work, and complete the basic engineering plans and designs for the project. Final negotiations were also held with one of the leading specialized European companies in the field of supplying the necessary equipment for the project in preparation for starting implementation once the contract is signed.

*** Quality Mark and ISO 9001:2015 Certification for Quality Control**

Kuwait Cement Company is considered the only national Company that has the ability to manufacture cement through all phases in the State of Kuwait, as it has taken upon itself to meet the needs of all citizens, government projects and others. For this purpose, the Company has worked diligently to maintain the provision of a product of international efficiency and quality.

In order to enhance confidence and ensure the standard specifications of quality control, the Company is working to renew the quality mark issued by the Public Authority for Industry on its cement products. Moreover, the ISO 9001:2015 Certificate of Quality Control it obtained in year 2012 is being updated by one of the independent institutions, namely DNV-GL, which conducts field visits to follow-up and test the work mechanisms, and to examine the infrastructure and the technical processes. Furthermore, the Company follows strict procedures in applying all international standards in the domains of its operations, and it conforms to internationally approved standards, relying on the use of the latest technological means

and the best and finest types of raw materials needed for the cement production. In addition to establishing a special culture that would contribute to set the appropriate work system and developing it in a way that is compatible with the Company's strategy on the environmental level by giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength and stability of specifications, thus awarding it the merit of excellence and leadership over the past Fifty years, under the slogan (Quality Means .... Kuwaiti Cement), and approval by the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as a national product.

Kuwait Quality Mark Logo

Quality Management System Logo

ISO 9001:2015

It is worth noting that it was previously mentioned in the Governance Report for year 2022, as part of the Company's contribution in the Social Responsibility and preservation of environment, that the Company has obtained an Environmental Conformity Certificate through the International Environmental Product Declaration (EPD) System, Stockholm Sweden, for the Company's products according to the ISO 14025 Certificate and the EN15804- 2012 + A2:2019 Certificate for both Ordinary Portland Cement (OPC Type 1) and the Sulfate-Resistant Cement Type 5 (SRC Type V), and the substance named Ground Granulated Blast Furnace Slag (GGBS) produced at the Company's plants located in the Eastern Industrial Shuaiba district.

Environmental Conformity Certificate for the Ordinary Portland Cement



Environmental Conformity Certificate for Sulfate-Resistant Cement Type 5



Environmental Conformity Certificate for the Ground Granulated Blast Furnace Slag (GGBS)



Kuwait Cement Company is considered the first industrial Company in Kuwait to obtain these accredited certificates for a period of five years that are updated successively, which is considered an official documented international environmental accreditation for its advanced products that reduce the impact on the environment, and confirms your plant's commitment to providing its cement products for use in sustainable green buildings. These environmentally friendly products help achieving the lowest percentage of carbon gas emissions in the buildings, and contribute to achieving a healthy environment free of pollution. There is no doubt that the Company's attainment of these certificates confirms its keenness to keep pace with developments and innovations in the cement industry and its interest towards safety of the urban environment, as well as following the standards of reducing environmental pollution, and being one of the environment friendly industrial companies.

* Providing Training Programs for National Workforce in the Company

Based on the directives of the Board Chairman, Kuwait Cement Company is always keen to provide training to the administrative and technical national cadres working for it, whether in general administration or at Shuaiba cement plant, in order to acquire practical and scientific experience, out of a sense of social responsibility towards fulfilling the national duty and out of its belief in the Kuwaiti nationals in managing and consolidating the wheel of local industry in the country.

This year, a number of Kuwaiti youth and other workers in the various departments of the plant, such as the mechanical and electrical maintenance department, the production department, and other departments, were trained through the training center, which includes all the devices and tools designated for such work, so that they can keep pace with the latest technological developments in the cement industry, raise their abilities and develop their skills, which reflects positively on improving the performance and the quality of work, the matter which brings good to the Company and the shareholders.

It is worth mentioning that the administrative and technical leaders are Kuwaiti nationals, whether in the administration or at the cement plant, who showed creative energies that won everyone's approval and satisfaction.

Rashed Abdullaziz Al-Rashed
Chairman of Board of Directors

BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2023

The Board of Directors of Kuwait Cement Company K.S.C.P declares it's responsibility for the reliability and integrity of all consolidated annual financial reports and statements which include the consolidated financial positions, consolidated income statements, consolidated comprehensive income, consolidated statements of change in equity, consolidated cash flow statements, and notes to the consolidated financial statements as of 31 December 2023, and that they have been prepared according to the international accounting standards approved by the Capital Market Authority, and that the company keeps the accounting records and documents appropriately. Also, it's responsibility for providing an effective control system in the company, and that the Board members bear the responsibility if any of the company's consolidated financial reports and statements fail to honestly reflect its actual consolidated financial positions as well as the results of its business and its consolidated cash flow.

Moreover, the Board of Directors declares that the executive management has made available for auditors all the reports, records, documents and information necessary to conduct the audit on the company consolidated financial statements, and enable them to examine all the papers and documents, and also made available all the information the auditors deemed necessary to carry out their task. They also declared that the company's consolidated financial statements reflect honestly and clearly the actual consolidated financial position of the company, as well as the results of its business and its consolidated cash flow.

Furthermore, the Company's Board of Directors acknowledges the correctness, accuracy and completeness of the information and reports revealed in the company's consolidated financial reports and statements as well as its attachments, and that they were presented properly and fairly, and that they are considered in accordance with international accounting standards approved by the Capital Markets Authority.



Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors





الفرن الدوار للخط الثاني لإنتاج الكلنكر

Rotary Kiln for second line of Clinker Production

Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

Independent auditor's report
The Shareholders of
Kuwait Cement Company - K.S.C.P
State of Kuwait
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Kuwait Cement Company - K.S.C. (Public) "Parent Company" and its subsidiaries (together referred to as the "Group"), which includes the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which include material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements included in our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our professional opinion thereon, and we do not provide a separate opinion on these matters. Below is the details of material audit matters that we have determined and how we addressed each of these audit matters in our audit.

Impairment of property, plant and equipment

Property, plant and equipment are carried in the consolidated statement of financial position at KD 126,205,648 as at 31 December 2023, which represents an important part of the total assets of the Group.

The impairment test carried by the management of the Group is significant to our audit because the assessment of the recoverable amount requires the management to make significant judgements and estimates. Management used the value in use method to assess the recoverable amount. The determination of the value in use requires that significant estimates and assumptions be made concerning future cash flows, growth rates, future business prospects and associated discount rates. Accordingly, we consider this as a key audit matter.

Our audit procedures include obtaining the impairment study and reviewing the appropriateness of valuation model and reasonableness of the key assumptions that have been made. In addition, assessing the adequacy of disclosures as stated in Note 5 to the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's annual report for the financial year ended 31 December 2023, other than the consolidated financial statements and the auditors' report thereon. We have not obtained the Group's annual report which also includes the report of Board of Directors, prior to the date of auditor's report. We expect to obtain these reports after the date of auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to peruse the other information and, in doing so, consider whether the other information is not materially identical with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information includes a material misstatement; we will be required to disclose that fact in our report. We have nothing to disclose in this regard. Our opinion on the consolidated financial statements does not include the other information, and we do not express any form of assurance conclusion thereon.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Accounting Standards as issued by ISAB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall framework, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the related transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Among the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore considered as a material audit matter. We disclosed these matters in our auditor's report

unless local laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company, and the consolidated financial statements, together with the information given in the Parent Company's Board of Directors' report relating to these consolidated financial statements are in accordance therewith. We further report that we obtained the information that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2023 that might have a material effect on the Group's business or its consolidated financial position.

We further report that, during the course of our audit, nothing has come to our attention indicating any material violations of the provisions of Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and the Organization of Securities Activity and its Executive Regulations, as amended, during the year ended 31 December 2023, which might have materially affected the Group's business or its consolidated financial position.



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

Kuwait: 20 March 2024

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	5	126,205,648	128,937,213
Intangible assets		10	10
Investment properties	6	770,641	770,641
Investment in associates	7	17,800,835	17,252,492
Financial assets at fair value through other comprehensive income	8	98,003,213	99,751,017
Right-of-use assets	9	2,493,627	2,992,352
Total non-current assets		245,273,974	249,703,725
Currents assets			
Inventories	10	17,423,371	20,268,995
Accounts receivable and other debit balances	11	15,654,450	17,688,639
Cash and cash equivalents	12	13,015,501	8,723,902
Total current assets		46,093,322	46,681,536
Total assets		291,367,296	296,385,261
Equity and liabilities			
Equity			
Capital	13	73,330,387	73,330,387
Share premium		26,675,810	26,675,810
Treasury shares	14	(13,546,935)	(13,546,935)
Profits on sale of treasury shares		441,409	441,409
Statutory reserve	15	48,270,703	48,270,703
Voluntary reserve	16	42,048,346	42,048,346
General reserve		18,930,128	18,930,128
Investments revaluation reserve		(8,871,062)	(7,252,092)
Group's share in associates' reserves		(118,010)	(11,220)
Foreign currency translation reserve		107,854	107,854
Retained earnings		3,497,258	5,165,534
Equity attributable to Shareholders of the Parent Company		190,765,888	194,159,924
Non-controlling interests		170,155	168,041
Total equity		190,936,043	194,327,965
Liabilities			
Non-current liabilities			
Loans, bank facilities and Murabaha	17	61,018,233	64,975,840
Provision for employees' end of service indemnity		3,828,422	3,647,465
Lease liabilities	9	1,693,507	2,350,386
Total non-current liabilities		66,540,162	70,973,691
Current liabilities			
Loans, bank facilities and Murabaha	17	11,233,500	9,343,858
Accounts payable and other credit balances	18	22,152,657	21,251,904
Lease liabilities	9	504,934	487,843
Total current liabilities		33,891,091	31,083,605
Total liabilities		100,431,253	102,057,296
Total equity and liabilities		291,367,296	296,385,261

The accompanying notes form an integral part of the consolidated financial statements.

Rashed Abdulaziz Al-Rashed
Chairman

Dr. Abdulaziz Rashed Al-Rashed
Vice Chairman

	Note	2023	2022
Sales		65,503,788	68,581,751
Cost of sales	19	(60,516,419)	(66,636,812)
Gross profit		4,987,369	1,944,939
Net income from other activities	20	458,412	225,838
Selling, general and administrative expenses		(3,363,098)	(3,699,000)
Profit / (loss) from operations		2,082,683	(1,528,223)
Provision for expected credit losses (charged) / no longer required	11	(126,954)	862,665
Finance charges		(3,719,778)	(2,180,220)
Interest income		84,940	5,470
Net investment income	21	2,420,453	5,861,169
Group's share in associates' business results	7	1,016,803	647,472
Profit for the year before contributions to Kuwait Foundation for the Advancement of Sciences ("KFAS")		1,758,147	3,668,333
Contribution to Kuwait Foundation for the Advancement of Sciences	24	(5,433)	(28,643)
Net profit for the year		1,752,714	3,639,690
Attributable to:			
The Parent Company's Shareholders		1,752,531	3,639,496
Non-controlling interests		183	194
Net profit for the year		1,752,714	3,639,690
Basic and diluted earnings per share (fils)	22	2.46	5.10

The accompanying notes form an integral part of the consolidated financial statements.

	Note	2023	2022
Net profit for the year		1,752,714	3,639,690
Other comprehensive loss items:			
Items that may be reclassified subsequently to the consolidated statement of income:			
Group's share of associates' reserves	7	(106,790)	(608)
Items that may not be subsequently reclassified to the consolidated statement of income:			
Changes in fair value of financial assets at fair value through other comprehensive income		(1,496,510)	(8,034,349)
Total other comprehensive loss for the year		(1,603,300)	(8,034,957)
Total comprehensive income / (loss) for the year		149,414	(4,395,267)
Attributable to:			
The Parent Company's Shareholders		150,724	(4,385,724)
Non-controlling interests		(1,310)	(9,543)
Total comprehensive income / (loss) for the year		149,414	(4,395,267)

The accompanying notes form an integral part of the consolidated financial statements.

	Equity attributable to shareholders of the Parent Company													
	Capital	Share premium	Treasury shares	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	Total	Non-controlling interests	Total equity
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 year	-	-	-	-	-	-	-	-	-	-	3,639,496	3,639,496	194	3,639,690
Other comprehensive loss for the year	-	-	-	-	-	-	-	(8,024,612)	(608)	-	-	(8,025,220)	(9,737)	(8,034,957)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	(8,024,612)	(608)	-	3,639,496	(4,385,724)	(9,543)	(4,395,267)
Transferred from disposal of investments	-	-	-	-	-	-	-	(930,155)	-	-	930,155	-	2,732	2,732
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Cash dividends	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 31 December 2022	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 for the year	-	-	-	-	-	-	-	-	-	-	1,752,531	1,752,531	183	1,752,714
Other comprehensive loss for the year	-	-	-	-	-	-	-	(1,495,017)	(106,790)	-	-	(1,601,807)	(1,493)	(1,603,300)
Total comprehensive (loss) / income	-	-	-	-	-	-	-	(1,495,017)	(106,790)	-	1,752,531	150,724	(1,310)	149,414
Transferred from disposal of investments	-	-	-	-	-	-	-	(123,953)	-	-	123,953	-	3,520	3,520
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(96)	(96)
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Cash dividends (Note 25)	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 31 December 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(8,871,062)	(118,010)	107,854	3,497,258	190,765,888	170,155	190,936,043

The accompanying notes form an integral part of the consolidated financial statements.

	2023	2022
Cash flows from operating activities:		
Net profit for the year	1,752,714	3,639,690
Adjustments:		
Depreciation and amortization	3,524,764	3,830,585
Gains on sale of property, plant and equipment	(76,352)	(48,405)
Provision for expected credit losses charged / (no longer required)	126,954	(862,665)
Finance charges	3,719,778	2,180,220
Net investment income	(2,547,330)	(5,997,251)
Interest income	(84,940)	(5,470)
Group's share in associates' business results	(1,016,803)	(647,472)
Provision for employees' end of service indemnity	180,957	18,073
Net operating profit before working capital changes	5,579,742	2,107,305
Inventories	2,845,624	(8,715,109)
Accounts receivable and other debit balances	1,907,235	(3,232,722)
Accounts payable and other credit balances	911,893	(620,979)
Net cash generated from / (used in) operating activities	11,244,494	(10,461,505)
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(306,621)	(793,892)
Proceeds from sale of property, plant and equipment	88,499	71,128
Paid for purchase of financial assets at fair value through other comprehensive income	(4,904,395)	(13,679,932)
Proceeds from sale of financial assets at fair value through other comprehensive income	5,159,209	5,690,615
Paid for purchase of financial assets at fair value through profit or loss	-	(3,061,607)
Proceeds on sale of financial assets at fair value through profit or loss	-	11,239,299
Dividends income received	2,929,108	4,016,237
Term deposits	(2,000,000)	-
Interest income received	84,940	5,470
Net cash generated from investing activities	1,050,740	3,487,318
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	7,000,000	39,800,000
Paid for loans, bank facilities and murabaha	(9,067,965)	(29,321,077)
Finance charges paid	(3,623,752)	(2,055,225)
Lease liabilities paid	(748,799)	(636,171)
Dividends paid	(3,563,023)	(3,566,424)
Net change in Non-controlling interests	(96)	-
Net cash (used in) / generated from financing activities	(10,003,635)	4,221,103
Net increase / (decrease) in cash and cash equivalents	2,291,599	(2,753,084)
Cash and cash equivalents at beginning of the year	8,723,902	11,476,986
Cash and cash equivalents at end of the year (Note 12)	11,015,501	8,723,902

The accompanying notes form an integral part of the consolidated financial statements.

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. Pursuant to the Extraordinary General Assembly held on 22 October 2023, some articles of the Articles of Association were amended, the latest of which was noted in the Commercial Register under No. 1532 dated 26 November 2023.

The Parent Company's objectives are as follows:

1- Production of cement of all kinds.
2- Production of refractory bricks, blocks and tiles (including refractory cement).
3- Production of bulk, hollow cement blocks and bricks.
4- Production of cement block.
5- Production of kinds of concrete or cement.
6- Production of asbestos cement or cellulosic fiber cement.
7- Production of building materials produced from plant materials and agglomerated with cement.
8- Aggregate crusher.
9- Chemical stores.
10- Extract sand and refilling (quarries).
11- Transportation of solid and liquid waste.
12- Collection of non-hazardous waste.
13- Collection of hazardous waste.
14- Treating and disposing of non-hazardous waste.
15- Treating and disposing of hazardous waste.
16- Recycling used tires.
17- Import of aggregate.
18- Wholesale of cement, gypsum and the like.
19- Wholesale of sand and aggregate.
20- Retail sale of building materials and scrap.
21- Storage in warehouses.
22- Investing the financial surplus in portfolios managed by specialized companies and entities.
23- Sale and purchase of shares and bonds for the interest of the Company.
24- Owning the real estate and movables necessary to carry out its work within the limits permitted by law.
25- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them.
26- Production of agglomerated cement (clinker).
27- Importing chemicals.

The Company may have interests or participate in any suitable way with entities and 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. The Company may practice the above activities inside the State of Kuwait and abroad either in its own name or by proxy. The Company may practice similar, supplementary, necessary or related business to the mentioned 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.

1. Incorporation and activity (Continued)

The consolidated financial statements for the year ended 31 December 2023 were authorized for issue by the Parent Company's Board of Directors on 20 March 2024. and it is subject to the approval of the Shareholders' General Assembly. The Annual General Assembly of the Parent Company's Shareholders has the authority to amend these consolidated financial statements after their issuance.

2. Application of new and revised international financial reporting standards ("IFRSs")

a) New standards, interpretations and amendments effective from 1 January 2023

The Group has adopted the previously issued, new and amended IFRSs as follows:

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

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 consolidated financial statements. However, it could affect accounting policy disclosures in the Group's consolidated financial statements.

IFRS 17: Insurance Contracts

IFRS 17: Insurance Contracts, a new comprehensive accounting standard for insurance contracts covering recognition, 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 reinsurance), regardless of the type of entity issuing them, in addition to certain guarantees and financial instruments with optional participation features; some 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 insurance companies. 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 consolidated financial statements.

Amendments to IAS 8 - Definition of Accounting Estimates

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 consolidated financial statements.

2. Application of new and revised international financial reporting standards ("IFRSs") (Continued)

b) New standards, interpretations and amendments issued but not yet effective

There are a number of standards and amendments to standards and interpretations issued by ISAB that are effective in future accounting periods and which the Group has decided not to adopt early.

The following amendments are effective for the period beginning on 1 January 2024:

- *Sale and leaseback obligations (amendments to IFRS 16 Leases);*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS (1) presentation of financial statements);*
- *Non-current liabilities with covenants ((Amendments to IAS (1) presentation of financial statements);*
- *Supplier financing arrangements (Amendments to IAS (7) Statement of Cash Flows and IAS (7) Financial Instruments: Disclosures).*

The following amendments are effective for the period beginning on 1 January 2025:

- *Non-exchangeability (Amendments to IAS (21) Effect of Change in Foreign Currency Exchange Rate Translation).*

The Group is currently evaluating the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS (1) will have a significant impact on the classification of its liabilities, as the conversion feature in convertible debt instruments is classified as equity instruments and therefore does not affect the classification of its convertible debts as non-current liabilities. The Group does not expect that any other standards issued by ISAB, but not yet effective, will have any material impact on the Group.

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and Companies' Law No. 1 of 2016 and its Executive Regulations, as amended.

3.2 Basis of preparation

The consolidated financial statements are prepared on basis of historical cost except for financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss, which are carried at fair value. These consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is the Parent Company's functional and presentation currency once the consolidated financial statements are prepared.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain estimates, assumptions and judgments in applying the Group's accounting policies. The areas where material judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Material accounting policies (Continued)

3.3 Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its following subsidiaries (together referred to as "the Group").

Name of the Company	Activity Principal	Country of Incorporation	Percentage of ownership (%) 2023	2022
Shuwaikh Cement Company - K.S.C.C	Industrial	State of Kuwait	99.250	99.250
Amwaj Real Estate Company - K.S.C.C	Real Estate	State of Kuwait	96.000	96.000
Kuwait Cement Ready-mix Company - K.S.C.C	Industrial	State of Kuwait	99.844	99.844

The Group consolidated its subsidiaries based on the audited financial statements as at 31 December 2023.

The subsidiaries' total assets amounted to KD 30,106,646 as at 31 December 2023 (2022: KD 28,495,944) and their net losses amounted to KD 94,705 for the year ended 31 December 2023 (2022: net losses amounted to KD 1,487,304).

The consolidated financial statements incorporate the financial statements of the Parent Company and subsidiaries controlled by the Parent Company. Control exists when the Parent Company has: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company losses control over subsidiary. Specifically, revenues and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or the consolidated other comprehensive income from the date the Company gains control over the subsidiary until the date when Company ceases to control.

Profit or loss and each item of income and other comprehensive income items are distributed to the shareholders of the Company and to the non-controlling interests. Comprehensive income of subsidiaries is attributed to the shareholders of the Company or to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of controlling and non-controlling interests are adjusted to reflect changes in their interest in subsidiaries. The difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and is available to the Company's shareholders.

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Subsidiaries (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is stated in the consolidated statement of income and is calculated as the difference between:

a) The aggregate of the fair value of the consideration received and the fair value of any retained interest and
b) The carrying value of assets before disposal (including goodwill), the liabilities of the subsidiary as well as non-controlling interests.

All amounts previously recognised in consolidated statement of other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary. The fair value of any investment retained in the "former" subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 9, or the cost on initial recognition of an investment in an associate.

Business combinations

Acquisitions of businesses combination are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed in a business combination are initially recognised at fair value, except deferred tax assets and liabilities, equity instruments related to share based payment arrangements and assets that are classified as held for sale in which cases they are accounted for in accordance with the related IFRS.

Goodwill is measured by the excess of the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest over the net value of the assets acquired and identifiable liabilities incurred as at the acquisition date. If the net value of assets acquired and liabilities incurred exceeds the consideration transferred, the share of non-controlling interests in the acquiree and the fair value of any previously acquired interest, such excess is recognized directly in the consolidated statement of income as profit.

The non-controlling interest in acquired subsidiary is measured by the proportion of the non-controlling interest in the identifiable net assets of the acquiree or at the fair value of that interest. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income. Amounts recognized in the consolidated statement of other comprehensive income relating to previous interests prior to the acquisition date are transferred to the consolidated statement of income as if the interest had been disposed of in its entirety.

3. Material accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Goodwill

Goodwill arising on an acquisition of subsidiaries is carried at cost as established at the date of acquisition less impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses if any. Cost includes the purchase price and directly associated costs of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. In situations, where it is clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance.

Depreciation of property, plant and equipment is calculated using the straight-line basis over its expected useful life, except for furnace equipment (listed under machinery and equipment), for which depreciation is calculated using the production units method as follows:

	Useful life
Buildings	5 - 50 years
Machinery and equipment (except for furnace equipment)	7 - 50 years
Motor vehicles, computers & furniture	1-7 years

The asset's residual values, useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Should the estimated useful lives of a property, plant and equipment be changed, such lives are changed at beginning of the financial year of change without retroactivity.

The carrying amount of property, plant and equipment is reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment in this carrying value. If any such indication exists, an impairment loss is recognized in the consolidated statement of income, being the difference between carrying value and the asset's recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3. Material accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

The recoverable amount of asset is the greater of their fair value less costs to sell or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Profits or losses on disposals are determined by the difference between net sale proceeds and net carrying amount of the asset and is recognised in the consolidated statement of income.

Work in progress is included in property, plant and equipment in the consolidated statement of financial position until they are completed and ready for their intended use, at that time, they are reclassified under similar assets and the depreciation commences.

3.5 Intangible assets

Intangible assets with definite life, which are separately acquired, are carried at cost less accumulated amortization and impairment losses if any. Amortization is charged on a straight-line basis over the estimated useful lives.

The useful live and amortization methods are reviewed at the end of each financial year. Changes in estimations are accounted for as at the beginning of the financial year in which the change occurred.

Intangible assets with infinite life, which are separately acquired, are carried at cost less impairment losses if any.

Intangible assets are removed on disposal or when it is proved that there will not be any future benefit resulting from use of these assets. The profit or loss resulting from disposal are measured by the difference between the net proceeds and carrying value of the disposed asset and are then recorded in the consolidated statement of income.

3.6 Investment properties

Property that is held for long-term rental terms or for capital appreciation or both, and that is not occupied by the Group, is classified as investment properties. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are initially measured at cost, including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Investment properties are recorded at cost less accumulated depreciation and impairment, if any. Land is not depreciated. Building is depreciated using the straight line basis over its estimated useful lives of 10-20 years.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on the disposal of investment property are determined as the difference between the carrying amount and the net disposal proceeds. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

3. Material accounting policies (Continued)

3.6 Investment properties (Continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in the use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

3.7 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates is accounted for using the equity method.

The Group calculated its investments share in the associates based on financial statements as at 30 September 2023, with making the amendments related to any material transactions made during the period from 1 October to 31 December 2023 (if any).

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The consolidated statement of income reflects the Group's share of the business results of the associate.

Any change in statement of other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of results of an associate is shown on the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At the date of each consolidated financial statements, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Impairment of an associate in the consolidated statement of income.

When the Group loses significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of income.

3. Material accounting policies (Continued)

3.8 Impairment of tangible and intangible assets other than goodwill

The tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered impairment in value. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The net recoverable amount is determined at the higher of an asset's fair value less costs to sell or value in use. Impairment losses are recognised in the consolidated statement of income for the year in which they arise. When an impairment is written back, the impairment is reversed to the extent of net carrying amount of the asset if no impairment ws recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

3.9 Financial instruments

A financial asset or liability is recognised when the Group becomes a party to the contractual provisions of such instrument.

All regular way purchases and sales of financial assets are recognized using trade date accounting. Changes in fair value between the trade date and settlement date are recognized in the consolidated statement of income or in the consolidated statement of income and other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by laws or conventions in the market place.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. A financial liability is derecognized when the Group's obligation specified in the contract is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

All financial assets are initially measured at fair value. Transaction costs are added to the cost of all financial instruments except for financial assets classified at fair value through profit or loss. Transaction costs for financial assets carried as financial assets at fair value through profit or loss are recorded in the consolidated statement of income.

Financial assets

The Group determines classification and measurement category of financial assets based on a combination of the entity's business model for managing the assets and the instrument's contractual cash flow characteristics except for equity instruments and derivatives.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also material aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cash flow assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell the financial instrument, the Group assesses whether the financial instrument's cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of 'interest' within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and interest margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are classified into following categories under IFRS 9:

- Amortized cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

Amortized cost

The Group classifies its financial assets at amortized cost if the following conditions are met, and are not designated at fair value through profit or loss:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method adjusted for impairment losses, if any. Interest income, foreign exchange gains/losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Fair value through other comprehensive income

Equity instruments carried at fair value through other comprehensive income
Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at fair value through other comprehensive income if they meet the definition of Equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Equity instruments carried at fair value through other comprehensive income are subsequently measured at their fair value. Changes in fair value including foreign exchange gains and losses are recognised in other comprehensive income. Dividends are recognized in consolidated statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments carried at fair value through other comprehensive income

Not subject to impairment testing. Upon disposal, cumulative gains or losses are reclassified from other comprehensive income to retained earnings in the consolidated statement of changes in equity.

Fair value through profit or loss

Financial assets whose business model is to acquire or sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI), are classified at fair value through profit or loss.

In addition to the above, on initial recognition, the Group may irrevocably classify financial assets that do not meet the requirements to be measured at amortized cost or at fair value through other comprehensive income as carried at fair value through profit or loss. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of income. Interest income and dividends are recognised in the consolidated statement of income according to the terms of the contract, or when the right to payment has been established.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Impairment of financial assets

The Group applied the simplified approach and measure the loss allowance for receivables balances at an amount equal to lifetime ECLs. The expected credit losses on receivables balances are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group writes off receivables balances when there is information indicating that the debtor is in financial difficulties and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in cash and bank balances. The Group uses external rating agency credit grades for assessing credit risk on these financial assets and these published grades are continuously monitored and updated.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or fair value through consolidated statement of income.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not classified under the following items, are subsequently measured at amortized cost using the effective interest method:

1) Contingent cash consideration in a business combination;
2) Held for trading;
3) Classified at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. Material accounting policies (Continued)

3.9 Financial instruments (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ”other gains or expenses” item in the consolidated statement of income for financial liabilities that are not part of a designated hedging relationship.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3.10 Inventories

Inventories are held at lower of cost and net realisable value. Raw materials cost is determined on a weighted average cost basis. The cost of finished goods and goods in process includes direct materials, direct labor and fixed and variable manufacturing overhead and other costs incurred in bringing inventories to their present location and condition. Net realizable value is the estimated selling prices less all the estimated costs to make the sale.

3.11 Employees’ end of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at termination of employment. Regarding non-Kuwaiti employees in other countries; the indemnity is calculated based on law identified in these countries. Such payment is made on a lump sum basis at the end of an employee service. This liability is un-funded and is computed based on amount payable that would arise on involuntary termination of all employees on the consolidated financial statements date. The management expects this method to produce a reliable approximation of the present value of the Group’s liability.

3.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the consideration expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.13 Treasury shares

Treasury shares consist of the Parent Company’s own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. Treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, profits are credited to a separate account in equity “treasury shares reserve” which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in share premium, reserves, retained earnings and treasury shares reserve respectively. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3. Material accounting policies (Continued)

3.13 Treasury shares (Continued)

Where any Group's company purchases the Parent Company's equity capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

3.14 Foreign currency

Functional and presentation currency
Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars ("KD").

Transactions and balances
Foreign currency transactions are translated into Kuwaiti Dinars using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the consolidated financial statements date.

Foreign exchange profits and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income.

Group's companies
The results and financial position of all the Group's companies that have a functional currency different from the presentation currency (except those companies that operate in countries with high inflation rate) are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated financial statements;
- Income and expenses for each consolidated statement of income are translated at average exchange rate.
- All resulting exchange differences are recognised as a separate component of the statement of equity.

3.15 Revenue recognition

Revenues from contracts with customers are recognized when the entity meets performance obligation through transferring the promised goods or services to the customer. Such goods or services are considered transferred when the customer has control over these goods or services at point in time or over time. Revenues are measured at the consideration expected to be received by the entity having the right to do so against transferring the promised good or service to the customer, except for the amounts collected on behalf of third parties. The consideration promised in a contract with the customer includes fixed or variable amounts or both of them.

Group's revenue streams arise from the following activities:

Sale of goods
Revenue from sale of goods is recognized at point in time, when the entity satisfies the performance obligation, and when the control over the goods is transferred to the customer. Control is transferred at the point in time the customer takes undisputed delivery of the goods. Delivery occurs when the goods, which have been previously purchased by the customer, are shipped to the specific location and the risks of obsolescence and loss are transferred to the customer. This represents the point in time at which the right to collect outstanding receivables becomes unconditional, i.e. such amounts are due directly when the purchase is made.

3. Material accounting policies (Continued)

3.15 Revenue recognition (Continued)

Dividends income
Dividends income is recognized when the Group's right to receive payment is established.

Interest income
Interest income are recognized on time proportion basis using the effective interest method.

Leases
Rental income on operating leases is recognised over the term of the lease on a straight-line basis.

Other income
Other income are recognized at point in time or over time, once such service is rendered or upon completing the service according to its nature.

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Government grants

The government grants are recognized when there is a reasonable assurance that the grant will be received and all accompanied conditions will be fulfilled. When the grant relates to an expense item, it is deducted from the related expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate. When the grant relates to an asset, it is recognized as revenues at equal amounts over the expected useful life of the related asset.

When the Group receives grants from non-cash assets, the asset and grant are recognized at the nominal values and are released yearly in equal installments on the profits or losses over the expected useful life of the asset based on the depreciation pattern of the related asset's features.

3.18 Accounting for leases

When the Group is the lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability at the date on which the lessor makes the asset available for use by the Group (the commencement date).

On that date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period; this is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

When the Group is the lessee (Continued)

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be paid by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Payments associated with short term leases and leases of low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

Whenever the Group incurs an obligation for costs to remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent measurement

Generally, in order for reclassification to be made, the Group, after the commencement date, measures the right-of-use asset at cost less accumulated depreciation and impairment losses. The depreciation is calculated on a straight-line basis over the shorter of the asset's estimated useful life or the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss in the consolidated statement of income. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss.

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. Material accounting policies (Continued)

3.18 Accounting for leases (Continued)

Subsequent measurement (Continued)

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the lessor shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

When the Group is the lessor

Leases in which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease.

All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

When a lease includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the lease to each component.

3.19 Contribution to Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences “KFAS” is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting the contribution to KFAS, NLST, Zakat provision and directors' remuneration, and after excluding the Parent Company’s share from profits of the Kuwaiti shareholding subsidiaries and associates, and transfer to statutory reserve account.

3.20 National Labour Support Tax

National Labor Support Tax (NLST) is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before deduction of contribution to KFAS, NLST, Zakat and Board of Directors’ remuneration, and after deducting cash dividends received from companies listed in Boursa Kuwait in accordance with law No. 19 for year 2000 and Ministerial resolution No. 24 of 2006 and their executive regulations. No NLST has been calculated for the financial year ended 31 December 2023, since there was no taxable profit, based on which NLST could be calculated.

3.21 Contribution to Zakat

Zakat contribution is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting KFAS, NLST, Zakat provision and directors’ remuneration, and after excluding the Company’s share from profits of the Kuwaiti shareholding subsidiaries and associates, also Zakat share paid by the Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies. This is in accordance with Law No. 46 of 2006 and Ministerial Order No. 58 of 2007 and its implementing executive rules. No contribution to Zakat has been calculated for the financial year ended 31 December 2023, since there was no financial profit, based on which Zakat contribution could be calculated.

3. Material accounting policies (Continued)

3.22 Dividends

The Group recognizes cash and non-cash dividends to the Shareholders of the Parent Company as liabilities when such dividends are finally approved, and when decision on such dividends is no longer at the discretion of the Group. Such dividends are approved when they are agreed upon by the Annual General Assembly of the Parent Company's Shareholders, whereby the value of such dividends is recognized in equity.

The non-cash dividends are measured at fair value of assets that will be distributed, along with recognizing result of the re-measurement at fair value directly in equity. When distributing such non-cash dividends, the difference between the carrying value of that liability and the carrying value of the distributed assets is recognized in the consolidated statement of income.

Dividends approved after the consolidated financial statements date are disclosed as events subsequent to the consolidated statement of financial position date.

3.23 Financial risk management

Financial risk

The activities of the Group expose it to a set of financial risks, which are market risk, which include (foreign currency risk and risks of change in fair value resulting from the change in interest rates, and risks of fluctuations in cash flows resulting from the change in interest rates, and price risk) in addition to credit risk and liquidity risk.

The Group's management for these financial risks is concentrated in the continuous evaluation of market conditions and trends and the management's assessment of the changes to long and short-term market factors.

a) Market risk

Market risk, comprising of foreign exchange risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will be affected as a result of changes in foreign currency exchange rates.

The Group is exposed to foreign currency risk resulting primarily from dealing with financial instruments in US Dollar. The foreign currency risk results from future transactions and from the assets and liabilities denominated with different currency other than the functional currency. The Group has set policies to manage foreign currency risk represented in close monitoring of the change in currency rate, in addition to monitoring the effect of such changes on the financial position of the Group. Also, the use of hedging instruments to cover for the exchange rate risk of some foreign currencies over the year.

The Group is not significantly exposed to foreign currency risk.

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

a) Market risk (Continued)

Price risk

The Group is exposed to price risk through its investments classified in the consolidated financial statements as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group manages this risk by diversifying its investments on the basis of pre-determined asset allocation across various categories, continuous appraisal of market conditions and trends and management's estimate of long term changes in fair value. In addition, the Group keeps its investments at specialised investment companies which manage these investments.

The Group monitors the management of the investment portfolios through monthly periodic reports provided by the portfolio managers of these portfolios and takes the necessary actions when required to minimise the expected market risk of these investments.

The table below indicates the impact of the decrease in the Kuwait Stock Exchange "KSE" index on the consolidated statement of income and the consolidated statement of other comprehensive income. This analysis is based on the assumption that the KSE changes by ±5% with all other variables held constant.

	Effect on the consolidated statement of income and the consolidated statement of other comprehensive income	
	2023	2022
Financial assets at fair value through other comprehensive income	3,875,963	4,110,408

Cash flow and fair value fluctuation risk resulting from the change in interest rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.
As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are independent of interest rate risks.

The Group's interest rate risk arises from long-term borrowings. The Group has floating and fixed interest bearing loans.

Financial instruments with fixed interest rates expose the Group to fair value interest rate risks. Financial instruments with variable interest rates expose the Group to the risk of fluctuations in cash flows resulting from the change in interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Available scenarios are considered by the Group, taken into consideration the ability for refinancing and renewal of existing and alternative borrowings.

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of the debit balances on an ongoing basis. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks. Furthermore: Debit balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is insignificant.

Cash and cash equivalents
The Group's cash and cash equivalents measured at amortized cost are considered to have a low credit risk and the loss allowance is calculated based on the 12 months expected loss. Cash at banks and cash in portfolios are placed with high credit rating financial institutions with no previous history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Trade receivables
The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the ECLs, trade receivables have been assessed on a collective basis respectively and classified based on shared credit risk characteristics and the days past due.

Expected loss rates are based on the payment model for revenue or customer ageing. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the outstanding amount. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the period of consolidated financial statements.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments is considered an indicator of no reasonable expectation of recovery and therefore is considered as credit impaired.

Set out below is the information about the credit risk exposure on trade receivables and other receivables:

	2023		
	Gross carrying amount at default	Average expected credit losses rate	Lifetime ECLs
Ageing of receivables			
Less than 30 days	5,228,682	1.81%	94,709
30 to 60 days	2,645,197	4.46%	118,022
61 to 90 days	1,400,005	8.27%	115,754
91 to 180 days	4,605,037	45.94%	2,115,340
More than 180 days	7,008,338	61.34%	4,298,873
	20,887,259		6,742,698

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk (Continued)

Trade receivables (Continued)

	2022		
	Gross carrying amount at default	Average expected credit losses rate	Lifetime ECLs
Ageing of receivables			
Less than 30 days	6,163,577	1.63%	100,227
30 to 60 days	2,409,484	5.16%	124,430
61 to 90 days	1,717,004	9.05%	155,368
91 to 180 days	4,199,726	48.66%	2,043,747
More than 180 days	7,084,414	59.17%	4,191,972
	21,574,205		6,615,744

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The ultimate responsibility of managing the liquidity risk is kept with the board of directors. The Group manages the liquidity by keeping appropriate reserves and obtaining bank credit facilities. As well as it continuously monitors the expected and actual cash flows and a comparison of maturity dates of financial assets and liabilities.

The following are the maturity dates of financial liabilities as at 31 December:

	2023			
	Within one year	**More than one up to three years**	**More than three years**	**Total**
Loans, bank facilities and Murabaha	**11,233,500**	**45,201,000**	**15,817,233**	**72,251,733**
Accounts payable and other credit balances (excluding advance payments)	**16,269,538**	**-**	**-**	**16,269,538**
Lease liabilities	**504,934**	**1,623,430**	**70,077**	**2,198,441**

	2022			
	Within one year	More than one up to three years	More than three years	Total
Loans, bank facilities and Murabaha	9,343,858	46,821,816	18,154,024	74,319,698
Accounts payable and other credit balances (excluding advance payments)	17,573,360	-	-	17,573,360
Lease liabilities	487,843	1,565,389	784,997	2,838,229

3. Material accounting policies (Continued)

3.23 Financial risk management (Continued)

3.24 Capital risks

The Group manages its capital to ensure that the Group's companies will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (loans, bank facilities and Murabaha offset by cash and cash equivalents) and equity. The Group aims to keep gearing ratio to total capital ranging from 20% to 30% determined as the proportion of net debt to total capital.

The following shows the net debt to total capital as at 31 December:

	2023	2022
Loans, bank facilities and Murabaha	72,251,733	74,319,698
Less: Cash and cash equivalents	(13,015,501)	(8,723,902)
Net debt	59,236,232	65,595,796
Total equity attributable to shareholders of the Parent Company	190,765,888	194,159,924
Total capital	250,002,120	259,755,720
Net debt to total capital ratio (%)	23.69%	25.25%

3.25 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. Valuation techniques based on 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 financial assets and liabilities are determined:

Financial assets	Fair value As at 31 December 2023	2022	Fair value level	Valuation techniques and key inputs	Material unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income:						
Quoted securities	77,519,267	82,208,165	First	Last bid price	None	None
Funds and portfolios	12,318,749	10,596,485	Second	Net asset value	None	None
Unquoted securities	8,165,197	6,946,367	Three	Based on the revised NBV or on the basis of the last transaction	Liquidity discount	The higher the discount rate, the lower the value

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

4. Material accounting judgments and estimation uncertainty

In the application of the Group's accounting policies, the management are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the revision and future periods if the revision affects both current and future periods. The following are the estimates concerning the future, that may result in a significant risk of causing significant adjustments to the assets and liabilities within the next financial years.

Accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and the policy of revenue recognition disclosed in Note No. (3.15) require significant judgments.

Classification of investments in equity instruments - IFRS 9

On acquisition of an investment, the Group decides whether it should be classified as "at fair value through profit or loss" or "at fair value through other comprehensive income". The Group follows the requirements of IFRS 9 on classifying its investments.

Determining the lease term with renewal and termination options - when the Group is the lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under certain leases, the Group has the option to lease the assets for additional periods. The Group uses judgments to assess whether the option will be reasonably certain practiced. That is, it considers all the relevant factors that provide an economic incentive to exercise the renewal option. Subsequent to the commencement of lease, the Group revalues the lease term if there is a significant event or change in circumstances that falls within the scope of Group's control and affects its ability to exercise (or not exercise) the renewal option (such as a change in the business strategy).

Discounting of lease payments

The lease payments are discounted using the incremental borrowing rate ("IBR"). At initial adoption of IFRS 16 "Leases", the management has applied judgments and estimates to determine the incremental borrowing rate.

4. Material accounting judgments and estimation uncertainty (Continued)

Estimation uncertainty

The key assumptions concerning the future and key sources of estimation uncertainty at the consolidated financial statements date that have a significant risk of causing a material adjustment to the accounts of assets and liabilities in the consolidated financial statements within the next year are discussed below: the Group's estimates and assumptions are based on indicators available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
The Group reviews the carrying amounts of its non-financial assets to determine whether there is any objective evidence that those assets have suffered an impairment loss in accordance with accounting policies. The recoverable amount of an asset is determined based on higher of fair value and value in use. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives and the related depreciation for property, plant and equipment. Group's management increased the depreciation charge where the useful lives are lower than previously estimated lives. The Group eliminates or writes down obsolete or non-strategic assets which have been disposed or sold.

Fair value measurement and valuation techniques
Certain assets and liabilities of the Group are measured at fair value for the purposes of preparing the consolidated financial statements. Group management determines the main appropriate techniques and inputs required for measuring the fair value. In determining the fair value of assets and liabilities, management uses observable market data as appropriate. Information regarding the required valuation techniques and inputs used to determine the fair value of assets and liabilities is disclosed in (Note 3.25).

Impairment of financial assets
The Group assesses whether the credit risk associated with financial assets and other items has increased substantially since the initial recognition in order to determine whether the expected credit loss for the 12-month period or expected credit loss over the lifetime of the financial instrument should be recognized (Note 3.23).

Contingent liabilities
Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events that are not included in full within control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5. Property, plant and equipment

	Land and buildings	Machinery and equipment	Motor vehicles, computers & furniture	Projects in Progress	Total
Cost:					
As at 1 January 2022	57,633,711	212,588,562	17,451,345	522,338	288,195,956
Additions	44,305	41,336	108,099	600,152	793,892
Transfers	804,169	111,380	51,118	(966,667)	-
Disposals	-	(11,760)	(169,894)	-	(181,654)
As at 31 December 2022	58,482,185	212,729,518	17,440,668	155,823	288,808,194
Additions	1,600	178,880	46,805	79,336	306,621
Transfers	66,394	(1,718)	89,346	(154,022)	-
Disposals	-	(1,966,346)	(91,175)	(496)	(2,058,017)
As at 31 December 2023	58,550,179	210,940,334	17,485,644	80,641	287,056,798
Accumulated depreciation:					
As at 1 January 2022	33,008,256	114,159,755	9,530,041	-	156,698,052
Charged for the year	1,005,177	1,388,256	938,427	-	3,331,860
Disposals	-	(11,259)	(147,672)	-	(158,931)
As at 31 December 2022	34,013,433	115,536,752	10,320,796	-	159,870,981
Charged for the year	995,017	1,201,226	829,796	-	3,026,039
Disposals	-	(1,966,344)	(79,526)	-	(2,045,870)
As at 31 December 2023	35,008,450	114,771,634	11,071,066	-	160,851,150
Net carrying value:					
As at 31 December 2023	23,541,729	96,168,700	6,414,578	80,641	126,205,648
As at 31 December 2022	24,468,752	97,192,766	7,119,872	155,823	128,937,213

5. Property, plant and equipment (Continued)

Some 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.

Depreciation has been charged to the consolidated statement of income as follows:

	2023	2022
Cost of sales	2,985,247	3,293,028
Selling, general and administrative expenses	40,792	38,832
	3,026,039	3,331,860

The Group has studied the impairment of property, plant and equipment based on the value in use method. Value in use represents the present value of future cash flows. The Group's management concluded, based on the study, that the recoverable amount exceeds the carrying value of those assets as at 31 December 2023. The following assumptions were used when determining the value in use:

Basic assumption	The basis used to determine the value for the basic assumption
The period of covering financial budgets "years"	5 years
Long-term growth rate	2.7% per annum
Discount Rate	5.23% - 7.13% per annum

6. Investment properties

	2023	2022
Cost:		
As at 1 January and 31 December	1,989,744	1,989,744
Accumulated depreciation:		
As at 1 January and 31 December	1,219,103	1,219,103
Carrying amount	770,641	770,641

The fair value of investment properties based on the level 2 of fair value measurement as at 31 December 2023 was: KD 3,591,250 (2022: KD 3,646,500)

Evaluation is determined by independent valuers authorized by the official authorities, not related to the group. Fair value of investment properties determined based on comparable market prices.

There have been no transfers between levels during the year.

7. Investment in associates

Name of the associate	Country of Incorporation	Voting capital and ownership interest %	Carrying amount 2023	Carrying amount 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	17,800,835	17,252,492
			17,800,835	17,252,492

The movement on investment in associates is as follows:

	2023	2022
Balance at beginning of the year	17,252,492	16,967,298
Group's share in associates' business results	1,016,803	647,472
Group's share of associates' reserves	(106,790)	(608)
Group's share from the transfer to the retained earnings	20,108	20,108
Dividends received	(381,778)	(381,778)
	17,800,835	17,252,492

Summarized financial information in respect of the significant associates is as follows:

Contracting and Marine Services Company:	2023	2022
Assets	489,973,818	406,294,094
Liabilities	389,002,289	307,179,176
Non-controlling interests	47,663,324	47,448,836
Revenues	126,327,609	114,900,336
Net profit for the period attributable to shareholders of the Parent Company	3,045,022	1,938,982
Items of other comprehensive (loss) / income for the period	(259,589)	58,397
Total comprehensive income	2,785,433	1,997,379

8. Financial assets at fair value through other comprehensive income

	2023	2022
Quoted securities	77,519,267	82,208,165
Unquoted securities	8,165,197	6,946,367
Funds and portfolios	12,318,749	10,596,485
	98,003,213	99,751,017

The quoted securities include financial assets of KD 46,696,040 as at 31 December 2023 in the shares of National Industries Group Holding - K.P.S.C., which is one of the major shareholders in the Group (2022: KD 47,320,407).

8. Financial assets at fair value through other comprehensive income (Continued)

An analysis of the Group's financial assets at fair value through other comprehensive income along with currencies as at 31 December:

	2023	2022
KD	81,600,191	86,805,580
USD	12,187,500	9,842,527
EUR	2,649,637	1,460,678
GBP	1,163,075	1,239,422
AED	402,810	402,810
	98,003,213	99,751,017

The fair value of financial assets at fair value through other comprehensive income was determined based on valuation levels - Note (3.25).

9. 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

Set out below, are the carrying amounts of the Group's right-of-use assets and the movement during the year:

	2023	2022
Cost:		
As at 1 January and 31 December	4,987,252	4,987,252
Accumulated amortization:		
As at 1 January	(1,994,900)	(1,496,175)
Charged for the year	(498,725)	(498,725)
As at 31 December	(2,493,625)	(1,994,900)
Net carrying amount as at 31 December	2,493,627	2,992,352

Below are the amounts recognised in consolidated statement of income:

	2023	2022
Amortization expenses of right-of-use assets	498,725	498,725
Lease liabilities finance charges	109,011	125,507
Expenses relating to short-term leases (sales cost)	445,820	323,733
Expenses relating to short-term leases (selling, general and administrative expenses)	35,846	45,515
	1,089,402	993,480

9. Leases (Continued)

Lease liabilities

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

	2023	2022
Lease liabilities - non-current portion	1,693,507	2,350,386
Lease liabilities - current portion	504,934	487,843
	2,198,441	2,838,229

Movement in lease liabilities during the year is as follows:

	2023	2022
Balance at beginning of the year	2,838,229	3,348,893
Lease liabilities paid	(748,799)	(636,171)
Lease liabilities finance charges	109,011	125,507
	2,198,441	2,838,229

The Group as a lessor

The Group leases out its investment properties consisting of its owned commercial properties. All leases are classified as operating leases from the perspective of the lessor.

The rental income recognized by the Group for the year ended 31 December 2023 was KD 106,370 (2022: KD 93,187) (Note 20).

10. Inventories

	2023	2022
Raw materials	14,906,349	17,677,687
Finished goods	643,521	727,168
Spare parts	1,873,501	1,864,140
	17,423,371	20,268,995

11. Accounts receivable and other debit balances

	2023	2022
Receivables against unconditional bank guarantees	1,155,191	1,740,023
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	1,626,158	958,698
Related parties (Note 26)	467,591	518,218
Other trade receivables	15,727,043	16,343,291
Total trade receivables	18,975,983	19,560,230
Other receivables	1,911,276	2,013,975
Advance payments to suppliers	827,833	2,249,915
	21,715,092	23,824,120
Provision for expected credit losses	(6,742,698)	(6,615,744)
	14,972,394	17,208,376
Prepaid expenses	251,645	222,154
Notes receivables	430,411	258,109
	15,654,450	17,688,639

11. Accounts receivable and other debit balances (Continued)

- The average credit period granted to trade receivables is 60-90 days. No interest is charged on trade debit balances.
- The fair value of guarantees received by the Group from receivables was KD 2,424,907 as at 31 December 2023 (2022: KD 2,765,300).
- The ECLs have been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.23).

Movement in provision for expected credit losses account is as follows:

	2023	2022
Balance at beginning of the year	6,615,744	7,478,409
Provision charged / (no longer required) during the year	126,954	(862,665)
	6,742,698	6,615,744

12. Cash and cash equivalents

	2023	2022
Cash on hand and at banks	10,368,871	4,936,429
Cash at investment portfolios	646,630	3,787,473
Term deposits	2,000,000	-
Cash and cash equivalents as the consolidated statement of financial position	13,015,501	8,723,902
Less: Term deposits with a maturity period exceeding 3 months	(2,000,000)	-
Cash and cash equivalents as the consolidated statement of cash flows	11,015,501	8,723,902

The effective interest rate on term deposits ranges from 4.52% to 4.60% per annum, and these deposits are contractually maturing within 180 days.

13. Capital

The authorized, issued and fully paid up capital is KD 73,330,387 divided into 733,303,870 shares, each of a nominal value of 100 fils. All shares are cash shares.

14. Treasury shares

	2023	2022
Number of shares (share)	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77
Cost (KD)	13,546,935	13,546,935
Market value (KD)	2,683,586	4,513,304

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.

15. Statutory reserve

In accordance with the requirements of the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the statutory reserve. The Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the paid up capital. The reserve is not available for distribution except for payment of a dividend of 5% of paid up capital in years when profit is not sufficient for the payment of such dividend. The transfer to the statutory reserve account has been stopped due to the reserve balance exceeding 50% of the capital of the Parent Company.

16. Voluntary reserve

In accordance with the requirements of the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors remuneration is to be transferred to the voluntary reserve. There are no restrictions on the distribution of this reserve. The transfer to the voluntary reserve has been discontinued based on a decision of the Shareholders' General Assembly.

17. Loans, bank facilities and Murabaha

	2023	2022
Non-current portion		
Loans	22,176,000	20,826,000
Murabaha	38,842,233	44,149,840
	61,018,233	64,975,840
Current portion		
Loans	2,464,000	2,314,000
Murabaha	8,769,500	7,029,858
	11,233,500	9,343,858
Total loans, bank facilities and murabaha	72,251,733	74,319,698

The average effective annual interest rate on loans, bank facilities and murabaha was 4.5% per annum as at 31 December 2023 (2022: 3.25% per annum)

18. Accounts payable and other credit balances

	2023	2022
Trade payables	12,415,833	13,172,765
Accrued interest and expenses	2,236,863	2,548,225
Notes payable	652,488	875,365
Advance payments from customers	5,883,119	3,678,544
Accrued dividends	932,390	930,545
Accrued KFAS (Note 24)	5,433	28,643
Retention	3,500	3,500
Other	23,031	14,317
	22,152,657	21,251,904

19. Cost of sales

	2023	2022
Cost of raw materials	48,959,285	54,829,587
Maintenance and spare parts	4,118,943	3,328,289
Salaries and benefits	4,768,620	5,476,463
Depreciations and amortizations	1,390,628	1,697,971
Rent	303,961	323,733
Other	974,982	980,769
	60,516,419	66,636,812

20. Net income from other activities

	2023	2022
Net income from investment properties	106,370	93,187
Net gain / (loss) from exchange differences	3,213	(139,513)
Other income	348,829	272,164
	458,412	225,838

21. Net investment income

	2023	2022
Financial assets at fair value through statement of other comprehensive income		
Cash dividends	2,547,330	3,634,459
Portfolio management expenses	(126,877)	(136,082)
	2,420,453	3,498,377
Financial assets at fair value through profit or loss		
Unrealized gain from change in the fair value	-	39,525
Realized gain from sale	-	2,323,267
	-	2,362,792
	2,420,453	5,861,169

22. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit 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 year, taking into account treasury shares. The calculation of basic and diluted earnings per share is as follows:

	2023	2022
Net profit for the year attributable to the Shareholders of the Parent Company (KD)	1,752,531	3,639,496
Weighted average number of outstanding shares during the year (share)	712,973,670	712,973,670
Basic and diluted earnings per share (fils)	2.46	5.10

23. Staff costs

Staff costs include wages, salaries, leave, end of service's indemnity and other benefits for the Group's staff. Staff costs amounted to KD 7,202,670 for the year ended 31 December 2023 (2022: KD 8,139,663).

24. Contribution to Kuwait Foundation for the Advancement of Sciences

The contribution to KFAS is calculated at 1% of the Company's profit before contribution to KFAS, Zakat and Board of Directors' remuneration after deducting the transferred amount to the statutory reserve account.

Movement in Accrued KFAS is as follows:

	2023	2022
Accrued KFAS at the beginning of the year	28,643	-
Charged during the year	5,433	28,643
Paid during the year	(28,643)	-
Accrued KFAS at the end of the year (Note 18)	5,433	28,643

25. General Assembly of the Parent Company's Shareholders

On 20 March 2024, the Board of Directors of the Parent Company proposed not to distribute cash dividends for the year ended 31 December 2023. Also, not to distribute the Board of Directors remunerations for the year ended 31 December 2023.

The Parent Company's Shareholders General Assembly 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 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. This was registered in the Commercial Register on 23 November 2023 and 26 November 2023.

26. 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, subject to approval of the Group's management, transactions were made with such parties during the year ended 31 December 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 and outstanding balances:

	2023	2022
Balances included in consolidated statement of financial position:		
Accounts receivable and other debit balances (Note 11)	467,591	518,218
Provision for employees' end of service indemnity	601,279	658,252
Transactions included in the consolidated statement of income:		
Sales	815,654	919,811
Committees' fees	184,000	184,000
Executive management salaries and benefits	386,625	880,596

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

27. Contingent liabilities and capital commitments

	2023	2022
Contingent liabilities		
Letters of guarantee	1,270,290	1,004,544
Capital commitments		
Letters of Credit	332,215	789,767
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	2,491,641	3,301,906
Property, plant and equipment	736,041	706,664

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.

28. Segment financial information

Information about the Group's business segments is set out below in accordance with IFRS 8 "Operating Segments". The IFRS 8 requires operating segments to be identified on the basis of internal reports relating to components of the Group that are reviewed on a regular basis by the "executive management" who are the chief operating decision makers in order to allocate resources to the segment and assess its performance. The Group executive manager is known as the main decision maker for the Group's operations.

- The Group's management has defined its business in two main business units: the manufacturing sector, which includes the production and sale of cement and ready-mixed concrete, and the investment sector. This business is the basis on which the Group reports its major segment information and provides it to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The sector involves sale of cement and ready-mixed concrete, and the investments sector includes financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investments in associates and investment properties. The above segments are the basis on which the Group reports its segment information. Transactions between sectors are conducted at estimated market prices on an arm's length basis and are eliminated on consolidation.

Financial information about business segments for the year ended 31 December is as follows:

	2023		
	Manufacturing sector	**Investment sector**	**Total**
Segments revenues	65,852,617	3,543,626	69,396,243
Gross segments profit	1,849,359	3,543,626	5,392,985
Segments assets	174,145,977	117,221,319	291,367,296

28. Segment financial information (Continued)

	2022		
	Manufacturing sector	**Investment sector**	**Total**
Segments revenues	68,853,915	6,601,828	75,455,743
Gross (loss) / profit of segments	(758,745)	6,601,828	5,843,083
Segments assets	174,823,638	121,561,623	296,385,261

	2023	**2022**
Adjustments:		
Gross segments profit	5,392,985	5,843,083
Finance charges	(3,719,778)	(2,180,220)
Interest income	84,940	5,470
Net segments profit before deductions	1,758,147	3,668,333

Geographical segments:

Financial information about geographical segments for the year ended 31 December is set out below:

	2023		
	Revenues	**Assets**	**Liabilities**
Inside the State of Kuwait	68,442,776	270,423,446	99,274,436
Outside the State of Kuwait	953,467	20,943,850	1,156,817
	69,396,243	291,367,296	100,431,253

	2022		
	Revenues	**Assets**	**Liabilities**
Inside the State of Kuwait	74,213,507	278,639,230	96,398,732
Outside the State of Kuwait	1,242,236	17,746,031	5,658,564
	75,455,743	296,385,261	102,057,296