شركة اسمنت الكويت ش.م.ك

KUWAIT CEMENT COMPANY K.S.C.P



ANNUAL REPORT 50

AND CONSOLIDATED FINANCIAL STATEMENTS

2020

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

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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



HIS HIGHNESS

SHEIKH NAWAF AL-AHMAD AL-JABER AL-SABAH

AMIR OF THE STATE OF KUWAIT



HIS HIGHNESS

SHEIKH MESHAL AL-AHMAD AL-JABER AL-SABAH

CROWN PRINCE OF THE STATE OF KUWAIT



HIS HIGHNESS

SHEIKH SABAH AL-KHALID AL-HAMAD AL-SABAH

PRIME MINISTER OF THE STATE OF KUWAIT

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BOARD OF DIRECTORS

Rashed Abdulaziz Al-Rashed	CHAIRMAN
Dr. Abdulaziz Rashed Al Rashed	VICE CHAIRMAN
Basil Saad Al-Rashed	BOARD MEMBER
Tamadhor Ahmad Al-Houti	BOARD MEMBER
Khaled Abdullah Al-Rabiah	BOARD MEMBER
Rasha Abdulrahman Al-Melhem	BOARD MEMBER
Ziad. Tareq Al-Mukhaizeem	BOARD MEMBER
Abdullah Mohamad Al-Saad	BOARD MEMBER
Yacoub Yousef Al-Saqer	BOARD MEMBER
Yousef Bader Al-Kharafi	BOARD MEMBER

AUDITOR
Talal Yousef Al-Muzaini
Deloitte & Touche - Al Wazzan & Co.

AUDITOR
Faisal Saqer Al Saqer
BDO AL-NISF & PARTNERS

AGENDA OF THE FIFTY-THIRD ORDINARY GENERAL ASSEMBLY

1- To discuss the Board of Director's report about the activity, financial position and business result of the Company for the year ended 31/12/2020.

2- To read both the report of the Governance and the report of the Audit Committee for the financial year ended 31/12/2020 and approving them.

3- To discuss the external auditor's reports of the Company's financial statement results for the fiscal year ended 31/12/2020 and approving it.

4- Discuss and approve the consolidated financial statements for the financial year ended 31/12/2020.

5- Presenting any violations monitored by the supervising authorities, and any penalties that were issued as a result of those violations, which resulted in implementing of financial and non-financial penalties for the Company during the fiscal year ended year 31/12/2020(if any).

6- Discuss the recommendation of the Board of Directors to not distribute cash dividend or bonus shares for the fiscal year ended 31/12/2020.

7- Discuss the recommendation of the Board of Directors not to pay Board of Director's remunerations for their membership in the Board of Directors for the fiscal year ending on 31/12/2020.

8- Presenting of related parties transactions that took place during the fiscal year ended 31/12/2020, as well as that will take place.

9- Approval for the Board of Directors to issue bonds in Kuwaiti dinars, or in any other currency that it deems appropriate, as well does not exceed the legally authorized maximum, or equivalent in foreign currencies, with the authorization of the Board of Directors to determine the type, duration, nominal value of the bonds, the returns on them, the date of maturity and all other terms and conditions, after the approval of the competent regulatory authorities.

10- To approve the Board of Directors to buy or sell the Company's shares, provided not to exceed 10% of its total shares, this is in accordance with the article of law No. (7) Of year 2010 and its executive bylaw as well as the amendments to both.

11- Discussing the non-transfer to the statutory reserve for the fiscal year ending on 31/12/2020 in accordance with the text of Article 222 of the Companies Law No. 1 of 2016.

12- Discussing the suspension of the voluntary reserve deduction for the fiscal year ending on 31/12/2020 in accordance with the text of Article 225 of the Companies Law No. 1 of 2016.

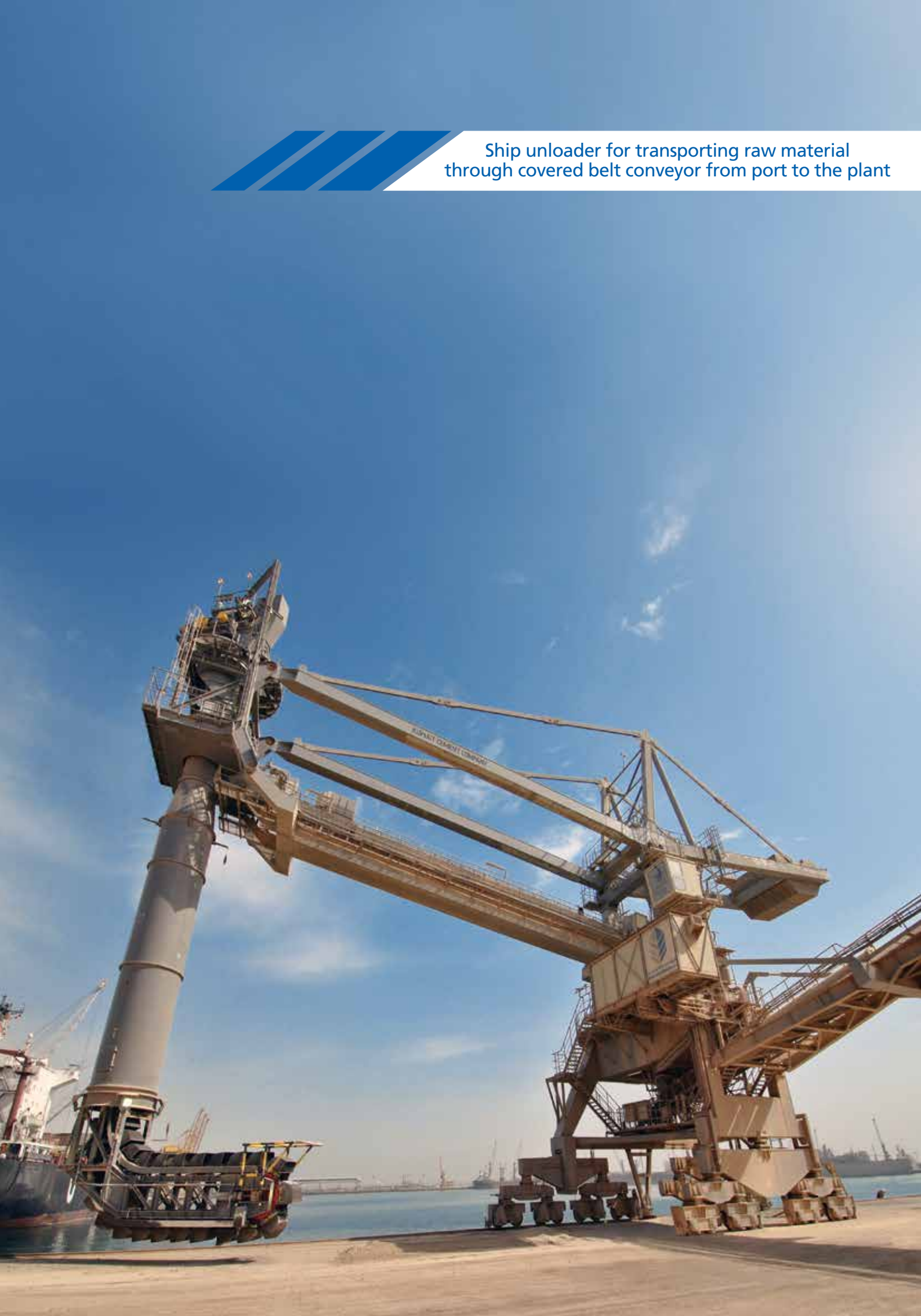
13- Discussion of the release of the members of the Board of Directors, and release them for all related to their legal, financial and administrative actions for the financial year ended 31/12/2020.

14- Appointment or reappointment of auditors from the list approved by the Capital Market Authority, considering the period of mandatory change for the auditors of the company for the fiscal year ending 31/12/2021 and the Board of Directors to determine their fees.



Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

Ship unloader for transporting raw material
through covered belt conveyor from port to the plant





Rotary Kiln for First line of Clinker Production



Rotary Kiln for Second line of Clinker Production



Unloading of raw materials from ships on the covered conveyor belt



Honorable Shareholders,

Firstly, we have mercy on the dear Nation and the Arab and Islamic nations, on the passing away of His Highness Sheikh / Sabah Al-Ahmad Al-Jaber Al-Sabah, Amir of the State of Kuwait, may God rest his soul and may God have mercy on him, had a great impact and deep sadness and grief on us all, as we lost a great leader of the leaders of our Arab nation with his loss. A man known for his wisdom and dedication for the sake of Kuwait and its people, as well as his external stances towards the nation's issues and his good endeavors, recalling with all appreciation and reverence the years of his blessed era of comprehensive renaissance and distinguished civilizational achievements.

Shareholders:

The Board Members and I are pleased to welcome you, and submit to your General Assembly the 50th Annual Report, which provides explanations on the activities of the Company and its subsidiaries during the fiscal year ended on 31st December 2020.

Before I do explain your Company's business and its financials for the year 2020, it is fair to mention with all thanks and appreciation the role of the sincere men whose effective and sincere participation and contribution in the various fields related to the Company's business during their membership in the Board of Directors over the past years had a good impact on what the Company has achieved in terms of successes.

The late Basel Saad Abdulaziz Al-Rashed, who worked for 26 consecutive years from 1995, until his passing away to the mercy of God Almighty in February 2021, was one of these loyal men.

We pray to God Almighty for His mercy and forgiveness, and eternal rest in Paradise, God willing.

Dear Shareholders:

There is no doubt that the global health crisis represented by the Coronavirus pandemic, which swept the world in the first quarter of 2020 and continues throughout the year, is still strong on the economies of the world and the region, specifically when cases began to rise rapidly during the month of last March, which led to the almost complete disruption of all economic, financial and social life facilities around the world, especially with the strict partial and total closure and home quarantine measures taken by the world's governments, and the government of the State of Kuwait, to confront the spread of the epidemic, which caused major negative effects on the various economic sectors in the country, including the cement sector, where your company faced obstacles and challenges during the year 2020, like the rest of the Kuwaiti industrial companies and various economic sectors, which are represented in the small and limited market, the quantitative and price dumping of cement, and the unfair competition that led to this situation, and other influential factors, due to the decrease in production in your Company's factories and the decrease in the volume of sales, and your Company has made great efforts in order to get out of the crisis with the least possible harm.

Based on the experiences of the past long years and dealing in an excellent and professional manner with the crisis, to maintain its position as a leading industrial company

in the Kuwaiti cement market, and it will continue, God willing, with this high position with its capabilities to produce more than (5) million tons per year of different types of Cement and Clinker which is the main material in the manufacture of this strategic commodity, in addition to its technological capabilities, as well as developing a culture of risk management, compliance and governance, and its following the policies and procedures to positively deal with emergency conditions.

The following are the achievements and activities' explanation for year 2020:

Production and Sales:

As previously mentioned, the year 2020 was full of challenges on various economic sectors in the country, including the cement sector, mainly due to the outbreak of the pandemic that increased its severity in the country in the second quarter and the following months of this year, despite the repercussions of the crisis your Company had continued her national duty to take all measures to continue production in your company's factories in the Eastern Industrial Zone of Shuaiba and to adapt its conditions under these exceptional circumstances, by reducing production in proportion to the volume of demand for its high-quality products of Ordinary Portland Cement, Sulfate-Resistant Type 5, Oil Well Cement and GGBS .

Moreover, increased severity of the global health crisis and its negative impact on the production and sales of your Company is another reason that is not less important than the outbreak of Corona virus, if not more severe, the continued dumping of Iranian cement and clinker in the Kuwaiti market during this year with a clear drop in its prices, we find it very difficult to confronting it, and despite the issuance of the decision to impose customs duties on imports of cement and clinker from the Islamic Republic of Iran issued from the countries of the Gulf Cooperation Council with effect from 20/6/2020, yet the Council of Ministers decided to suspend this decision as of 6/7/2020, and until this date it has not taken a decision to implement it, despite the continuous efforts of the Board of Directors and the Executive Management with those in charge of industry affairs from government agencies, to show the danger of the continuation of this situation on the various sectors in the country and not to your company alone, and if we add to this, government spending on government, private and infrastructure projects will decline infrastructure, the very slow implementation of current projects, the almost complete halt of construction and construction related work and contracting for it, as well as the cessation of awarding new contracts for large development projects that it was expected within the framework of the Kuwait 2035 plan due to the deterioration of oil prices in an unprecedented way for many years due to the Corona pandemic and its severe negative effects on the global economy, in addition to the conditions and political events that the region is going through that increased the state of economic recession, which led to the decrease in cement sales for your company for the year 2020, which had a direct impact on the operating profits of your company this year.

We hope that the circumstances will change, the causes that led to the recession will

disappear and that Kuwait and the region will return to prosperity, looking forward to the support of those in charge of the country's industrial affairs, and for the officials in our rational government to take appropriate measures to provide full protection for the local national product from any illegal and unfair practices it is exposed to from the dumped imports of Iran, especially since failure to protect this product, will lead to great losses for the Company, the industrial sector and the national economy.

Alternative Fuels Project:

With the grace of God, the operations of shredding used tires in the tire shredding factory of your Company into small chips (tire chips) and transporting them to the factory in the Eastern Shuaiba Industrial Area and feeding them to burning with Kiln for the production of clinker are successfully carried out according to the latest technologies and modern scientific and environmental methods used internationally to manage waste and its treatment, which is considered a positive indication of the ability of your company to contribute effectively to getting rid of the accumulation of these tires, and the environmental damage resulting from them, in addition to what your company is undertaking of an initiative to get rid of municipal solid waste and convert it into fuel in clinker kilns as part of a solution. A problem that increases annually with the aim of building a healthy and sustainable environment, as is the case in many developed countries.

Bulk cement storage and sale terminal in the Western Shuaiba area / Mina Abdullah.

The Bulk Terminal of cement for selling Ordinary and Resistant Type 5 owned by the Company in the Western Shuaiba Industrial Area / Mina Abdullah managed to achieve its highest sales in January 2020 with a slight improvement in the last three months, but sales during the months from February to September 2020 was negatively affected, greatly due to the repercussions of the Corona crisis, which imposed on a large number of contracting and construction companies to suspend their activities and freeze their operations, especially with the start of the implementation of the partial and total closure in the country in addition to the decrease in the market share of the parent company «Kuwait Cement». We hope that with this epidemic clearing the country and the whole world, as well as restoring the atmosphere of rapid recovery of the various sectors in the country, we will increase the sales as they were in previous years, to play the role entrusted to us as an important marketing outlet in providing the customers of the company with urgent requests with their needs of these types of cement.

Subsidiaries:

Kuwait Cement Ready Mix Company (KSC) closed:

Kuwait Cement Ready Mix Company (KSCC) subsidiary to the Company during the year 2020 was able to maintain its position in the local market, despite the challenges that the markets faced as a result of the spread of the Corona pandemic, and its impact on economic activities, especially construction work. It has been developing its internal systems, especially computer systems, and structuring some departments to cope with the

challenges posed by the pandemic, and the company has developed plans and strategies to improve its sales and profitability for the coming years, and focused in its plans on the proposed housing projects (Al Mutlaa residential project and South Abdullah Al Mubarak residential project), and to enhance the geographical distribution for the company's factories, it has built an integrated concrete mixing plant in Al-Shuaiba Industrial Area, and its operation will start during the first quarter of 2021.

Shuwaikh Cement Company (KSC) closed:

The activity of the Shuwaikh Cement Company (KSC) of the company and its branch, Shuwaikh Crusher (a branch of a Gulf Company) in Fujairah in the United Arab of Emirates, the decline in the UAE market due to the global pandemic (Covid-19) has led to a decrease in demand for Crusher products significantly, and in order for the company to cope with the effects of this pandemic on the crusher business, 50% of the workforce has been laid off, as well as the cancellation of equipment leasing contracts, in order to reduce costs, and we hope that with the improvement in the UAE and global market conditions in 2021, the demand for crusher products will increase. With a focus on exporting to India and Bangladesh, the results of the crusher business in 2021 will be better than this year, God willing.

Amwaj International Real Estate Company (KSC) closed:

Amwaj International Real Estate Company (KSC) of the company had achieved good profits during the year 2020, despite the economic challenges facing the local and global economy due to the Corona pandemic, which negatively affected all economic sectors, as the company achieved during this year had excellent results from its investment activities in local and external investment portfolios and funds in multiple geographical sectors that were carefully selected by the company's management, which reflects the success of the company's strategy in diversifying its investments between local and international to reduce risks and the ability to face economic challenges as well as seize promising investment opportunities to achieve the best returns.

However, the Corona pandemic had a significant impact on most of the local economic and commercial sectors, and the biggest impact appeared on the real estate sector, as the pandemic caused a complete and partial closure of some commercial activities, which had a negative impact on the company's revenues from its real estate activity in managing the cement house property owned by the Parent Company "Kuwait Cement".

The company is currently striving to occupy the vacant units in the Cement House building with the best rental values to achieve better results in the coming year, God willing.

• Governance Report

Kuwait Cement Company keeps full commitments to implementing all Capital Market Authority requirements related to governance applications, as with the Annual Report which includes a detailed Corporate Governance Report for 2020.

• Financial Report

The net losses amounted to KD 18,183,772/- and earnings per share 22.50 Fils for the year ended on 31/12/2020.

Total value of assets amounted to KD 279,048,037/- as of 31/12/2020. The total reserves amounted to KD 176,032,566/- as of 31/12/2020.

Dear Shareholders:

The Board of Directors has the honor, and has reviewed with you the most important achievements of the company for the year 2020, to raise the highest signs of thanks and appreciation to His Highness Sheikh / Nawaf Al-Ahmad Al-Jaber Al-Sabah - the Amir of the country, may God protect him, and to His Highness Sheikh / Mishaal Al-Ahmad Al-Jaber Al-Sabah, Crown Prince, and His Highness / Sheikh Sabah Khaled Al-Hamad Al-Sabah - Prime Minister, may God protect them, for the care and encouragement they provide to industry, and for all that is good and for the progress of the economy of our dear country.

The council thanks the esteemed government, all state institutions, associate companies and national banks for their effective support and continuous cooperation. It also expresses its thanks to the honorable shareholders and is proud of their precious trust and support for their efforts and its prosperity.

We pray to God Almighty to help us all in giving more to the service of our dear country and to lift the calamity and the epidemic from the country and the people and to perpetuate health and wellness for everyone. He is Hearing and Responsive.

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

Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

CORPORATE GOVERNANCE REPORT

FOR YEAR 2020

Composition of the Board of Directors:

According to the provisions of Article (18) of the Articles of Association of Kuwait Cement Company, which has appointed ten members of the Board of Directors, the Board of Directors of Kuwait Cement Company (KPSC) approved the formation of the Council for the current session (2019-2021) at its meeting held on 14/5/2019 In light of the fifty-first ordinary general meeting of the company's shareholders on April 23, 2019.

Therefore, the current Board of Directors composition as follows:

Name	Category (Executive/Non-Executive/Independent), Secretary	Date of Election / Secretary appointment
Rashed Abdulaziz Al-Rashed Chairman of the Board of Directors	Non-Executive	23/4/2019
Dr. Abdulaziz Rashed Al-Rashed Vice Chairman of the Board	Non-Executive	23/4/2019
Basil Saad Al-Rashed Member of the Board of Directors	Non-Executive	23/4/2019
Tamadhor Ahmad Al-Houti Member of the Board of Directors	Non-Executive	23/4/2019
Khaled Abdullah Al-Rabiah Member of the Board of Directors	Non-Executive	23/4/2019
Rasha Abdulrahman Al-Melhem Member of the Board of Directors	Non-Executive	23/4/2019
Ziad Tariq al-Mukhaizeem Member of the Board of Directors	Non-Executive	13/11/2019
Abdullah Mohamad Al-Saad Member of the Board of Directors	Non-Executive	23/4/2019
Yacoub Yousef Al-Saqer Member of the Board of Directors	Non-Executive	23/4/2019
Yousef Bader Al-Kharafi Member of the Board of Directors	Non-Executive Independent	23/4/2019
AbdulMutaleb Ismael Behbehani	Secretary of the Board	28/12/2015

On 20/02/2021 Mr. Basil Saad Al-Rashed passed away May God rest his soul.

Board of Directors' and secretary's qualifications, experiences and positions:

Board of Directors should be of Kuwaiti nationality also they should have the qualifications and the experiences for their positions, and they are:

Mr. Rashed Abdulaziz Al-Rashed - Chairman.

- Graduating with bachelors of business administration from Clermont University in United States of America in year 1958, and master of business administration and economy from the same university in 1959.
- He is also a member in Kuwait Cement Company since its establishment in 1968 and first Chairman of the company since convening of the article of association on 20/1/1969 till 1978, also the Chairman and Managing Director from 1996 till 27/12/2015, and the Chairman since 28/12/2015 till today. He is also Chairman of the Nominations & Remuneration Committee.

His work experience includes many ministries and positions he held:

- Assistant Director of technical affairs at ministry of public work.
- Secretary of state for political affairs.
- Director of political affairs in ministry of foreign affairs.
- Kuwaiti Ambassador for the United Nations (first ambassador).
- Vice president of the general assembly of the United Nations.
- Deputy foreign minister since 1967 to 1985.
- Minister of state for cabinet affairs 1985 to 1990.
- Participated in many international and national meetings.
- Holding a number of international & national charters.
- In 1990 worked in private business.

Dr. Abdulaziz Rashed Al-Rashed- Vice Chairman.

- Holds M.S (master degree) in electrical engineering from Wisconsin university in United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected to be Vice Chairman at the Board of Directors meeting dated at 8/11/2017, also he is a member of Audit Committee.
- Chairman of Kuwait Drilling Company.
- Board of Directors' member at Contracting and Marine Services Company.
- Board of Directors' member at National Industries Company.

Mr. Basil Saad Al-Rashed – Board of Directors member.

- Bachelor of Business Administration from United States of America at 1988.
- Board of Directors' member in Kuwait Cement Company representative from Al-Rashed Trading Industry and Contracting Co.Ltd since 1995 till now also holds the membership of the Risk Management Committee until he passed away on 20-2-2021.
- Member of National Assembly of Kuwait from 2003 to 2006.

• He held many management and executive positions also his experience including working in many local companies.

Mrs. Tamadhor Ahmad Al-Houti - Member of the Board of Directors

- BA in Political Science and Economics from Kuwait University, 22/1/1980.
- Certified Human Resources Advisor (CIC) certificate from the Cape Breton University-Canada.
- Mrs. Tamdhor Ahmad Al-Houti joined the Board of Directors represented by the General Authority for Investment on 25/4/2018 till today. She is also a member of the Nominations and Remuneration Committee.
-Member of the Board of Directors of a number of companies affiliated with the General Investment Authority.
-Ministry of Finance from June 14, 1980 to June 30, 1984.
- General Authority for Investment from 1/7/1984 until 6/1/1992 management of local and Arab investments.
- From 7/1/1992 until today, Assistant Director of Personnel Affairs at the General Authority for Investment - Operations Sector - Administrative, Financial and Personnel Affairs Department.
-Her previous experience included:
* Attend specialized courses in human resources from England and the United States.

Mr. Khaled Abdullah Al-Rabiah- Member of the Board of Directors.

• He hold certificate of Kuwait University in 1977.
• Member of the Board of Directors of Kuwait Cement Company representative of National Industries Holding Company from 1998 till now, also member of Risk Management Committee.
• General Directors of Gulf International Company for General Trading & Contracting and in Mohamad Abdullah Al-Rabiah and his Partners Company.

Mrs. Rasha Abdulrahman Al-Melhem- Member of the Board of Directors.

• Bachelor in Business Administration - Finance from Kuwait University in 1997.
• She joined the membership of the Board of Directors as representative of public investment authority from 2015 till now, also Member of the Audit Committee.
• Currently, the position of Investment Audit Manager at the General Authority for Investment, which includes the internal audit work to design the control of the administrative and financial policies and procedures and the management of local and international portfolios of Public Investment Authority.
• Member of the Board of Directors of several companies affiliated to Public Investment Authority locally and externally.
Previous experience included:
- Attending courses for the period from April 1998 to November 1999 in various fields including (financial equations and accounting, corporate finance, macro-economics, credit

analysis, securities analysis, financial market projections, project finance, time management, problem solving and decision making., communication skills and writing reports, Financial designs using Excel, stocks and bonds, proposed markets, job training in the management of Public Investment Authority , financial designs in portfolio management).
- Courses from November 2000 to May 2015 in many areas including (writing reports, operating strategies of the investment fund, preparation and writing of reports, audit, audit plan, English language, portfolio study and investment funds, Methods and basics of internal auditing, Certified Internal Auditor, Finance, Risk Management and Corporate Governance).
- Attend two months of local training programs at Commercial Bank of Kuwait, National Petroleum Company, Kuwait Fund for Arab Economic Development, Real Estate Investment Union, and three months training program at Union Bank of Switzerland – London.

Mr. Ziad Tariq Al-Mukhaizeem- Member of the Board of Directors.

- MBA from DePaul University, Illinois, USA in 2006.
- Bachelor of Science in Civil Engineering, University of the Pacific, California, USA, 2004.
- Mr. Ziad Tariq Al-Mukhaizeem joined the Board of Directors as a representative of the General Investment Authority on 13/11/2019 until today. Also, he is a member in Risk Management Committee.
- His experiences (Financial and Investment) experiences included:
• Lakeweed Capital - Managing Partner - May 2018 to date.
• Aref Investment Group - CEO - Head of Investment Sector from January 2011 to January 2017.
• KFH, Investment Manager, from August 2007 to December 2010.
• KMC & Bovis Lend Lease, Bahrain and Kuwait, including: Planning Manager, Project Manager, from June 2004 to July 2007.
- He has served on the Board of Directors in many companies, institutions and banks, including:
• The General Foundation for Social Insurance - Kuwait, member of the Investment Committee (2017 till date).
• Facilities Real Estate Projects Company - Kuwait - Chairman of the Board of Directors and Chairman of the Executive Committee (2013-2017), Chairman of the Remunerations and Nominations Committee (2013-2016).
• Bank of London and Middle East UK (2013-2017), member of the Audit Committee, Risk Committee and Remuneration Committee.
• Ibdar Bank Bahrain (2013-2015), member of the Executive Committee.
• Elenmaa Real Estate Company - Kuwait - (2008-2013), member of the Audit Committee.
• Arab Capital Investment and Finance Company - Kuwait - (2010-2012), member of the Board of Directors and member of the Executive and Investment Committee.
- Also, a member in several companies, funds and committees inside and outside Kuwait.
- He has several professional qualifications during his career as associate value specialist, professional project manager (PMP) and certified valuation analyst.

Mr. Abdullah Mohamad Al-Saad- Member of the Board of Directors.

• Bachelor degree in Business Administration from Cairo University - grade Good, in 1969.
• Member of Board of Directors at Kuwait Cement Company from 1998 until now, as well as a member at Nomination and Remuneration Committee.
• His experience includes several positions:
*Worked at the Ministry of Foreign Affairs as a diplomatic in 1970.
* Director of Kuwait Office in Dubai until 1972.
* Acting in Embassy of Kuwait in Abu Dhabi 1973.
* Acting in Embassy of Kuwait in Nairobi, Kenya, 1974.
* Acting in Embassy of Kuwait in Mogadishu / Somalia 1975.
* Completed his work at the Foreign Ministry and returned to Kuwait in 1976.
* Started his Commercial trade 1977.
* Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 until 2017.
*Chairman and Managing Director of Sefury Americana International in 1984.
* Member of the Board of Directors of Al-Ahlia Insurance Company from 1999 until today.

Mr. Yacoub Yousef Al-Saqer - Member of the Board of Directors

Member of Kuwait Cement Company Board of Directors, represented in National Industries Group Holding from 2007 till date. Also, Head of Audit Committee.
- Member of Board of Directors in Projects Tourism for the years 1976 Till 1982 and from 1998 Till 2004 , Board Member in Warba Insurance Company from 31/3/1987 till 13/3/1993 , and work in Directorate General of Civil Aviation from September 1969 till 1/12/2007 gradually through this period to different positions from Researcher , Monitor , Financial and Administration Director Affairs , Vice General Manager at the rank of Assistant under-Secretary , General Manager of Civil Aviation at the rank of deputy Minister, and then Head of Civil Aviation at the rank excellent.

Mr. Yousef Bader Al-Kharafi - Member of the Board of Directors

- He is a holder of the bachelor of Military from Egypt as of 1957 and certified in theoretical and training study in different sections Ministry of Interior in EGYPT in the same year.
- Member of Kuwait Cement Company Board of Director from 2007 till date, and Head of Risk Management Committee.
- He held for many leadership positions through the service period in Ministry of Interior from year 1957 till 1998 from First lieutenant, Capitan, Reconnoiterer , lieutenant Colonel, Colonel, Brigadier, Major General, lieutenant General and then advance to General at 1998. Also, he hold too much of management responsibilities in Ministry of Interior from period 22/5/1974 till the date of retirement at 14/11/1998. Head of Employees' Affairs Committee, Head of General Committee of Police Affairs, Chairman of Police Faculty, Vice Head of Emergence Committee, Supreme Council of Traffic, Chairman Officer Club, Assistant Ministry under – Secretary and then under-Secretary Ministry of Interior from year 1981 till the date of retirement in 1998.

Mr. AbdulMutaleb Ismael Behbehani- Chief Executive Officer-Secretary of Board of Director.

• The first employee selected by the Chairman on the second day of the article of association meeting and the formation of the first Board of Directors on 21/1/1969 to perform the following:

• Working on the preparation of publications related to the activities of Administrative Affairs - Financial and Shares Affairs.

• Hiring competent staff and conducting the necessary tests for them to managing as a financial and administrative director and reasonable for stock affairs officer.

• He was also appointed Secretary of the Board of Directors two years after the establishment of the company.

• Continuous follow-up at the establishment of the plant and preparation of all documents required for operation and stores of materials and spare parts, and the exchange of cement.

• He has been fully employed by Kuwait Cement Company since 1974 and has been appointed to the position of Chief Executive Officer and Assistant Secretary General for Financial and Administrative Affairs.

• His experience includes working in several companies, where he heads the Board of Directors of Shuwaikh Cement Company (Shuwaikh crusher), owned by Kuwait Cement Company in Fujairah from 1983 until today.

• Member of the Board of Directors of Gulf Energy Holding Company representing Kuwait Cement Company since 2007 until today.

• Formerly a member of the Board of Directors of Oman Cement / Muscat and a member of the Board of Directors of the Land Transport Company / Kuwait for two sessions representing Kuwait Cement Company From his previous experience:

• Employee at the Ministry of Works of which (6) years in construction materials and cement stores, then an employee of the Purchasing Department for (4) years, and then Head of purchasing department for a period of (10) years.

• Among his duties was a representative of the Ministry of Works in the meeting of the Central Tenders Committee when the tenders prepared by the Purchasing Department were canceled.

• Holds several certificates and training courses in Statistics / Accounting / Business Administration / Warehouse Management / Procurement Management.

Kuwait Cement Company (K.P.S.C) Board of Directors meetings during the year 2020.

The Board of Directors has held six (6) meetings during the year 2020, and the following schedule representing the details and number of the meetings that's presence for each member:

Member's Name	Meeting NO. 1/2020 Dated 27/1/2020	Meeting NO. 2/2020 Dated 1/4/2020	Meeting NO. 3/2020 Dated 13/8/2020	Meeting NO. 4/2020 Dated 15/11/2020	Meeting NO. 5/2020 Dated 1/12/2020	Meeting NO. 6/2020 Dated 30/12/2020	Number Of Meetings
Rashed Abdulaziz Al-Rashed Chairman of the Board of Directors	√			√	√	√	4
Dr. Abdulaziz Rashed Al-Rashed Vice Chairman of the Board	√	√	√	√	√	√	6
Basil Saad Al-Rashed Member of the Board of Directors	√	√		√	√	√	5
Tamadhor Ahmad Al-Houti Member of the Board of Directors	√	√	√	√	√	√	6
Khaled Abdullah Al-Rabiah Member of the Board of Directors		√	√	√	√	√	5
Rasha Abdulrahman Al-Melhem Member of the Board of Directors	√	√	√	√	√	√	6
Ziyad Tariq al-Mukhaizim Member of the Board of Directors	√	√	√	√	√	√	6
Abdullah Mohammad Al-Saad Member of the Board of Directors	√	√	√	√	√	√	6
Yacoub Yousef Al-Saqer Member of the Board of Directors	√	√	√	√	√	√	6
Yousef Bader Al-Kharafi Member of the Board of Directors	√	√	√	√	√	√	6

- This Mark (√) is refer to Members of Board Directors presence.

Recording, coordinating and keeping minutes of the Board of Directors meetings:

The Board of Directors secretary prepared the registration requirements and Kept for the minutes of the Board of Directors of Kuwait Cement Company and record it in a special register containing information on the agenda of each meeting, its date, Location, starting and ending timing, each meeting has a serial number according to the year. Further, special files are prepared in which the minutes of the meetings are kept, and the deliberations and discussions held in the meetings, Members of the Board are furnished with the agenda, supported with the relevant documents, by a sufficient time in advance in order to permit the members to study the agenda items. The minutes of the meeting are signed by all those present and the Secretary, Minutes of the meetings held by passing are signed by all members. The secretary acts for the proper coordination and distribution of information among the members. As well as remote communication (according to the Companies Law, Article No. "190"), according to the rules and instructions of government to confront the spread of the new Corona virus, records are signed by all the participating members, in addition the Secretary of the Board works to coordinate and clarify all information to all members of the Board of Directors.

The tasks policy and responsibility for the Board of Directors, Duties of each member of the Board of Directors and the executive management as well as the authorities has been mandated to the executive management:

The List of tasks and authorities for Board of Directors described that's was approved by Board of Directors as of 15 /11/ 2016 to afford the Board of Directors all responsibilities for the Company in addition to put the strategic goals for the Company , Risk strategies and the governance standers and supervisions responsibility on executive management and keeping for the shareholder rights , creditors , employees and all of stakeholders, making sure the company's management are effectively and within framework regulators, article of association, Regulations and company's internal policies . The following is a brief for the general duties for Board of Directors:

- The final responsibility for the company's operations and financial position safety, completion the requirements of Capital Market Authority, keeping for the shareholder rights, Minority, Creditors, Investors, Clients, Employees, stakeholders related and ensure the company's management in a wise manner according to the law, Regulation, policies and internal procedures in force.
- Ensure the related parities transactions are reviewed and making sure the honestly and clearly of these transactions.
- Approval of the objectives, strategies, plans, important policies for the company that's included at least:

• Approve the Interim and Annual financial information.
• Supervision of the substantial of expenditure expenses for the Company, the assets ownership and the disposals.
• Ensure the company commitment in policies and procedures which included company respect for the organize and internal regulation in force.

• Guarantee the accuracy and clearly the financial information that must be disclosed as per policies and mechanism of disclosure & integrity in force.
• Composition of Specialized Committees according to the charter clarify the time of Committee, Authorization and responsibility and the Board of Directors Monitoring.
• Ensure that Company's organization structure characterized to integrity and clarity to make a decision and achievement the governance principles and segregation of responsibility and powers between the Board of Directors and the executive management.
• Determine the powers that is authorized to executive management and the procedures of decision making and duration of authorization. The Board also determine the topics that's safety authorization for decision making.
• Monitoring and supervising the performance of executive managements and ensure from the responsibilities due to them.

Also, the Board of Directors approved the policies and procedures for executive management duties and the following is summery of the general duties for executive management:

- Company's business administration and submit the guidance to executive department to be match with company strategic goals and the policies that determined by Board of Directors and laws and other legislation award related to the company's business and activities.
- Providing the Board of Directors by accurate annual reports for the financing positions, it's business and procedures taken in risk management and internal control system, to enable Board of Director review the goals, plans and policies implemented and asking for the performance of executive management.
- Providing the Board of Directors by suggestion mechanism of special Recommendations that is necessary to company business.
- Providing the Monitoring Authorities for any information and required documents according to laws award, systems, instructions and the decisions issued for any of them.

The Board of Directors achievements during the year 2020.

Kuwait Cement Board of Directors keenness to follow up the plans implementation and strategic goals that is setting up continued communication the executive management to achieve its goals and compliance with legal instruction from Capital Market Authority and full compliance with the requirements of corporate governance rules and adherence to the strategy work approach inside the company, The most significant achievements of the Board of Directors during the year 2020:

1. Following up Company's work with the executive management and discuss all of the topics that's related to company financial, administrative and technical work, and its effect on business and production.
2. Reviewing the minutes of the three committees' sessions emanating from the Board of Directors for the year 2020.
3. Review and approve the results of the work of the Audit Committee and the recommendations submitted by it regarding the company's interim and annual Financial Statements.

4. Approving the annual reports including the Corporate Governance report and the Audit Committee report.
5. Approval of the reappointment of the external auditors, Mr. Faisal Saqr Al-Saqr, from Messrs. BDO Al-Nisf and Partners, and the appointment of Mr. Talal Yousef Al-Muzaini as the representative of the Deloitte and Touche Al-Wazzan and Partners.
6. Reviewing reports and recommendations issued by the Nomination and Remuneration Committee, including the annual evaluation process for members of the Board of Directors and Executive Management.

Board of Directors committees:

According with the Board of Directors decision No. 1277/3/2019 as of 14/5/2019, three specialized committee were formulated from the Board of Directors for three years ending at the end of the current period of Board of Directors (2019 – 2021) this committees are:

1- Audit Committee:

Committee formation:

The Board of Directors forming the Audit Committee so that the number of its members shall not be less than three, and at least one of its members shall be independent members, as well as the membership of the Committee shall not be occupied by the Chairman of the Board of Directors or one of the Executive Board members. Also The member of the committee must possess the qualification and experience that suits the work of the committee, in addition he must be familiar with the necessary financial, accounting and administrative aspects. Also the Board of Directors determines the membership period of the members of the committee and its method of work, as the membership period of the members of the committee ends with the end of their membership in the Board of Directors, also the Board of Directors has approved the formation of the Audit Committee as well as the Audit Committee held 4 Meetings during the year 2020 and the following schedule is represent the committee formulation and meeting details

Member's Name	Title	Category	First 1/4/2020	second 13/8/2020	Third 15/11/2020	Forth 22/12/2020
Yacoub Yousef Al-Saqer	Head of the committee	Non- Executive	√	√	√	√
Dr.Abdulazizi Rashed Al-Rashed	Member	Non- Executive	√	√	√	√
Rasha Abdulrahman Al-Melhem	Member	Non- Executive	√	√	√	√
Yousef Badr Al-Kharafi	Member	Non- Executive – Independent	√	√	√	√

This Mark (√) is refer to presence Head of the Audit Committee and Members.

The Tasks of Committee:

This Committee performs it's monitoring role which is lending assistance and support the Board of Directors in his responsibilities towards the representation of shareholders with respect to the correctness and integrity of the Financial Statements and supervision, auditing the company's accounts and Financial Statements for the Company and the internal controls and risk management, setting the policy of contracting with external auditors and ensuring from the independent and integrity of the external auditor , effectiveness of the internal control system and its effectiveness as per the approved audit standards through the audit work carried out by the company's internal audit unit . In addition to ensuring the company's compliance with the rules of professional conduct, and the guarantee of implementing laws and policies, systems and relevant instructions and approval as per the approved policies from Board of Directors in this field.

The most significant Achievements of Audit Committee during the year 2020:

1- Discussion and approved the reports from internal audit manager according to the approved audit plan in 2020.

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

3- Periodically meetings with the external auditor and discus with them any Pending and notes appeared during the audit period.

4- Prepared and approved the Audit Committee report to be represented to company shareholders through holding general assembly meeting for shareholders.

5- Ensuring the independence of the internal audit unit and that all internal audit activities were safe from any interference in determining the scope of the audit, carrying out audits or reporting the results of the audit work to the Committee.

6- Recommend of Board of Directors to appointed or reappointed the auditor.

7- Approving of the timetable amendment for the audit plan for the year 2020 due to the spread of the global epidemic (Corona), which affected the previously approved dates for the plan implementation.

2- Risk Management Committee:

Committee formation:

The Board of Directors shall form the Risk Management Committee so that the number of its members shall not be less than three, also at least one of its members shall be independent members, as well the membership of the Committee shall not be occupied by the Chairman of the Board of Directors or one of the members of the Executive Board of Directors. The Board of Directors determines the term of membership of the members of the Committee and its method of work, as the term of membership of the Committee members ends with the end of their membership in the board of directors, and the board of directors approved the formation of the Audit Committee, and the Risk Management Committee held (4) meetings during the year 2020 and the following table shows the formation of the Committee and meetings details:

Member's Name	Title	Category	First 18/3/2020	second 6/8/2020	Third 13/11/2020	Forth 11/12/2020
Yousef Bader Al-Kharafi	Head of the committee	Non- Executive – Independent	√	√	√	√
Basel Saad Al-Rashed	Member	Non- Executive	√	√	√	√
Ziad Tariq al-Mukhaizeem	Member	Non- Executive	√	√	√	√
Khaled Abdullah Al-Rabiah	Member	Non- Executive	√	√	√	√

- This Mark (√) is refer to Members of Board Directors presence.
- On 2/20/2021, Member / Basil Saad Al-Rashed has passed away to the mercy of God Almighty - May God bless his soul.
- Mr. Ziad Tariq Al-Mukhaizeem joined the committee on 1/27/2020 based on Board Decision No. 1285/1/2020.

The Tasks of Committee

This Committee assumes the responsibility of assisting the Board of Directors in its tasks of managing risk by advising and review the strategies and policies of risk management prior to being endorsed by the Board , as well as ensuring the implementation consistent with the nature and size of the company's business in addition to evaluating the system and mechanisms of determining , measuring and monitoring the types of risks which the company could be exposed to, as well as identifying and rectifying the shortcomings therein in order to avoid any losses that may occur , And to submit recommendations to the Board of Directors to take appropriate corrective actions

It is worth mentioning that the company has sought assistance from one of the consultancy offices approved by the Capital Market Authority in order to help in identifying the types and nature of the risks which the company could be exposed to, preparation a record thereto and submitting semi-annual reports to preserve the company's assets and ensuring the continuity of conducting it's activity positively.

The most significant Achievements of Risk Management Committee during the year 2020:

1- Review the risk valuation report that is submitted from consultancy office.
2- Review and approval of the risk plan 2020.
3- Supervising and controlling the work of the risk management unit.

3- The Nominations and Remuneration 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 shall be independent members, and the Chairman of the Committee shall be a non-executive Board member. The Board of Directors determines the term of membership of the members of the Committee and its method of work, as the term of membership of the members of the committee ends with the end of their membership in the Board of Directors, and the Board of Directors has approved the formation of the Nominations and Remuneration Committee also Nomination and Remuneration Committee held (1) Meeting during the year 2020 and the following schedule is representing to the Committee formulated and meetings details:

Member's Name	Title	Category	first 1/4/2020
Rashed Abdulaziz Al-Rashed	Head of the committee	Non- Executive	
Tamadhor Ahmad Al-Houti	Member	Non- Executive	√
Abdullah Mohamad Al-Saad	Member	Non- Executive	√
Yousef Bader Al-Kharafi	Member	Non- Executive – Independent	√

• This Mark (√) is refer to presence head and the Meeting committee members.

The Tasks of Committee:

This Committee assumes the responsibility of assisting the Board of Directors in its tasks of nominating and remunerating the Board's members and executive management , reviewing the scope and plan of remuneration applicable at the company , preparing an separate annual report on all remunerations granted to the Board members and the executive management whether in cash , benefits or privileges ,moreover , the Committee assumes the responsibility of ensuring autonomy of the independent Board member In addition to supervising the evaluation of the members of the Board of Directors and the executive management.

The most significant Achievements of Nomination and Remuneration Committee during the year 2020:

1- Preparation annual report for all the remunerations and benefits that is granted to

Members the Board of Directors, executive management and employees and send the report to Board of Directors to approval.

2- Supervision in annual valuation for members of Board of Directors and executive management.

3- Review and ensure of Non-absence for Board of Directors member independence.

The mechanism of obtaining Board of Directors on the information and data accurately in the right time.

The company provide the mechanisms and tools which enables Board of Directors to obtain on the required information and data in the right time, and that is through developing the information technology environment inside the company, as well as create direct contact channels between secretary of Board of Directors and Board of Directors, also provide special reports in the meetings with high degree of quality and accuracy and that before enough time to discuss it and take decision about it.

Remuneration report granted to members of the Board of Directors and executive management.

- Rewards and incentives policy.

The remuneration policy pursued by the company is in line with the specific strategic objectives that aim to attract, retain and motivate all its employees, especially those with scientific and professional competence, skills and knowledge, which is reflected in the enhancement of risk management and ongoing profitability, considering all relevant laws. The Nomination and Remuneration Committee works within the framework of that policy and in accordance with the applicable annual performance and evaluation rates, as it recommends rewards to both the Board of Directors and the Executive Management taking into account the company's success in achieving its goals and in line with the Companies Law Article No. (198) and Article No. (29) Of the system the basic principle of Kuwait Cement Company, and it is the responsibility of the Board of Directors to take final decisions in approving these bonuses and incentives.

- Remuneration of the members of the Board of Directors.

The total remuneration of the members of the Board of Directors for the fiscal year ending on 31/12/2020 amounted to ZERO Kuwaiti dinars for their membership in the Board of Directors and amounted to 179,000 Kuwaiti dinars for their membership in the Committees emanating from the Board of Directors.

- Remuneration of the Executive management and financial manager:

The table below shows the remuneration details in Kuwaiti Dinar:

Staff Categories	Number Of Staff	Salaries & Privileges	Annual Remuneration
Executive management & Financial manager	9	300,375	412,000

The remuneration are subject to the approval of the shareholders' general Assembly

Nominations & Remunerations Committee
Kuwait Cement Company

28 March 2021

Board of Directors and executive management written pledges for the amendment's financial reports safety and integrity.

In line with the requirements of corporate governance, the Executive Management has submitted a declaration and undertaking on its responsibility towards the Board of Directors with respect to presenting the annual financial statements and reports, as well as the correctness, accuracy and inclusiveness of the information and data contained therein and also its attachments, and that such financial statements and reports are presented in a correct and fair manner according to the international accounting standards. After discussing and endorsing the financial statements, the Board of Directors in turn presented a declaration and undertaking on the financial reports as well as its responsibility for the correctness and integrity of all annual financial statements and reports of the Company.

Recommendations of the Audit Committee to the company's Board of Directors.

In accordance with the responsibilities mentioned in the corporate governance rules, which are related to the supervision, review and follow-up of all the company's auditors' work and internal audit activities, and other tasks that ensure the compliance and the fairness and transparency of financial reports, as well as ensuring the effectiveness of the applied internal control systems, where the committee is committed Periodically, to submit any observations or recommendations related to its work to the Board of Directors, and during the year 2020 there was no conflict between the recommendations of the Audit Committee and the decisions issued by the Board of Directors of the company.

Independency and impartiality of external auditors.

On 23/6/2020 the Company's General Assembly Meeting had approved for re-appointing Messrs. BDO Al-Nisf & Partners and appoint Deloitte & Touche office - Al Wazzan & Co. for 2020 as external auditors and both is certified and registered in Capital Market Authority register, also both have full independency from the company and its Board of Directors.

Risk Management Unit.

Considering the company's keenness to abide by the instructions issued by the Capital Markets Authority, the Board of Directors adopted its decision No. 1264/6/2018 by agreeing that the risk management unit should be directly affiliated to the Risk Management

Committee, according to Resolution No. 124 of 2018 (No. 124) Issued by the Capital Markets Authority, during 2021 the resignation of Mr. / Director of the Risk Management Unit has been accepted furthermore the director of the Risk Management Unit was appointed on 27/2/2021.

Preciseness and internal control systems.

- The company depend on a group of preciseness systems and internal control that covers all company's activities and its management, as well as systems and rules is keeping the company financial position safe and its data accurate and its operations efficiency from various aspects, also the organizational structure in the company reflects on dual control systems(four eyes principles) and it contains the right specifications for responsibilities and authorities full separation for duties and avoids conflict of interest, double test and control.
- Audit Committee in the company reviewing on internal audit management activities in the company and discuss its reports to ensure the safety, sufficiency and effectiveness of preciseness systems and internal control.

Emanating from Kuwait Cement Company's keenness to comply with the requirements of corporate governance - 15th Edition - Articles 9 – 6, an independent consultancy office approved by the Capital Markets Authority was commissioned to review the Company's Internal Control Systems (ICR).

Internal Audit Unit.

The internal audit unit enjoys full technical independence and follows the Audit Committee. The internal audit unit provides assurances and advisory services with a view to adding value to the company and improving its operations. The audit unit also helps in achieving the company's goals through a systematic approach to assess and improve the effectiveness of governance, risk management and control processes,

As has been Appointment of the Director of the Internal Audit Unit on 20/06/2016.

Professional Conduct and Ethical values guidance.

The company applying the prepared system for the codes and ethics of professional conduct of the Board of Directors, executive management and stuff which including the general rules for professional ethics and covered a wide range of procedures and practices while consistent with regulatory requirement, relevant legislation and local customs to limit the incidences of conflict of interest. For this purpose, the Board is keen on implementing the highest standards and values that provide integrity to the Company as whole, the Executive Management and the staff, as they indicate the codes of conduct and ethical standards to be followed by the various stakeholders in the course of executing the Company's business. The Board of Directors also assumes the task of monitoring and managing any potential conflict of interest which the Company may encounter, including the exploitation of the Company's resources and the misuse of jurisdictions and powers.

Transparency and disclosure of information:

The Company is committed to provide accurate, complete and updated information to the shareholders, in line with the legislative and regulatory requirements within the framework of transparency. The Company guarantees implementing integrated practices and procedures on disclosure of substantial information, and the possibility of providing the public with the announced information instantly and accurately.

Register of Board Members and Executive Management disclosures.

The company has prepared a record of the disclosures of members of the board of directors and the executive management, and this record is updated immediately in the event of any disclosure by members of the board or the executive management, and the shareholders of the company are entitled to see the record during the official working hours without any fees.

Shareholders affairs (investors' affairs).

The company committed to develop policies and procedure for fairly representing the company in which the current and potential investors be informed of substantive decisions that taken by the company, also shareholders affairs department in the company have the necessary independence, as it working to provide information, data and reports in the right time and by necessary accuracy through tools of disclosure commonly known.

Information Technology Infrastructure in the Company

The company developed the company website in line with the requirements of the Capital Markets Authority as well as singled out a section for corporate governance from the website, in addition all information, data, financial reports, disclosures and others on the company's website are added and these information updated as soon as it is available to the company.

General rights of shareholders and limit conflict of interest cases.

The policy of the relations and rights of stakeholders and shareholders was approved by the Board of Directors on 15/11/2016, which the guide states that all shareholders of the company have general and clear rights as following:

- Disposal of shares from registration, transfer or transfer of ownership.
- The right to review and participate in decisions regarding the amendments of the articles of association and articles of association of the company, as well as decisions regarding unusual transactions that may affect the company's future or activity, such as mergers and sale of a large part of its assets or liquidation of subsidiaries.
- The right to receive dividends, participation and voting at the General Assembly meetings.
- Shareholders' rights to be treated on an equal basis and to give them the opportunity to rectify any abuse of their rights.
- Shareholders who own 5% and above of the company's capital have the right to add items to the agenda of the general assembly.

A special register was also provided to the Kuwaiti Clearing Company, listing the names, nationality, home and number of shares owned by the Kuwait Clearing Company, Any changes in the data recorded in this register shall be recorded in the register as received by the Company or the Kuwait Clearing Company, Any interested party may request the Company or the clearing company to provide him with data from this register.
In addition to the above policy, the Company's Articles of Association clarify the above in line with the requirements of the capital market authority and the regulatory bodies.
There is a related party transaction policy that clarifies the guiding principles on how to execute and manage dealings with the affiliated parties, whether such dealings are between the Company and the Board members, or with its subsidiaries, affiliated parties, Executive management or staff. Such policy abides by the regulatory standards as well as the international accounting standards for financial reporting.

Meeting of the General Assemblies of the Company.

Kuwait cement Company is keen to organize meetings of the general assembly of shareholders as set forth in the corporate governance rules, laws and rules regulating the same. The agenda items shall include the minimum items required according to the rules. Details and information of the agenda shall be furnished to shareholders in advance of the date of holding the assembly by a sufficient time. Shareholders are permitted effective participation in the General Assembly Meetings, discussion of the topics listed therein and raise questions. Further, the company is keen that all shareholders practice the right of voting without any hurdles.

Stakeholder's rights.

The company has set clear policies and procedures in the management of open dialogue and communication with its stakeholders, transparency in communicating with them and the level and degree of information that can be disclosed. The rights of stakeholders include, but are not limited to:

- The right to be treated on a fair and equitable basis.
- The right to compensation in the event of any violations of their rights.
- The right to obtain relevant company information that is necessary for the stakeholders.
- Inform stakeholders of the company's violations reporting program and should provide them with adequate protection in accordance with the requirements of the violations policy .

Training programs and courses.

Kuwait Cement Company guarantees to all members of the Board of Directors and executive management the required training courses needs in order to increase the skills and knowledge to achieve a better level of management and competence at work. During the year 2020, a training program for all members of the Board of Directors was organized on Preparing strategic plans and action plan according to the company's activity. At the end of the program, the board members received the certificate of attendance approved by the coordinator and presenter of the program Humanfox.

The general framework for evaluating the performance of the board of directors and the executive management.

A clear and comprehensive mechanism has been set up to conduct the annual evaluation process for members of the Board of Directors and the Executive Management, based on objective foundations that measure performance in a general, impartial and objective manner. The evaluation is conducted through the Nomination and Remuneration Committee.

Institutional values of the Company personnel.

The Kuwait cement company Board of Directors on 15/11/2016 outlined in the professional and ethical code of conduct the fundamental principles which creates corporate values on the basis that the company's reputation is based on the behavior of the Board members, executive management and staff. Everyone should play a role in safeguarding the Company reputation by compliance with the highest ethical standards. The Board of Directors assumes the responsibility of laying down the criteria and specifications of the company's ethical values. Each member of the senior management and staff shall assist to enforce this manual as part of his function and ethical responsibility and report any violation to the Board of Directors.

The company contribution for social Responsibility and environmental conservation.

Among the other similar companies, Kuwait Cement Company has been the pioneer in lending attention to social responsibility, where the Company is seriously striving to abide to by developing and deepening its role in the society, and by realizing social development as one of the key aspects of its mission and objectives. Among the key achievements of the Company, for example but not limited to, are the following:

Alternative fuel project.

As part of Kuwait Cement Company's efforts from many years to benefit from the use of used tires as a source of alternative fuel in clinker production furnaces, during 2019, the company obtained the approval of the General Authority for Industry and the Public Authority for Environment to cut and burn used tires. With the grace of God , the operations of cutting tires in the company's cutting plant which in allocated in Al-Rahiya into small chips (tire chips) and moving them to the factory in the Eastern Industrial Area Shuaiba and feeding them to burning with furnaces for the production of clinker are successfully carried out according to the latest technologies and modern scientific and environmental methods that are developed and used internationally To manage and treat waste, which is considered a positive indication of the ability of Kuwait Cement Company to contribute effectively to getting rid of the accumulation of these tires and the resulting environmental damage, as well as taking care of the safety of the environment and working to ensure the sustainable development of the cement industry, in line with the national trend of the State of Kuwait .

Quality mark and ISO 9001: 2015 Quality Control Certificate.

Kuwait Cement is the only national company that manufactures the cement product as complete in the State of Kuwait, hence, it shoulders the responsibility of meeting the needs of all citizens, government projects and others. As such, the Company has been striving to continue providing a product of global efficiency and quality.

In order to enhance confidence and ensure standard specifications for quality control, the Company has attained the Quality Mark from the Public Authority for Industry for its cement products. Moreover, in year 2012, it attained the ISO 9001:2015 certificate for Quality Control, By DNV-GL, an independent organization that conducts field visits to follow up and test the working mechanisms and to view the infrastructure and technical processes. The company follows strict procedures in the application of all international standards in terms of its fields of operation and conforms to internationally approved standards, Technological means and the best and finest types of raw materials for the cement industry and the establishment of a special culture that will contribute to the development of the appropriate work system and develop in a manner that is compatible with the company's strategy at the environmental level by giving special importance operations, which distinguish our products from cement high quality, strength and stability of the specifications and granting worthily excellence and leadership over the past fifty years under the slogan (Quality means .... Kuwaiti cement), and the adoption of the General Organization for Housing Welfare and the Ministry of Public Works for its products from the cement product national.

On 6/12/2018, the company obtained the quality certificate approved by the American Petroleum Institute (API), which allows it to produce Oil Well Cement with special specifications for use in the oil fields and petroleum services to make this type of cement a new addition to the product group of Kuwait Cement Company. This is in line with the company's objectives in developing the cement industry in Kuwait and offering the new and distinctive Kuwaiti market of high-quality cement products. The company has launched an advertising and promotional campaign in local and foreign newspapers and in social networking sites about this product and its readiness to supply petroleum well cement to the specialized companies that use this type of cement in the projects under implementation.

Quality Mark Logo

ISO 9001:2015 LOGO

Implementation of training programs for national employment in the company.

Kuwait Cement Company seeks to raise the level of performance of its Kuwaiti workers, develop their skills and raise their functional and cognitive abilities to increase their affiliation and motivate them to work, through programs and courses that suit its work needs, believing in the importance of the Kuwaiti element and its effective participation in building the dear homeland, as the company coordinated with the Authority. The General Manpower Authority has trained a number of Kuwaiti employees who are at the head of their work in the general administration of the company, as part of a distinguished training program for the year 2020, and Kuwait Cement Company will continue to follow this approach in 2021 and periodically, God willing, to reflect positively on improving performance and quality at work, and that will come back good for the company and the shareholders.

Contribute to facing the global epidemic, Corona.

Based on the national and humanitarian duty and commitment of Kuwait Cement Company to social responsibility towards our dear country, and in support of it in the efforts of the State of Kuwait in all its ministries, institutions and agencies concerned to confront the global health crisis represented by the spread of the new Corona virus (Covid-19), the Board of Directors took its decision to donate 250,000 Two hundred fifty thousand (Kuwaiti dinars) for a contribution fund to counter the spread of this virus in the country, and the company's management has taken all proactive measures and activated an emergency plan to reduce the repercussions of this pandemic, and focused its focus on a number of basic axes that included maintaining the safety and health of its employees by providing all precautions Precaution and full compliance with the recommendations submitted by the Ministry of Health, and the company has provided all materials that help in the processes of limiting the spread of the repercussions of the Corona pandemic, and the Administrative Affairs Department has been tasked with issuing the necessary administrative bulletins and circulars, and supervising and following up on the implementation of these measures. Provide logistical support for The various departments and divisions in the General Administration and the cement factory in Shuaiba and the bulk cement Terminal station in Mina Abdullah to ensure the continuity of work, provide services to its customers and secure their cement needs with the usual quality, with an emphasis on that communication between employees and customers is through the use of communication means that ensure social distancing and that is from The principle of adopting the rules of health precautions and the care and safety of our employees and customers.



Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2020

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 2020, 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.

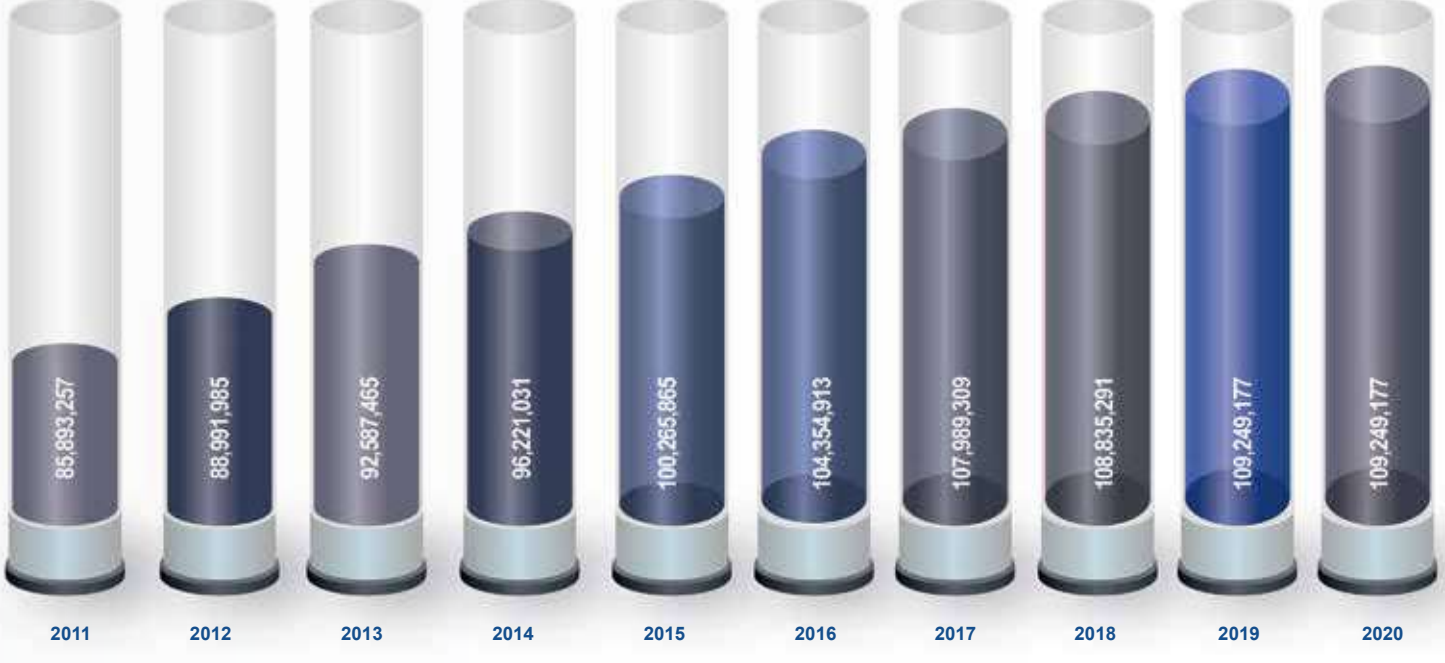
Moreover, the Board of Directors declares that the executive management has made available for auditors all the reports, records, documents and information necessary to conduct the audit on the company consolidated financial statements, and enable them to examine all the papers and documents, and also 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

GRAPHS



RESERVES

KUWAIT DINARS





Quality control department monitoring the production which has laboratories for physical and chemical testing equipped with the latest sophisticated equipments for the clinker and cement plant located at easten shuaiba industrial area

Deloitte.

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Independent Auditors' Report
To the Shareholders of Kuwait Cement Company K.P.S.C.
State of Kuwait
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Kuwait Cement Company K.P.S.C.
("the Parent Company") and its subsidiaries (referred collectively as "the Group") which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis of Opinion

We conducted our audit in accordance with the 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 section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is 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 our 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 opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter, our description of how our audit addressed the matter is provided in that context.

Impairment of property plant and equipment and right-of-use leased assets

Property plant and equipment and right-of-use leased assets are carried in the statement of financial position at KD 136,211,120 and KD 3,989,802 respectively as at 31 December 2020. Primarily as a consequence of the ongoing Covid-19 pandemic, the operation incurred a loss for the year then ended which is an indicator of impairment. Accordingly, management has tested these assets for impairment.

The aforementioned impairment test is significant to our audit because the assessment of the recoverable amount requires management to apply significant judgements and make significant estimates. The determination of these judgements and estimates is further complicated by the effect of the ongoing Covid-19 pandemic. Management used the value in use method to assess the recoverable amount of the assets. The determination of the value in use requires that judgments and estimates be made concerning future cash flows, growth rates, future business prospects and associated discount rates. Accordingly, we consider this as a key audit matter.

Refer to note 5 of the consolidated financial statements for more details relating to this matter.

Our audit procedures included the following:

• We evaluated the relevant controls over the impairment process to determine if they had been appropriately designed and implented.

• Together with our internal valuation specialists, we assessed the group's valuation methodology applied in determining the recoverable amount, as well as the impact of the Covid-19 pandemic on the business, to determine if it was in compliance with the requirements of IFRSs;

• We discussed potential changes in key drivers with management in order to evaluate whether the inputs and assumptions used in the cash flow forecast were reasonable, for example the discount rate;

• We re-performed the mathematical accuracy of the value in use calculation;

• We performed a sensitivity analysis of the value in use calculation; and

• We assessed the disclosures made in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Matter

The consolidated financial statements for the year ended 31 December 2019 were audited by another auditor with BDO Al Nisf and Partners, who expressed an unmodified opinion on those statements on 1 April 2020.

Other Information

Management is responsible for the other information. The other information consist of information included in the Annual Report of the Group for the year ended 31 December 2020, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report of 2020 after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 reasonably 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 for one 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 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 presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities 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.

From 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 period and are therefore the key audit matters. We describe these matters

in our auditor's report unless law or regulation precludes 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 contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all 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, to the best of our knowledge and belief, no 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 2020 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our Audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2020, that might have had a material effect on the business of the Group or on its consolidated financial position.

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

Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners

Kuwait, 30 March 2021

Kuwait Cement ready mix factory at Sulaibiya



Consolidated Statement of Financial Position
As at 31 December 2020

All amounts are in Kuwaiti Dinars

Assets	Note	2020	2019
Non-current assets			
Property, plant and equipment	5	136,211,120	152,261,624
Intangible assets		10	32,852
Investments properties	6	770,641	770,641
Investments in associates	7	16,380,034	15,775,973
Financial assets at fair value through other comprehensive income	8	77,474,477	89,221,830
Right of use assets	9	3,989,802	4,488,527
		234,826,084	262,551,447
Current assets			
Inventories	10	13,330,333	16,429,047
Accounts receivable and other debit balances	11	15,704,653	27,471,315
Cash and cash equivalents	12	15,186,967	9,528,618
		44,221,953	53,428,980
Total assets		279,048,037	315,980,427
Equity and liabilities			
Equity			
Share 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		(14,590,317)	(2,347,295)
Group's share in associates' reserves		(176,209)	(54,746)
Group's share in foreign currency exchange reserve		107,677	95,186
(Accumulated losses)/ retained earnings		(5,606,536)	15,320,862
Equity attributable to the Parent Company shareholders		175,884,463	209,163,855
Non-controlling interests		148,103	163,843
Total equity		176,032,566	209,327,698
Liabilities			
Non-current liabilities			
Loans, bank facilities and murabaha	17	53,010,713	57,737,687
Provision for employees' end of services indemnity		3,522,910	3,594,497
Lease liability	9	3,481,193	3,933,552
		60,014,816	65,265,736
Current liabilities			
Loans, bank facilities and murabaha	17	20,530,142	18,963,851
Accounts payable and other credit balances	18	22,015,137	21,983,181
Lease liability	9	455,376	439,961
		43,000,655	41,386,993
Total Liabilities		103,015,471	106,652,729
Total equity and liability		279,048,037	315,980,427

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

Rashed Abdulaziz Al-Rashed
Chairman

Dr. Abdul Aziz Rashid Al-Rashid
Vice Chairman

Consolidated Statement of Income
For the year ended 31 December 2020

All amounts are in Kuwaiti Dinars

	Note	2020	2019
Sales		42,465,225	81,819,157
Cost of sales	19	(54,444,578)	(74,033,079)
Gross (loss)/ profit		(11,979,353)	7,786,078
Other operating income	20	261,864	429,353
Selling, general and administrative expenses		(3,660,777)	(4,028,725)
Operating (loss)/profit		(15,378,266)	4,186,706
Provision for expected credit losses	11	(4,128,659)	(249,475)
Finance charges		(2,446,177)	(3,043,437)
Interest income		25,905	3,550
Net investment profits	21	2,656,230	3,105,231
Group's share of results of associates	7	1,087,195	135,338
Net (loss)/ profit before deductions		(18,183,772)	4,137,913
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(39,370)
National Labour Support Tax		-	(63,776)
Zakat		-	(18,593)
Net (loss)/ profit for the year		(18,183,772)	4,016,174
Attributable to:			
Shareholders of the Parent Company		(18,179,210)	4,017,125
Non-controlling interests		(4,562)	(951)
Net (loss)/ profit for the year		(18,183,772)	4,016,174
Basic and diluted (losses)/ earnings per share (fils)	22	(25.50)	5.63

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

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

All amounts are in Kuwaiti Dinars

	Note	2020	2019
Net (loss)/ profit for the year		(18,183,772)	4,016,174
Other comprehensive (loss)/ income items			
Items that may be reclassified subsequently to the consolidated statement of income:			
Group's share in associates' reserves	7	(121,463)	(279,933)
Group's share in foreign currency exchange reserve		12,491	(143)
		(108,972)	(280,076)
Items that will not reclassified subsequently to the consolidated statement of income:			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")		(11,461,247)	23,102,329
Total other comprehensive (loss)/ income items for the year		(11,570,219)	22,822,253
Total comprehensive (loss)/ income for the year		(29,753,991)	26,838,427
Attributable to:			
Shareholders of the Parent Company		(29,734,632)	26,821,253
Non-controlling interests		(19,359)	17,174
		(29,753,991)	26,838,427

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

	Equity attributable to the Parent Company's shareholders													
	Share 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	Group's share in foreign currency exchange reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	73,330,387	26,675,810	(13,528,077)	441,409	47,856,817	42,048,346	18,930,128	(24,949,961)	225,187	95,329	21,887,300	193,012,675	145,358	193,158,033
Net profit for the year	-	-	-	-	-	-	-	-	-	-	4,017,125	4,017,125	(951)	4,016,174
Total other comprehensive income/ (loss) items	-	-	-	-	-	-	-	23,084,204	(279,933)	(143)	-	22,804,128	18,125	22,822,253
Transferred to investments revaluation reserve	-	-	-	-	-	-	-	(481,538)	-	-	481,538	-	1,338	1,338
Group's share from the transfer to the retained earning in associates	-	-	-	-	-	-	-	-	-	-	43,390	43,390	-	43,390
Cash dividends	-	-	-	-	-	-	-	-	-	-	(10,694,605)	(10,694,605)	-	(10,694,605)
Transferred to statutory reserve	-	-	-	-	413,886	-	-	-	-	-	(413,886)	-	-	-
Purchase of treasury shares	-	-	(18,858)	-	-	-	-	-	-	-	-	(18,858)	-	(18,858)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(27)	(27)
Balance at 31 December 2019	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(2,347,295)	(54,746)	95,186	15,320,862	209,163,855	163,843	209,327,698
Balance at 1 January 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(2,347,295	(54,746)	95,186	15,320,862	209,163,855	163,843	209,327,698
Net loss for the year	-	-	-	-	-	-	-	-	-	-	(18,179,210)	(18,179,210)	(4,562)	(18,183,772)
Total other comprehensive (loss)/ income items	-	-	-	-	-	-	-	(11,446,450)	(121,463)	12,491	-	(11,555,422)	(14,797)	(11,570,219)
Transferred to investments revaluation reserve	-	-	-	-	-	-	-	(796,572)	-	-	796,572	-	3,619	3,619
Group's share from the transfer to the retained earning in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Cash dividends (Note 24)	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance at 31 December 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(14,590,317)	(176,209)	107,677	(5,606,536)	175,884,463	148,103	176,032,566

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

All amounts are in Kuwaiti Dinars

	Note	2020	2019
Cash flows from operating activities			
Net (loss)/ profit for the year		(18,183,772)	4,016,174
Adjustments:			
Depreciation and amortization		8,985,932	9,762,980
Impairment loss of property, plant and equipment		8,143,628	-
Gain on sale of property, plant and equipment		(8,734)	(42,139)
Provision for expected credit losses	11	4,128,659	249,475
Finance charges		2,446,177	3,043,437
Net investment profits	21	(2,751,895)	(3,205,802)
Interest income		(25,905)	(3,550)
Group's share of results of associates	7	(1,087,195)	(135,338)
Provision for employees' end of services indemnity		(71,587)	276,537
Net operating profit before working capital changes		1,575,308	13,961,774
Inventories		3,098,714	2,319,708
Accounts receivable and other debit balances		7,634,406	5,531,193
Accounts payable and other credit balances		24,761	(6,248,362)
Net cash generated from operating activities		12,333,189	15,564,313
Cash flows from investing activities			
Paid for purshace of property, plant and equipment	5	(509,976)	(4,656,580)
Proceeds from sale of property, plant and equipment		13,298	145,615
Paid for purchase of intangible assets		(1,694)	-
Paid for purchase of financial assets at fair value through other comprehensive income		(4,039,135)	(5,782,962)
Proceeds on sale of financial assets at fair value through other comprehensive income		4,328,766	5,982,493
Dividends received		3,133,674	3,587,579
Interest income received		25,905	3,550
Net cash generated from/ (used in) investment activities		2,950,838	(720,305)
Cash flow from financing activities			
Withdrawn from loans, bank facilities and murabaha		16,500,000	20,500,000
Paid for loans, bank facilities and murabaha		(19,678,232)	(21,113,167)
Finance charges paid		(2,307,009)	(3,034,308)
Lease liabilities paid		(591,778)	(464,715)
Dividends paid		(3,548,659)	(10,593,163)
Paid for purchase of treasury shares		-	(18,858)
Net change in non-controlling interests		-	(27)
Net cash used in financing activities		(9,625,678)	(14,724,238)
Net change in cash and cash equivalents		5,658,349	119,770
Cash and cash equivalents at beginning of the year		9,528,618	9,408,848
Cash and cash equivalents at the end of the year	12	15,186,967	9,528,618

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

1. Incorporation and activities

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

The Parent Company's objectives are as follows:

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

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

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

Name of the Company	Legal Entity	Activity Principal	Country of Incorporation	Percentage of ownership (%) 2020	2019
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 consolidated financial statements were prepared using the audited financial statements of subsidiaries as at 31 December 2020.

The subsidiaries' total assets amounted to KD 31,664,874 as at 31 December 2020 (KD 37,626,703 - 31 December 2019) and their net losses amounted to KD 3,214,891 for the year ended 31 December 2020 (Net loss of KD 911,524 for the year ended 31 December 2019).

The consolidated financial statements for the year ended on 31 December 2020 were authorized for issue by the board of directors of the Parent Company on 30 March 2021 and are subject to the approval of the general assembly of shareholders.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that remeasured at fair value as stated in the below mentioned accounting policies.

The Group's accounting policies has been applied based on a similar basis to all year presented, except as indicated in note 2.2.1 on the application of new and revised IFRSs.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2.1 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the adoption of certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020:

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16: Covid-19 Related Rent Concessions

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient to all rent concessions that meet the conditions in IFRS 16:46B.

These amendments had no impact on the consolidated financial statements of the Group

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

2.2.2 New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.
Amendments to IAS 1	Classification of Liabilities as Current or Non-current The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
Amendments to IFRS 3 Reference to the Conceptual Framework	The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same or earlier.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application Permitted
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

2.3 Significant Accounting Policies

Following is the significant accounting policies adopted by the Group:

2.3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company and its subsidiaries. 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 amount of the investor's returns.

The Group 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, income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statement of income or other comprehensive income from the date the Company gains control until the date when Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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 the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities, liabilities or 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 as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in consolidated statement of income as a bargain purchase gain.

Non-controlling interest in acquired subsidiary is measured either at the non-controlling interest's proportionate in the acquiree's identifiable net assets or at fair value of such 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 arising from interests in the acquiree prior to the acquisition date that have previously been recognised in consolidated statement of comprehensive income are reclassified to consolidated statement of income where such treatment would be appropriate if that interest were disposed of.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the

date of acquisition of the business less accumulated 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.

2.3.2 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. Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

	Useful life
Buildings	5-25 years
Machinery & 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. A change in the estimated useful life of a property, plant and equipment is applied at the beginning of the year of change prospectively.
The carrying amount of property, plant and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment in its 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.
The recoverable amount of assets is the greater of their fair value less costs to sell and 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.
Gains or losses on disposals are determined by the difference between the net sales proceeds and the 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.

2.3.3 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.

2.3.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. 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 property is recorded at cost less impairment in value, if any. Land is not depreciated. Building is depreciated using the straight line method 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.

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.

2.3.5 Investments in associates and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture 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 or joint venture since the acquisition date.

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

Any change in statement of other comprehensive income of those investees is presented as part of the Group's comprehensive statement of income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized profits and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Company's interest in the associate or joint venture. The aggregate of the Group's share of results of an associate and a joint venture is shown on the face of 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 or joint venture. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture 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.

2.3.6 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 was recognised. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

2.3.7 Financial Instruments

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

All regular way purchase and sale 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 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 regulations 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 lender 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 as at fair value through profit or loss. Transaction costs on financial assets classified as at fair value through profit or loss are recognised in the consolidated statement of income.

Classification and measurement of financial assets and financial liabilities

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 equity instruments and derivatives.

The 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 important 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:

- Amortised cost (AC)
- Fair Value through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit and Loss (FVTPL)

Amortised cost (AC)

The Group classifies financial assets at AC if it meets both of the following conditions and is not designated as at FVTPL:

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

Fair Value through Other Comprehensive Income (FVTOCI)

Equity instruments at FVTOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as at FVTOCI 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 at FVTOCI are subsequently measured at their fair value. Changes in fair values including foreign exchange gains and losses are recognised in OCI. Dividends are recognised 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 OCI. Equity instruments at FVTOCI are not subject to an impairment assessment. On derecognition, cumulative gains or losses are reclassified from OCI to retained earnings in the consolidated statement of changes in equity.

Fair Value through Profit and Loss (FVTPL)

Financial assets whose business model is to acquire and sell, or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as FVTPL.

In addition to the above, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified as FVTPL 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 Company applied the simplified approach and measure the loss allowance for receivable at an amount equal to lifetime ECL. The expected credit losses on receivable 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.

The Company writes off receivable when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9, for financial instruments in Cash and bank balances. The Company 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 a 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 Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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 consideration of an acquirer in a business combination, 2) held-for trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the 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 and losses' line item in 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.

2.3.8 Inventories

Inventories are held at lower of cost and net realizable 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 of completion and costs necessary to make the sale.

2.3.9 Employees' end of service indemnity

The Group is liable under Kuwait Labor 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.

2.3.10 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.

2.3.11 Treasury shares

Treasury shares represent the Company's own shares that have been issued, subsequently purchased by the Group and were not reissued or cancelled till the consolidated financial statements date. Treasury shares are accounted for using the cost method, where the total cost of the shares acquired is reported as a contra account within equity. When the treasury shares are disposed; gains are credited to a separate un-distributable account in equity "gain on sale of treasury shares". Any realized losses are charged to the same account in the limit of its credit balance, any additional losses are charged to retained earnings and then to reserves then to share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and the gain on sale of treasury shares.

2.3.12 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Company 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 companies

The results and financial position of all the Group entities 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 rates; and

• All resulting exchange differences are recognised as a separate component of the statement of equity.

2.3.13 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 point 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 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 have been shipped to the specific location, have been purchased at store by the customer, the risks of obsolescence and loss have been transferred to the customer. This represents the point at which the right to collect outstanding receivables becomes unconditional, i.e. such amounts are due directly when the purchase is made.

Dividends income

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

Interest income

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

2.3.14 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.

2.3.15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. 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 recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.3.16 Accounting for leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the Contract. The Group recognizes a right of use asset and a corresponding lease liability on 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.

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 payment that are based on an index or a rate

• amounts expected to be payable 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 leases of short term leases and 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 dismantle and 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. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Subsequent Measurement

Generally, after the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified 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 (note 2.3.6).

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 contract 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.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement income over the lease period 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 Group allocates 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.

Where the Group is the lessor

Leases for 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 contract 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 term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

2.3.17 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders.

3. Risk management and fair value estimation

3.1 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 exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign 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 exposed to foreign currency risk resulting primarily from translation of assets and liabilities in foreign currency such as cash and cash equivalents, payables, loans, bank facilities and Murabaha.

The following is the value of net positions of US Dollar as at the consolidated financial statements date:

	2020	2019
Net positions of US Dollar	4,917,554)	(7,268,951)

In case the US Dollar decreases / increases at 5% against the Kuwait Dinar, while all other variables are held constant, the Group's net profit will increase / decrease of KD 245,878 for the year ended 31 December 2020 (KD 363,448 for the year ended 31 December 2019).

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

	Effect on consolidated statement of comprehensive income	
	2020	2019
Financial assets at fair value through other comprehensive income	2,983,694	3,607,929

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

Interest rate risk arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

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 cash flow interest rate risks.

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.

At 31 December 2020, if the interest rate on US Dollar borrowings, bank facilities, and murabaha had been at 0.20% higher, with all other variables held constant, net profits for the year would have been lower of KD 7,073 (KD 8,824 for the year ended 31 December 2019).

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. In addition, debit balances are monitored on an ongoing basis. Accordingly, the Group's exposure to bad debts is insignificant.

The table below detail the credit rating of the financial assets and contract assets and the maximum exposure to the credit risk:

		31 December 2019					
	Note	Credit rating		Method	Gross	ECL	NBV
		Internal	External	used	amount		
Name of the Company							
Cash and cash equivalents	12	performing (i)	A1/Baa2	12-month	9,528,618	-	9,528,618
Trade and other receivables	11	(ii)	-	Lifetime	30,649,941	(3,178,626)	27,471,315

		31 December 2020					
	Note	Credit rating		Method	Gross	ECL	NBV
		Internal	External	used	amount		
Name of the Company							
Cash and cash equivalents	12	performing (i)	A1/Baa2	12-month	15,186,967	-	15,186,967
Trade and other receivables	11	(ii)	-	Lifetime	23,015,535	(7,310,882)	15,704,653

(i) Although cash and cash equivalents are subject to impairment testing in accordance with IFRS 9, the impact of expected credit losses is immaterial.

(ii) For trade receivables and contract assets, the Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL for trade receivable and contract assets. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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

31 December 2020:

Ageing	Gross carrying amount at default	Expected credit loss rate	Lifetime ECL
Less than 30 days	5,518,944	2.67%	147,335
From 30 to 60 days	1,350,037	3.12%	42,099
From 61 to 90 days	1,069,078	5.90%	63,101
From 91 to 180 days	2,138,587	19.62%	419,696
More than 180 days	12,043,510	55.12%	6,638,651
	22,120,156		7,310,882

31 December 2019:

Ageing	Gross carrying amount at default	Expected credit loss rate	Lifetime ECL
Less than 30 days	11,312,796	1.24%	140,535
From 30 to 60 days	2,845,227	3.09%	88,038
From 61 to 90 days	3,131,013	5.62%	176,026
From 91 to 180 days	4,630,325	12.24%	566,863
More than 180 days	6,976,650	31.64%	2,207,164
	28,896,011		3,178,626

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. In addition to continuous monitoring of the expected and actual cash flows and a comparison of maturity dates of financial assets and liabilities.

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

	2020		
	Within one year	More than one up to three years	More than three years
Loans,bank facilities and murabaha	22,139,530	53,871,530	3,006,726
Payables and other credit balances	22,015,137	-	-
Lease liability	738,268	1,428,210	3,092,415

	2019		
	Within one year	More than one up to three years	More than three years
Loans,bank facilities and murabaha	21,450,179	56,518,135	10,267,547
Payables and other credit balances	21,983,181	-	-
Lease liability	738,268	1,428,210	3,830,682

3.2 Capital risks

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders 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:

	2020	2019
Total loans, bank facilities and murabaha	73,540,855	76,701,538
(Less): Cash and cash equivalents	(15,186,967)	(9,528,618)
Net debt	58,353,888	67,172,920
Total equity attributable to the Parent Company shareholders	175,884,463	209,163,855
Total capital	234,238,351	276,336,775
Net debt to total capital ratio (%)	24.91	24.31

3.3 Fair value estimation

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

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Valuation techniques based on observable inputs other than quoted prices of financial instruments.
- Level 3: Valuation techniques that their inputs 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 2020	Fair value As at 31 December 2019	Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income:						
Quoted securities	59,673,883	72,158,574	First	Last bid price	None	None
Funds and portfolios	12,197,570	11,396,885	Second	Net asset value	None	None
Unquoted securities	5,603,024	5,666,371	Three	Based on the latest available financial statements or on the basis of the last transaction	None	None

The fair value of other financial assets and liabilities are approximately equal to its carrying value at the date of consolidated financial statements.

4. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the management are required to make judgments, 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 assumptions concerning the future, that may result in a significant risk of causing material adjustments to the assets and liabilities within the next financial years.

Accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, 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 «FVTPL" or «FVTOCI». The Group follows the guidance of IFRS 9 on classifying its investments. The Group has designated all investments in equity instruments as at FVTOCI as these investments are strategic investments and are not held for trading.

Determining the lease term of contracts with renewal and termination options - Group as 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.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Discounting of lease payments

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group's estimations and assumptions are based on parameters 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 indication 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 management determines the useful lives and depreciations of property, plant and equipment, as well as increases the depreciation expense when the estimated useful lives became lower than the previously estimated useful lives, or eliminates or write down value of the obsolete assets or non-strategic assets whether 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 3.3.

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 3.1)

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					
At 1 January 2019	55,476,271	206,413,378	17,575,754	3,422,788	282,888,191
Additions	1,241,775	2,790,533	234,740	389,532	4,656,580
Transfers	362,151	758,576	3,184	(1,123,911)	-
Disposals	-	(20,976)	(338,627)	-	(359,603)
At 31 December 2019	57,080,197	209,941,511	17,475,051	2,688,409	287,185,168
Additions	74,257	286,755	6,935	142,029	509,976
Transfers	13,469	68,681	-	(82,150)	-
Disposals	(3,450)	(6,310)	(26,766)	-	(36,526)
Foreign currency translation difference	19,070	48,369	5,275	31,351	104,065
At 31 December 2020	57,183,543	210,339,006	17,460,495	2,779,639	287,762,683
Accumulated depreciation					
At 1 January 2019	27,950,256	91,537,736	6,464,041	-	125,952,033
Charge for the year	1,945,333	6,087,276	1,195,030	-	9,227,639
Disposals	-	(19,100)	(237,028)	-	(256,128)
At 31 December 2019	29,895,589	97,605,912	7,422,043	-	134,923,544
Charge for the year	2,099,346	5,209,612	1,143,713	-	8,452,671
Disposals	(2,394)	(6,106)	(23,462)	-	(31,962)
Impairment losses	-	8,143,628	-	-	8,143,628
Foreign currency translation difference	12,950	45,643	5,089	-	63,682
At 31 December 2020	32,005,491	110,998,689	8,547,383	-	151,551,563
Net carrying value					
At 31 December 2019	27,184,608	112,335,599	10,053,008	2,688,409	152,261,624
At 31 December 2020	25,178,052	99,340,317	8,913,112	2,779,639	136,211,120

All 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:

	2020	2019
Cost of sales	8,382,551	9,126,202
Selling, general and administrative expenses	70,120	101,437
	8,452,671	9,227,639

The Group has studied the impairment of property, plant and equipment and right of use assets 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 2020. 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
The overall growth rate	2% annually
Discount rate	5.5% - 5.97% annually

The management of the Group recorded impairment losses of the machinery and equipment of the old factory, amounting to KD 8,143,628 during the current year due to technical obsolescence according to the estimates of internal experts based on technical studies.

6. Investments properties

	2020	2019
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 value	770,641	770,641

Fair value of the Group's investment properties was reached to as at 31 December 2020 based on the valuation done on that date by independent valuers who are not related to the Group. Those valuers are licensed by the official bodies and they have qualifications and latest experience in valuation of properties at these locations. Fair value of investment properties classified based on comparable market prices which reflect prices of recent transactions for similar real estates. To estimate the value of such real estates, it has been supposed that the current usage for the real estates is the best usage for the same.
Details of real estate investments of the Group and information about the fair value hierarchy as at 31 December are as follows:

Investment properties	Level 2	Fair value	Fair value
		2020	2019
	3,770,000	3,770,000	3,835,000

There have been no transfers between levels during the year.

7. Investments in associates

Name of the associate	Country of incorporation	Voting rights and ownership percentage%	Carrying value 2020	Carrying value 2019	Measurement method
Kuwait Rocks Co. (K.S.C.C.)-(Under Liquidation)	State of Kuwait	30.00	-	-	Equity
Marine Contracting and Services Co. K.S.C.C	State of Kuwait	33.39	16,380,034	15,775,973	Equity
			16,380,034	15,775,973	

Movement on investment in associates was as follows:

	2020	2019
Balance at 1 January	15,775,973	16,258,955
Group's share in associates' business results	1,087,195	135,338
Group's share in associates' reserves	(121,463)	(279,933)
Group's share from the transfer to the retained earnings	20,108	43,390
Cash dividends received	(381,779)	(381,777)
Balance at 31 December	16,380,034	15,775,973

Summarized financial information in respect of the significant associates is as follows: The summarized financial information below represents the amounts shown in the latest financial information available to those associates, which has been prepared in accordance with International Financial Reporting Standards:

Marine Contracting and Services Company:

	2020 Unaudited financial information for the period ended 30 September	2019 Unaudited financial information for the period ended 30 September
Available financial statements		
Assets	407,122,274	398,135,477
Liabilities	310,800,501	303,927,148
Non-controlling interests	47,268,442	46,963,983
Revenues	126,790,230	127,356,107
Profit for the period attributable to parent company shareholders	3,255,825	405,298
Other comprehensive income items for the period	(303,530)	838,316
Total comprehensive income	2,952,295	1,243,614

8. Financial assets at fair value through other comprehensive income

	2020	2019
Quoted securities	59,673,883	72,158,574
Unquoted securities	5,603,024	5,666,371
Funds and portfolios	12,197,570	11,396,885
	77,474,477	89,221,830

The fair value of financial assets at fair value through other comprehensive income was determined based on valuation levels mentioned in Note (3.3).

The quoted financial assets include financial assets of KD 20,075,898 as at 31 December 2020 in the shares of National Industries Group Holding K.S.C. (Public), which is one of the major shareholders in the Group
(KD 34,336,884 - 31 December 2019).

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

	2020	2019
KD	64,368,204	77,195,337
USD	10,661,373	11,018,520
Euro	1,449,714	143,366
GBP	995,186	864,607
	77,474,477	89,221,830

9. Leasing

Group as lessee

The Group leases plot of lands. Leases typically run for a period of 5 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:

	2020	2019
Cost		
As at 1 January and 31 December	4,987,252	4,987,252
Gross amortization		
As at 1 January	(498,725)	-
Amortization expenses	(498,725)	(498,725)
As at 31 December	(997,450)	(498,725)
Net book value as at 31 December	3,989,802	4,488,527

Below are the amounts recognised in consolidated statement of income

	2020	2019
Amortization expenses of right-of-use assets	498,725	498,725
Interest expense on lease liabilities	154,834	173,728
Expenses relating to short-term leases (cost of production)	454,952	594,174
Expenses relating to short-term leases (general and administrative expenses)	32,625	46,988
Total amounts recognised in consolidated statement of income	1,141,136	1,313,615

Lease liabilities contracts

Lease contract liabilities have been classified in the consolidated statement of financial position as follows:

	2020	2019
Lease liabilities – current	3,481,193	3,933,552
Lease liabilities – non-current	455,376	439,961
	3,936,569	4,373,513

Movement in lease contract obligations during the year is as follows:

	2020	2019
At beginning of the year	4,373,513	4,987,252
Lease liabilities – paid	(591,778)	(787,467)
Lease liabilities interests	154,834	173,728
At end of the year	3,936,569	4,373,513

Group as lessor

The Group leases out its investment property consisting of its owned commercial properties all leases are classified as operating leases from a lessor perspective

The rental income recognized by the Group for the year ended 31 December 2020 was KD 115,933 (KD 154,300 - 31 December 2019).

10. Inventories

	2020	2019
Raw materials	12,648,642	15,855,997
Finished goods	681,691	573,050
	13,330,333	16,429,047

11. Accounts receivable and other debit balances

	2020	2019
Amounts under collection at banks	261,731	427,198
Receivables against unconditional bank guarantees	3,153,186	3,707,138
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	327,606	424,957
Related parties (Note 25)	559,777	1,510,452
Other trade receivables	15,901,300	21,173,361
Total trade receivables	20,203,600	27,243,106
Other receivables	1,916,556	1,652,905
	22,120,156	28,896,011
Provision for expected credit losses	(7,310,882)	(3,178,626)
	14,809,274	25,717,385
Prepaid expenses	128,182	467,722
Notes receivables	767,197	1,286,208
	15,704,653	27,471,315

The average credit period granted to trade receivables is 60-90 days. No interest is charged on trade receivables.

The fair value of guarantees received by the Group from the debtors was KD 5,167,858 as at 31 December 2020 (KD 4,316,113 - 31 December 2019).

The ECL has been estimated in accordance with the simplified approach as per IFRS 9 (note 3.1).

The following is the movement on the provision for ECLs:

	2020	2019
Balance at beginning of the year	3,178,626	2,929,151
Charged during the year	4,128,659	249,475
Foreign currency translation difference	3,597	-
Balance at end of the year	7,310,882	3,178,626

12. Cash and cash equivalents

	2020	2019
Cash on hand and at banks	11,672,051	8,060,462
Cash at investment portfolios	3,514,916	1,468,156
	15,186,967	9,528,618

13. Share capital

The authorized, issued and fully paid share capital was KD 73,330,387 divided into 733,303,870 shares as at 31 December 2020 / 2019, each of a nominal value of 100 fils. All shares are cash shares.

14. Treasury shares

	2020	2019
Number of shares (share)	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77
Market value – KD	4,655,616	4,980,899

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 Companies' law and the Parent Company's articles of association, 10% of the net profit for the year, before KFAS contribution, NLST, Zakat expense, and board of directors' remuneration, is transferred to the statutory reserve. The Parent Company may resolve to discontinue such transfer when the reserve equals 50% of the paid up share 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.

16. Voluntary reserve

In accordance with the Parent Company's articles of association, 10% of the net profit for the

year, before KFAS contribution, NLST, Zakat expense, and board of directors' remuneration, is transferred to the voluntary reserve. The Parent Company's board of directors proposed to discontinue the transfer. Such proposal is subject to approval of the shareholders' general assembly. 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 meeting held on 23 June 2020.

17. Loans, bank facilities and murabaha

	2020	2019
Non-current portion		
Loans and borrowings	11,560,001	15,400,000
Murabaha	41,450,712	42,337,687
	53,010,713	57,737,687
Current portion		
Loans and borrowings	3,840,000	5,890,000
Murabaha	16,690,142	13,073,851
	20,530,142	18,963,851
Total loans, bank facilities and murabaha	73,540,855	76,701,538

The average effective annual interest rate on loans, bank facilities and murabaha was 2.65% as at 31 December 2020 (3.5% - 31 December 2019).

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

Loans, bank facilities and murabaha are denominated in the following currencies as at 31 December:

	2020	2019
KD	70,004,149	72,289,697
USD	3,536,706	4,411,841
	73,540,855	76,701,538

18. Accounts payable and other credit balances

	2020	2019
	15,261,233	15,442,714
Suppliers	3,099,139	2,816,026
Accrued interest and expenses	1,183,027	1,415,858
Notes payable	1,470,388	1,198,774
Clients - advance payments	986,375	970,166
Payable cash dividends	579	39,370
Contribution to Kuwait Foundation for the Advancement of Sciences	-	63,776
National Labour Support Tax	375	18,593
Zakat	3,500	3,500
Retention	10,521	14,404
Other	22,015,137	21,983,181

19. Cost of sales

	2020	2019
Cost of raw materials	36,835,616	61,931,592
Change in finished goods	(108,641)	67,129
Impairment loss of property, plant and equipment	8,143,628	-
Maintenance and spare parts	2,436,446	3,819,760
Salaries and benefits	3,681,040	4,570,914
Depreciations and amortizations	2,258,928	2,254,886
Rent	392,176	450,311
Other	805,385	938,487
	54,444,578	74,033,079

20. Other operating income

	2020	2019
Net income from investment properties	87,237	123,685
Net profits from exchange differences	88,583	35,375
Other income	86,044	270,293
	261,864	429,353

21. Net investment profits

	2020	2019
Cash dividends	2,751,895	3,205,802
Portfolio management fees	(95,665)	(100,571)
	2,656,230	3,105,231

22. Basic and diluted (losses)/ earnings per share

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

	2020	2019
Net (loss)/ profit for the year attributable to shareholders of the Parent Company	(18,179,210)	4,017,125
Weighted average number of outstanding shares during the year (share)	712,974,671	712,974,671
Basic and diluted (losses)/ earnings per share (fils)	(25.50)	5.63

23. Staff costs

Staff costs include wages, salaries, leave, end of service's indemnity and other benefits for the Group's staff. The staff costs amounted to KD 7,942,444 for the year ended 31 December 2020 (KD 10,684,968 - 31 December 2019).

24. Dividends

On 23 June 2020, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2019, and approved the followings:

- cash dividends of 5 fils per share of the paid share capital after deducting treasury shares to the shareholders who are entitled to it in the manner indicated in the schedule approved by the General Assembly of the shareholders.
- Canceling the Board of Directors'recommendation to distribute bonus shares for the fiscal year ended 31 December 2019.

On 30 March 2021, the Parent Company's Board of Directors proposed not to distribute dividends and not to pay board of directors remuneration for the year 2020.

25. 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 2020. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

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

	2020	2019
Balances		
Accounts receivable and other debit balances (Note 11)	559,777	1,510,452
Provision for end of service indemnity	632,584	618,053
Transactions		
Sales	1,372,873	3,301,713
Committees' fees	179,000	179,000
Senior management salaries and benefits	712,375	616,926

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

26. Contingent liabilities and capital commitments

	2020	2019
Contingent liabilities		
Letters of guarantee	693,001	793,000
Capital commitments		
Letters of credit	122,580	111,945
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	8,962,474	9,425,086
Property, tools and equipments	856,811	807,354

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 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.

27. Segment financial information

The management has classified its significant operating sectors as follows:

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

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

	2020		
	Manufacturing sector	Investment sector	Total
Segments revenues	42,551,269	3,830,662	46,381,931
Gross segments profit	(19,594,162)	3,830,662	(15,763,500)
Segments assets	180,907,969	98,140,068	279,048,037

	2019		
	Manufacturing sector	Investment sector	Total
Segments revenues	82,089,450	3,364,254	85,453,704
Gross segments profit	3,813,546	3,364,254	7,177,800
Segments assets	208,743,827	107,236,600	315,980,427

	2020	2019
Adjustments:		
Gross segments (loss)/ profit	(15,763,500)	7,177,800
Finance charges	(2,446,177)	(3,043,437)
Interest income	25,905	3,550
Net segments (loss)/ profit before deductions	(18,183,772)	4,137,913

Geographical segments:

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

	2020		
	Revenues	Assets	Liabilities
Inside Kuwait	45,243,562	260,370,150	100,174,192
Outside Kuwait	1,138,369	18,677,887	2,841,279
	46,381,931	279,048,037	103,015,471

	2019		
	Revenues	Assets	Liabilities
Inside Kuwait	83,761,814	296,835,138	104,426,791
Outside Kuwait	1,691,890	19,145,289	2,225,938
	85,453,704	315,980,427	106,652,729

28. Impact of COVID-19

The World Health Organization declared on 11 March 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Company and incorporated the outcome in these financial statements and explained the changes in light of the available guidance of IFRS related to critical judgments and estimates.

The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determination of the reported amounts of the Group's financial and non-financial assets reported in these financial statements. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Impairment of property, plant, equipment and right of use leases assets

The Group has assessed the decline in the value of property, plant and equipment and the right to use the assets. The Group has not identified any material impact on the carrying value of property, equipment and right to use leased assets as of 31 December 2020 due to COVID-19. The Group recorded impairment losses of the machinery and equipment of the old factory due to technical obsolescence according to the estimate of internal expert based on technical study (note 5). The Group continuously monitors market forecasts and uses related assumptions to properly incorporate these asset values in the consolidated financial statements.

Impairment of associates

At the reporting date, the management has not identified any significant impact on the carrying value of its investments in associate. As the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting these non-financial assets appropriately in the consolidated financial statements.

Valuation of unquoted investments

In order for the Group to determine the impact of the Coronavirus (COVID-19) pandemic on the fair value of investments, management has updated the fair value related to unquoted investments (note 3.3). This has not resulted in any material impact.

Expected credit losses and financial assets modification

The Group has reassessed its significant judgments and estimates in relation to expected credit losses (including probability of default, loss rate at default and consolidation of future information) and adjusted financial assets as disclosed in (note 11)

Government grants

The Government of Kuwait has provided financial support to business owners in response to the pandemic. During the year, the Group has received government grant related to Kuwaiti beneficiaries registered under Article No. 3 of the Kuwaiti Labor Law. The government grant is part of the assistance made towards the national workforce in the private sector for a period of up to six months effective from April 2020. The financial support has been accounted for in accordance with IAS 20 'Accounting for government grants and disclosure of government assistance' and recognised in the consolidated statement of income as deduction from the related expenses on a systematic basis over the periods in which the Group has recognised the related staff costs.

Going concern

The Group has performed as assessment of whether it is a going concern in the light of current economic conditions and based on all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 continue to evolve, but at the present time, the projections show that Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2019. As a result, this consolidated financial statements has been appropriately prepared on a going concern basis.