الفرن الدوار للخط الثاني لإنتاج الكلنكر ويظهر مبنى التسخين الأولي لخط إنتاج الكلنكر الأول والثاني

Rotary Kiln for second line of clinker production



الفرن الدوار للخط الأول لإنتاج الكلنكر

Rotary kiln for first line of clinker production



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 AHMAD NAWAF AL-AHMAD AL-JABER AL-SABAH

PRIME MINISTER OF THE STATE OF KUWAIT

منظر عام لمصنع الاسمنت في منطقة الشعيبة الصناعية الشرقية

Side plant view located at Eastern Shuaiba Industrial Area





معدة تفريغ المواد الأولية من البواخر على السير الناقل المغطى المتصل بين الميناء والمصنع

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



CONTENTS

Board of Directors 13

The Agenda 55th Ordinary General Assembly 14

Report of the Board of Directors 16

Corporate Governance Report 20

Board of Directors Declaration and Acknowledgment Concering Financial Statements 42

Graphs 44

Consolidated Financial statements and independent auditors report 46

Independent auditors report 46

Consolidated statement of financial position 50

Consolidated statement of income 51

Consolidated statement of comprehensive income 52

Consolidated statement of changes in equity 53

Consolidated statement of cash flows 54

Notes to the consolidated financial statements 55

منظر جانبي لخط نقل الفحم الحجري وجهاز مرسب الإلتروستاتيكي لمبرد الكلنكر

Side view for conveyor belt and cooler elector-static precipitor



BOARD OF DIRECTORS

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

Auditor

Qais M. Al-Nisf

BDO Al-Nisf & Partners

The Agenda 55th 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 31/12/2022 and approving it.

2- To read both the report of the Governance and the report of the Audit Committee for the financial year ended 31/12/2022 and approving them.

3- To discuss the external auditor report of the Company›s financial statement results for the fiscal year ended 31/12/2022 and approving it.

4- Discuss and approve the consolidated financial statements for the financial year ended 31/12/2022.

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 31/12/2022 (if any).

6- Discuss the recommendation of the Board of Directors to distribute cash dividends for the fiscal year ended 31/12/2022, 5 fils of the nominal value (5 fils per each share) with total amount of K.D 3,564,894 (Kuwaiti Dinars Three Millions Five Hundred Sixty Four Thousand Eight Hundred Ninety Four) after deducting treasury shares and these profits are due to the shareholders registered in the Company's records at the end of at least 10 working days after the date of the Ordinary General Assembly, provided that the distribution of such profits shall begin after (5) working days from the end of the maturity date, if required.

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 31/12/2022.

8-Presenting of related parties transactions that took place during the fiscal year ended 31/12/2022 and authorize the board of directors for the transactions that will take place during the fiscal year which will be ending on 31/12/2023.

9-Approval for the Board of Directors to issue bonds in Kuwaiti Dinars, or in any other currency that it deems appropriate, as well as that it 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 its 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 it does not 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- 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 31/12/2022.

12- Appointment or reappointment of auditor from the list approved by the Capital Market Authority, considering the period of mandatory change for the auditor of the company for the fiscal year ending 31/12/2023 and the Board of Directors to determine the fees.

Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

Report of the Board of Directors

For The Fiscal Year Ended on 31st December 2022

Honorable Shareholders,

Peace and God mercy and blessings be upon you,

It gives me pleasure and my brothers, members of the Board of Directors, to welcome you, and to submit to your Assembly the Fifty-Second annual report, which contains comprehensive description of the most important activities and achievements of the Company and its subsidiaries, as well as the report of the independent auditor and the consolidated financial statements for the fiscal year ended on December 31, 2022.

Honorable Shareholders,

Your Company has managed, thank God, during the course of its business that extends for more than five decades, to win the trust of its clients and other consumers, and to hold a prestigious position and respectable reputation as one of the leading industrial companies in providing the strategic cement commodity and other related services to its various clients, due to having high technical level, long experience in cement production, strength and solidity in its financial position and quality of its investments. The Company will continue, with God's willing, in this high status, mainly with its capability to produce more than (5) Million tons per year of cement of various types, in addition to its technological capabilities, as well as having developed a culture of risk management, compliance and governance, and adoption of policies and procedures for dealing positively with emergency situations, and this is clearly evident by its continuity with efficiency and ability to perform its national duty during the period of the Corona pandemic, and taking all measures to continue the pace of work at the Cement Plant and the Bulk Cement Storage Terminal, and its work sites around the clock to meet the demands of companies, contractors and citizens under those circumstances, and in a world witnessing intense competition in the cement industry and marketing it, pleading to God Almighty to achieve what we aspire as goals and ambitions.

Here below is an explanation of the Company›s activities and achievements for year 2022.

Marketing of Production:

Demand for the various types of cement produced in your plant has improved largely this year due to the positive trends in Kuwait of gradual return to economic recovery following regress of Corona pandemic impacts and the relative improvement in the operating environment of most country›s economic sectors, this is displayed clearly in the balance sheet figures attached to this report, which confirm that your Company has continued to fulfill its national responsibilities, and has proven its great ability to supply the local market with most of its needs from Ordinary Portland Cement, Sulfate Resistant Cement Type 5, Oil Well Cement, and Ground Granulated Blast Furnace Slag (GGBS) that is environmentally friendly, the matter which was reflected positively on the Company's operational performance, where the sales quantities of these types have increased during 2022 by 47.5 % as compared to their sales in 2021, despite the major challenges the Company is facing due to the quantitative and price dumping of Iranian cement during the year, and the price war steered by the competing companies and the profound impact of such war on the cost of production that was shown clearly on the inability to realize the earnings we were hoping for. Added to that is the slow pace of executing the governmental and private sector projects, which became limited, transferred to other years, and some were cancelled completely, coupled with delaying delivery of the plots of the new cities. In addition to what the region and the world are going through as the difficult geo-political, economic and exceptional circumstances, particularly the Ukraine crisis raging between the major countries and its repercussions on the economies of the world and the region by means of unprecedented rise in maritime transport freight and the prices of raw materials and fuels, and their impact on commodity supplies of different types and categories.
However, what gives us hope to achieve the aspired results for your Company in the coming years is the content of the government strategic decisions to accelerate completion of the development projects and the major housing-cities projects in the country, along with the infrastructure projects, in addition to reinstating the delayed projects,

granting the private sector a major role in the development, and increasing the government spending on those projects as the oil prices became higher, the matter which will undoubtedly revive the construction sector, and thus provide your Company better opportunity to increase operations, with the expectations that we will have a large share in these projects, hence lend support to increase the volume and value of our sales during 2023 and the subsequent years, especially with the expectations of continued demand in the cement market together with limiting and preventing the dumping, along with the State support to the local national products, helping the Company to overcome the difficulties it faces, and restoring economic tranquility and stability in the region and the world.

Environmental Fuel Project - Refuse-derived Fuel (RDF)

As previously mentioned in the Board of Directors' report for the year 2021 on signing a Memorandum of Cooperation with Kuwait Municipality dated 04/04/2021 with the aim to dispose of municipal solid waste and re-convert it into dry fuel product to be used as alternative fuel for thermal energy in the kilns of the cement production plant according to a safe and sustainable environmental system, as being the best alternative that realizes public benefit for the State.

It is our great pleasure to inform you that work on this project is progressing smoothly, as your Company has made great steps towards starting the execution and completion of this developmental and environmental project. Thanks to the approval and blessing of your Board of Directors, and the cooperation and sincere efforts it enjoyed by the officials in the relevant government agencies (Ministry of Finance - Kuwait Municipality - Environment Public Authority), where - thank God - the honorable Council of Ministers issued Resolution No. (929) dated 12/09/2022 mandating Kuwait Municipality to proceed with finalizing its efforts in cooperation and coordination with the Ministry of Finance and the Environment Public Authority to conclude all necessary procedures to complete execution of this vital and important project for the country, as being one of the most important modern solutions that is applied worldwide in this domain.

Moreover, the Company has entered into contract with an international consultant specialized in the field of Waste Management Circular Economy, Policy Advocacy, AFR and Co-processing. Furthermore, it was contracted with a local engineering consultancy office to carry out the architectural and structural design works, supervise the project execution, and complete the drawings and engineering designs for the project's basic equipment.

In addition, several leading European specialized companies have been contacted to supply the waste recycling equipment, and one of the most prominent companies was selected, with which the final negotiations were made to supply the necessary equipment for the project in preparation to start the execution as soon as the contract is signed with the concerned government authorities.

Bulk Cement Storage Terminal in Western Shuaiba Industrial Area / Mina Abdullah

The Bulk Cement Storage Terminal for Cement (Ordinary and Resistant Type 5), which is owned by the Company, located in the Western Industrial Shuaiba Area / Mina Abdullah, and with operational capacity of 6000 Tons/Day, has completed its tenth year successfully, and progressed, thank God, towards achieving sales similar to that of year 2021, where it has reached its highest sales of Ordinary and Resistant Type 5 bulk cement, which transported to it from the Company in the months of June, August and September, and specifically that of August 2022 coupled with good improvement in sales during the other months of the year. These sales were supported by persistence of catering for and providing the quantities of cement required for all Company›s clients without any obstacles or delay in collaboration and coordination with the Marketing and Sales Department of the Company and with the officials in Kuwait Cement Ready-Mix Company, in addition to the regular maintenance of Station's machines and equipment to raise its efficiency and improve its performance, and also because the Station adopts conservative operational strategy that is consistent with the Company›s overall objective to reduce costs, without affecting the operational processes, as well as the regularity of work at the Bulk Terminal extensively and continuously 24-hours a day, holidays and public holidays to enable those with urgent requests to receive their needs of these two types of cement smoothly and easily, mainly because the Bulk Terminal is located outside the main gate of Shuaiba Industrial Area. Moreover, as continuation of the Bulk Terminal›s course of success in its operation, it will continue its commitment in year 2023 by adopting effective proactive steps to ensure work efficiency in all of its work sites, thus achieve increase in its sales in year 2023, with God's willing.

Subsidiary Companies:

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

Kuwait Cement Ready-Mix Company, a subsidiary of the Company, has continued during year2022 to firmly establish its presence in the ready-mix concrete market through plans and strategies to cope with the challenges witnessed by the market during this year as a result of the continued state of stagnation, shortage of launching government projects, and limitation of most projects launched in the market to residential plots and investment buildings. Nonetheless, the company was able to acquire substantial stake in the supply of concrete material for the residential plots at Mutlaa City, the matter which caused its sales to increase by nearly 15 % as compared to the sales of year 2021. Moreover, the company is now focusing primarily on maintaining its leading position, and for this purpose it monitors changes in the local market and develops its execution plans to always be the first choice for its clients, through adopting the best and latest progressive international standards, which is in line with the company›s vision for the future of ready-mix concrete market and its linkage to housing projects. Furthermore, the company intends to pay special attention to studying and following up the housing projects launched currently and the projects to be launched in the coming period.

Shuwaikh Cement Company (K.S.C) Closed

Shuwaikh Cement Company, together with its subsidiary in the Emirate of Fujairah in the United Arab Emirates - Shuwaikh Crusher Company - have managed to increase production in year 2022 by 175% as compared to the quantities produced in year 2021, where it produced 2,236,166 Tons (Two Million Two Hundred Thirty-Six Thousand and One Hundred Sixty-Six Tons) of crusher's products, while the sales rose to 1,647,746 Tons (One Million Six Hundred Forty-Seven Thousand and Seven Hundred Forty-Six Tons) i.e. 70% as compared to the quantities sold in year 2021. Despite the low demand, low prices and high fuel cost, the company has begun to recover gradually, where the costs were reduced and a plan was developed to increase production, which reached 18 Thousand Tons per day in late December, and the sale was made at reasonable prices, in addition to the sales for specified periods between 60 to 90 days at higher prices together with payment guarantees, the matter which will reflect positively on the company›s balance sheet in the future.

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

During the year 2022, Amwaj International Real Estate Company realized satisfactory results from its investment activities in a number of local and foreign investment portfolios and funds that are managed by companies and entities specialized in many geographical sectors (Kuwait, Gulf Cooperation Council Countries, United States, and United Kingdom), and enjoy high reputation and strong performance. This despite the difficult political and economical conditions the region and the world are going through, in addition to the Russian-Ukrainian war, global inflation, and rising interest rates, which affected adversely and caused instability and fluctuation in the domains of real estate, investment and others. Nonetheless, thank God, the company is moving upward, especially since it is determined to expand the activities stated in its Articles of Association, the matter which will have a positive impact on the Income Statement and thus will meet the aspired ambitions over the coming years, with God's willing.

As regards the company›s activity in managing the Cement House real estate owned by the parent company «Kuwait Cement» located in Sharq – Al Sawaber area, as the real estate market started recovery following the ending of repercussions of the Corona pandemic, and the increasing demand for leasing from those interested, it is expected that the rest of the vacant units on the ground floor of the building will be rented to companies and institutions of good reputation.

Concerning the projects under execution, and as the company aims to expand the scope of its investments and increase its revenues, it has called for optimal investment and utilization of the rented plots that belong to the parent company "Kuwait Cement" in East Ahmadi district on the basis of (demolition - development - leasing) with the

help of one of the consulting offices specialized in real estate development in order to submit new ideas in this matter. Moreover, the company has various investment plans for the coming period by investing some of the cash available in its account, and it is expected that it will generate good profits from that, which will benefit the both the company and the parent company "Kuwait Cement".

Governance Report

Kuwait Cement Company is keen to fully comply with the implementing all requirements of the Capital Markets Authority with respect to the rules of Corporate Governance and any amendments occurring thereon, and the Annual Report shall contain a separate Corporate Governance Report of the Company for year 2022.

Financial Report

The net profit of the year amounted to 3,639,690 Kuwaiti Dinars, and the share profit amounted to 5.10 Fils for the year ended on 31/12/2022. The total assets amounted to 296,385,261 Kuwaiti Dinars as on 31/12/2022, and the reserves amounted to 109,249,177 Kuwaiti Dinars as on 31/12/2022.

Profit Distribution

Total equity rights amounted to 194,327,965 Kuwaiti Dinars, and the profits carried forward amounted to 5,165,534 Kuwaiti Dinars as on 31/12/2022. The Board of Directors suggests distributing cash dividends to the shareholders equivalent to 5% (Five Fils per share(.

Honorable Shareholders,

The Board of Directors is honored, having reviewed with you the most important achievements of the Company for year2022, to extend highest verses of gratitude and admiration to His Highness the Amir Sheikh / Nawaf Al-Ahmad Al-Jaber Al-Sabah, may God protect him, for his support and generous patronage to the industrial renaissance and his lofty directives to expedite the execution of the State developmental and strategic projects, pleading to God Almighty to perpetuate upon His Highness the blessing of health and full wellness, and to preserve Kuwait under his auspicious era, and to perpetuate upon it the blessing of security, safety, stability and prosperity. The Board of Directors also extends its sincere thanks and admiration to His Highness Sheikh / Mishaal Al-Ahmad Al-Jaber Al-Sabah, the Crown Prince, may God protect him, for his great efforts and relentless pursuit towards everything of good and benefit to our beloved country Kuwait, and to His Highness Sheikh/Ahmad Nawaf Al-Ahmad Al-Sabah, the Prime Minister, may God protect him, for his generous patronage, attention and encouragement to the industry. The Board of Directors extends its thanks to the esteemed government and all State institutions, associate companies, and national banks for their effective support and continuous cooperation. The Board of Directors also expresses its thanks to the honorable shareholders and admires their precious trust and their support to its efforts, which represented strong motive for the Board members to always strive to realize the Company's interest and progress, our thanks also goes to all administrative and technical staff for their hard work and sincere efforts towards retaining the Company›s continued progress and prosperity.
Pleading to God to grant us luck and success, and more success for your company,

Peace and God mercy and blessings be upon you,



Rashed Abdulaziz Al-Rashed
Chairman of Board of Directors

Corporate Governance Report
For Year 2022

- **Formation of the Board of Directors**

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

On 20/ 04/ 2022, Mr./ Waleed Abdullah Shamlan Al-Roumi was elected to replace Ms./ Tamadhor Ahmad Al-Houti and Mr./ Abdullah Manea Al-Ajmi to replace Ms./ Rasha Abdulrahman Al-Melhem as representatives of the Public Authority for Investment in the Board of Directors.

Accordingly, the formation of the current Board of Directors is as follows;

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

On 20/10/2022 Mr./ Abdulmutalleb Ismail Behbehani - Chief Executive Officer and Secretary of Board of Directors, has resigned from his post, and on 22/ 12/ 2022, Mr. Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of the Board of Directors

- **Qualifications, Experience and Posts of Board Members:**

All members of Board of Directors are of Kuwaiti nationality, and possess qualifications and experience to take up their posts, and they are as follows:

Mr./ Rashed Abdullaziz Al-Rashed - Chairman of Board of Directors

- Holder of Bachelor›s degree in Business Administration and Economics from Clermont University in the United States of America in year 1958, and Master›s degree in Business Administration and Economics from the same university in year 1959.
- Founding member of Kuwait Cement Company since its inception in year 1968, and the Chairman of Board of Directors from the time the convening of the Constituent Assembly on 20/01/1969 until year 1978, held the post of Chairman and Managing Director from year 1996 until 27/12/2015, and held the post of Chairman Board of Directors since 28/12/2015 until today, and he holds the post of Chairman of the Nominations and Remuneration Committee.
- His experience includes working in several Ministries, where some of the posts he held were:
  * Assistant Director of Technical Affairs at the Ministry of Public Works.
  * State Secretariat for Political Affairs.
  * Director of Political Affairs at the Ministry of Foreign Affairs.
  * Ambassador of the State of Kuwait to the United Nations (first ambassador).
  * Deputy chairperson of the United Nations General Assembly.
  * Undersecretary of the Ministry of Foreign Affairs from 1967 till 1985.
  * Minister of State for Council of Ministers Affairs from 1985- 1990.
  * Participated in a large number of international and regional meetings.
  * He received a number of Arab and international honors.
  * In 1990, he devoted himself to working in the private sector.

Mr./ Dr. Abdullaziz Rashed Al-Rashed - Vice-Chairman of Board of Directors

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

Mr./ Mishal Abdulmohsen Al-Rashed - Member of Board of Directors

- He holds a Bachelor›s degree from the American University in Washington on 12/05/1996 Majoring in International Business.

- He held the post of Executive Director of Financial and Administrative Affairs at Kuwait Cement Company from 01/01/2003 till 27/12/2015.
- He held the post of Deputy Chief Executive Officer of Kuwait Cement Company from 28/12/2015 till 21/12/2022.
- Mr./ Mishal Abdulmohsen Al-Rashed was elected as a member of Board of Directors of Kuwait Cement Company on 20/04/2022 till 2024, and also holding the post of member of the Risk Management Committee from 20/04/2022 till year 2024.
- Mr./ Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of Board of Directors as of 22/12/2022.
- His professional experience covered many entities, including:
  * Wafra International Investment Company - European Stocks Department, from 19/10/1997 till 14/11/1998.
  * Global Investment House Company - American Stocks Department, from 15/11/1998 till 31/12/2002.

Mr./ Waleed Abdullah Al-Roumi - Member of Board of Directors

- He holds a Bachelor of Commerce - majoring in Business Administration and Marketing from Kuwait University, 1983.
- Mr./ Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors as representative of the Investment Public Authority on 20/04/2022 until today, he also holds the post of member of the Audit Committee.
- Currently, he holds the position of Director of Contributions Department - General Reserve Sector in the Investment Public Authority.
- His current membership covers many entities, including:
  * Equity Holding Company - Egypt - Chairman of Board from 2015 until now.
  * Livestock Transport and Trade Company - Member of Board of Directors from 2013 until now, and Chairman of Board of Directors from 2020 till 2022.
  * Kuwait Cement Company - Member of Board of Directors from 2022 till 2024.
- He was a member of Board of Directors of several companies, including:
  * Nakheel Agricultural Production Company – Vice-Chairman of Board of Directors from 1992 till 1995.
  * Kuwait Cement Company - Member of Board of Directors from 1995 till 1998.
  * Misr Cement Company (Qena) - Member of Board of Directors from 2002 till 2007.
  * Tunisian Kuwaiti Development Group - Member of Board of Directors from 2001 till 2007.
  * International Investment and Tourism Group - Chairman of the Board from 1999 till 2007.
  * Zamalek Investment and Tourism Company - Chairman of Board of Directors from 1999 till 2007.
  * Aslon Company – Egypt (plastic pipe factory affiliated to Kuwait Egyptian Investment Company) - Chairman of Board of Directors from 1997 till 2007.
  * Kuwaiti Egyptian Investment Company – Vice-Chairman and Managing Director (Executive) from 1997 till 2007.

* Egyptian Kuwait Real Estate Development Company - Chairman of Board of Directors from 2008 till 2013.
* Moroccan Kuwaiti Development Group - Chairman of Board from 2008 till 2015.
* Kuwait Investment Company - Member of Board of Directors from 2013 till 2015, and Chairman of Board of Directors from 2015 till 2018.

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

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

Mr./ Abdullah Manea Al-Ajmi - Member of Board of Directors

- He holds a Bachelor›s degree in Accounting major from Kuwait University in year 1999.
- He holds a Master›s degree in Business Administration major (Accounting) from Delmont University, 2010.
- He holds a Certificate of Judicial Server approved by the Ministry of Justice - Supreme Court, 2014.
- Mr. Abdullah Manea Al-Ajmi joined the membership of the Board of Directors as representative of the Investment Public Authority on 20/04/2022 until now, and he also holds the post of Member of the Nominations and Remuneration Committee.
- His previous and current practical and professional experiences covers many entities, namely:
  * Kuwait Cement Company - Accountant - from 1999 till 2002.
  * Investment Public Authority - Assistant Director - from 2002 till now.
  * Ibrahim Al-Raqam Company - Participating Member in the Liquidation Committee from 2004 till now.
  * National Technology Projects Company, where he held many posts, namely:
- Member of Board of Directors from 2015 till 2018.
- Member of the Audit and Risks Committee from 2015 till 2018.
- Vice-Chairman of Board of Directors from 2018 till 2020.
- Head of the Audit and Risks Committee from 2018 till 2020.
  * Aluminum Extrusions Company - Chairman of Board of Directors from 2018 till now.

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

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

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

Mr./ Abdullah Mohamad Al-Saad - Member of Board of Directors (Independent)

- He holds a Bachelor›s degree in Business Administration from Cairo University in year 1969.
- Member of Board of Directors of Kuwait Cement Company since 1998 till now, and also held the post of member of the Nominations and Remuneration Committee.
- His experience covers holding many posts, namely:
  * He worked as diplomatic attaché at the Ministry of Foreign Affairs in year 1970.
  * Director of Kuwait office in Dubai until year 1972.
  * Chargé d`affaires at the Embassy of State of Kuwait in the Emirate of Abu Dhabi in year 1973.
  * Chargé d`affaires at Kuwait Embassy in Nairobi/ Kenya in year 1974.
  * Chargé d`affaires at Kuwait Embassy in Mogadishu/ Somalia in year 1975.
  * He ended his service at the Ministry of Foreign Affairs and returned to Kuwait in year 1976.
  * He started his trade business in year 1977.
  * He joined membership in the Board of Directors of Kuwait Food Company (Americana) from 1977 till 2017.
  * Chairman of Board of Directors and Managing Director of Sefury Americana International in year 1984.
  * Member of Board of Directors of Al-Ahlia Insurance Company from 1999 till now.

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

- Member of Board of Directors of Kuwait Cement Company as representative of National Industries Holding Group from 2007 till now, he also holds the post of Head of the Audit Committee.
- Member of Board of Directors of Tourism Projects Company during the years from 1976 till 1982, and then from 1998 till 2004. Member of Board of Directors of Warba Insurance Company from 31/03/1987 till 13/03/1993. He also worked at the Directorate General of Civil Aviation from September 1969 till 01/12/2006, where he progressed in several posts, namely Researcher, Controller, Director of Financial and Administrative Affairs, Deputy Director- General with Assistant Undersecretary status, Director-General of Civil Aviation with Ministry Undersecretary status, then President of Civil Aviation with Excellent status.

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

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

- **Meetings of the Board of Directors of Kuwait Cement Company during 2022**

The Board of Directors of Kuwait Cement Company held (6) meetings during 2022. The table below illustrates the details and number of those meetings that were attended by each member:

Member's Name	Meeting No. 1/ 2022 dated 20/03/2022	Meeting No. 2/2022 dated 20/04/2022	Meeting No. 3/2022 dated 27/04/2022	Meeting No. 4/2022 dated 12/06/2022	Meeting No. 5/2022 dated 10/08/2022	Meeting No. 6/2022 dated 02/11/2022	Number of Meetings
Rashed Abdullaziz Al-Rashed Chairman of Board of Directors	√		√	√		√	4
Dr. Abdullaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	√	√	√	√	√		5
* Tamadhor Ahmad Al-Houti Board Member	√						1
Khaled Abdullah Al-Rabiah Board Member		√	√	√		√	4
** Rasha Abdulrahman Al-Melhem Board Member	√						1
Ziad Tariq Al-Mukhaizeem Board Member	√			√	√	√	4
Abdullah Mohamad Al-Saad Board Member	√	√	√	√	√	√	6
Abdullah Manea Al-Ajmi Board Member				√	√	√	3
Mishal Abdulmohsen Al-Rashed Board Member		√	√	√	√	√	5
Waleed Abdullah Al-Roumi Board Member				√	√	√	3
Yacoub Yousef Al-Saqer Board Member	√	√	√		√	√	5
Yousef Bader Al-Kharafi Board Member	√	√	√	√	√	√	6

Marking with the sign (√(represents attendance of the board member at the meeting.

* On 20/04/2022, the membership of Ms./ Tamadhor Ahmad Al-Houti has ended as representative of the Investment Public Authority,

**On 20/04/2022, the membership of Ms. Rasha Abdulrahman Al-Melhem has ended as representative of the Investment Public.

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

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

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

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

- The Board bears ultimate responsibility for the Company›s operations and the soundness of its financial position, fulfilling the requirements of the Capital Markets Authority, protecting the interests of shareholders, protecting the rights of minority, creditors, investors, customers, employees and stakeholders, and also ensuring that the Company is managed in a prudent manner and in accordance with the applicable laws and the internal regulations, policies and procedures.
- Ensure reviewing the dealings with the relevant parties, and verify the accuracy and soundness of these dealings.
- Approving the important goals, strategies, plans and policies of the Company, which include the following, as minimum:
  * Endorsing the interim and annual financial statements.
  * Overseeing the key capital expenditures of the Company, and the ownership of the assets and disposing them.
  * Ensuring the Company's adherence to the policies and procedures that guarantee the Company›s compliance with the applicable internal systems and regulations.
  * Ensuring the accuracy and soundness of the data and information to be disclosed, in accordance with the applicable systems of disclosure and transparency.

* Formation of specialized committees in accordance with a charter that clarifies the committee's duration, powers and responsibilities, and monitoring it by the Board.
* Ensuring that the organizational structure of the Company is transparent and clear, which allows for a process of decision making and realization of the principles of judicious governance and separation of powers and merits between the Board of Directors and the Executive Management.
* Determining the powers delegated to the Executive Management, the decision-making procedures, and the duration of delegation. Moreover, the Board determines the subject matters for which it retains merit to take decisions thereon.
* Monitoring and supervising the performance of the Executive Management, and ensuring that it fulfills the roles entrusted to it.

The Board of Directors also approved the policies and procedures regulating the work of the Executive Management. The following is an overview of the general duties of the Executive Management:

* Manage the Company›s business and provide directions to the executive departments in a manner consistent with the Company›s strategic goals and the policies established by the Board of Directors, as well as the provisions of the law and those of the other legislations related to the Company›s business and activities.
* Furnish the Board of Directors with accurate periodic reports on the Company›s financial conditions and its business, as well as the measures taken on risk management and the internal control system, so that the Board of Directors can review the established goals, plans and policies, and questions the Executive Management about its performance.
* Provide the Board of Directors with recommendations regarding any proposals it deems necessary that relate to the Company's business.
* Provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, the systems, directives and resolutions issued regarding any of them.

- **Tasks and Achievements of the Company›s Board of Directors during 2022**

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the plans and the strategic goals set out by the Board, and to communicate constantly with the Executive Management in order to achieve these goals, and to comply with the regulatory directives of the Capital Markets Authority, as well as responding completely to the requirements of corporate governance rules and adhering to them, and make this practice as business strategy within the Company. Among the most prominent tasks and achievements carried out by the Board of Directors during year 2022 are:

1- Follow up the Company›s work progress with the Executive Management, and discuss all issues related to the Company›s financial, administrative and technical activities, as well as the extent of their impact on the work and the production.
2- Reformation of the three committees emanating from the Board of Directors for the current term (2022 - 2024), and reviewing the minutes of the sessions of these committees for the year 2022.
3- Review and approve the work results of the audit committee and the recommendations submitted by it regarding the interim and annual financial statements of the Company.
4- Endorse the annual report for year 2022, including the Corporate Governance report and the audit committee's report.

5- Approve the Audit Committee's recommendation to re-appoint the external auditor - Mr./ Qais Al-Nisef for the office of Messrs./ BDO Al-Nisef & Partners.

6- Review and endorse the reports and recommendations issued by the Nominations and Remuneration Committee including the annual evaluation process of the Board Members and the Executive Management.

- **Board Committees:**

Pursuant to the Board of Directors' Resolution No. 1329/2/2022 dated 20/04/2022, three specialized committees emanating from the Board of Directors were formed for a period of Three years ending at the end of the current term of the Board of Directors (2022-2024(, and these committees are as follows:

1- Audit Committee:

- **Formation of the committee:**

The Board of Directors shall form the Audit Committee, where the number of its members shall not be less than three, and at least one of its members must be from among the independent members. Membership in the committee cannot be taken by the Board Chairman or any of the Board Executive members. Moreover, the committee member must possess the academic qualification and practical experience appropriate for the work of the committee. Among the members of the committee there must be at least one member with academic qualifications and/or practical experience in the fields of accounting and finance. The committee shall have the right to seek the assistance of external experts after the approval of the Board of Directors on that. The Board of Directors shall determine the term of membership of the committee members as well as the method of its work, where the term of membership in the Committee ends with the end of their membership in the Board of Directors. Furthermore, the Board of Directors has endorsed formation of the Audit Committee, and his Committee has already held (5) meetings during year 2022. The table below illustrates formation of the Committee, and details of those meetings:

Member's Name	Capacity	Category	1st Meeting 16/03/2022	2nd Meeting 27/04/2022	3rd Meeting 10/08/2022	4th Meeting 02/11/2022	5th Meeting 27/12/2022
Yacoub Yousef Al-Saqer	Chairman of Committee	Non-executive	√	√	√	√	√
Dr. Abdullaziz Rashed Al-Rashed	Member	Non-executive	√	√	√		√
Rasha Abdulrahman Al-Melhem*	Member	Non-executive	√				
Waleed Abdullah Al-Roumi*	Member	Non-executive			√	√	√
Yousef Bader Al-Kharafi	Member	Non-executive, Independent	√	√	√	√	√

Marking with the sign (√) represents attendance of the Committee's Chairman and members of the Committee at the meeting.

* Mr./ Waleed Abdullah Al-Roumi joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 1329/2/2022 to replace Ms./ Rasha Abdulrahman Al-Melhem

- **Committee's Tasks:**

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

- **Tasks and Achievements of the Audit Committee during year 2022:**

1- Discuss and approve the reports submitted by the Manager of Internal Audit Unit in accordance with the audit plan approved for year 2022.

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

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

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

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

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

7- Endorse the report of evaluating and reviewing the Internal Control Systems (ICR) of the Company.

8- Approve the audit plan for the years 2023 and 2024 that are submitted by the Manager of Internal Audit Unit.

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

10 - Examine the external Quality Assessment Report of the Internal Audit Unit in accordance with of the requirements of the Capital Markets Authority, which is submitted by an independent external Consultancy Office.

11- Recommend to the Board of Directors to accept resignation of the manager of Internal Audit Unit, and approve nomination of a new manager for the Internal Audit Unit.

2- Risk Management Committee:

- **Formation of the Committee:**

The Board of Directors shall form a Risk Management Committee whose members must not be less than three, and at least one of its members must be independent. The Chairman of Board of Directors may not be a member of the Committee. The Board of Directors shall determine the term of membership of

the committee members and the method of its work, where the term of membership of the Committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has approved formation of the Risk Management Committee, and the Risk Management Committee has held (4(meetings during 2022. The following table illustrates the formation of the committee and the details of these meetings:

Member's Name	Capacity	Category	1st Meeting 20/03/2022	2nd Meeting 14/08/2022	3rd Meeting 22/11/2022	4th Meeting 21/12/2022
Yousef Bader Al-Kharafi	Chairman of Committee	Non-executive - Independent	√	√	√	√
Khaled Abdullah Al-Rabiah	Member	Non-executive			√	√
Ziad Tariq Al-Mukhaizeem	Member	Non-executive	√	√	√	√
Mishal Abdulmohsen Al-Rashed*	Member	Executive		√	√	√

Marking with the sign (√) represents the attendance of the Committee's Chairman and Members at the meeting.

* Mr. Mishal Abdulmohsen Al-Rashed joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 13 29/2/2022.

- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors in carrying out its responsibilities towards Risk Management by preparing and reviewing the strategies and policies of managing the risks, before being endorsed by the Board, and ensuring that it is implemented and also consistent with the nature and size of the Company's activities. In addition to evaluating the systems and mechanisms of identifying, measuring and following up the types of risks the Company may be exposed to, so as to determine the deficiencies therein and rectify them in a timely manner, hence avoid any losses that may be exposed to, as well as submitting recommendations to the Board of Directors to take appropriate corrective measure.

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

- **Most Important Achievements of the Risk Management Committee during 2022:**

1) Review the risk assessment report submitted by the consultancy office.

2) Review and endorse the risk plan for the year 2023.

3) Meeting periodically with the consultancy office and discuss any pending matters and notes.

4(Supervise and monitor the work of the Risk Management Unit.

3- Nominations and Remunerations Committee:

- **Formation of the Committee:**

The Board of Directors shall form the Nomination and Remuneration Committee of at least three members, provided that at least one of its members must be from among the independent ones, and the chairman of the committee must be from among the non-executive Board members. The Board of Directors shall determine the term of membership of the committee members and its method of work, where the term of membership of the committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has endorsed formation of the Nominations and Remuneration Committee. The Nomination and Remuneration Committee has held (3(meetings during year 2022. The following table illustrates formation of the committee and the details of those meetings:

Member's Name	Capacity	Category	1st Meeting 16/03/2022	2nd Meeting 02/11/2022	3rd Meeting 11/12/2022
Rashed Abdullaziz Al-Rashed	Chairman of Committee	Non-executive	√	√	√
Tamadhor Ahmad Al-Houti *	Member	Non-executive	√		
Abdullah Manea Al-Ajmi*	Member	Non-executive		√	√
Abdullah Mohamad Al-Saad*	Member	Non-executive - Independent	√	√	√
Yousef Bader Al-Kharafi	Member	Non-executive - Independent	√	√	√

Marking with the sign (√) represents the attendance of the Committee's Chairman and Members at the meeting.

* Mr. Abdullah Manea Al-Ajmi joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 1329/2/2022 in place of Ms./ Tamadhor Ahmad Al-Houti

- **Committee's Tasks:**

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

- **Most Important Achievements of the Nominations and Remuneration Committee during 2022:**

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

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

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

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

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

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

- Policy of Remunerations and Incentives

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

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

- Board Members' Remunerations

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

Remunerations and Privileges to Members of Board of Directors							
Total Number of Members	Remunerations and Privileges through Mother Company			Remunerations and Privileges through Subsidiary Companies			
	Fixed Remunerations and Privileges	Variable Remunerations and Privileges		Fixed Remunerations and Privileges		Variable Remunerations and Privileges	
	Health Insurance	Annual Remuneration	Committees Remuneration	Health Insurance	Monthly Salaries (total during the year)	Annual Remuneration	Committees Remuneration
10	-	-	184,000	-	-	-	-

- Remunerations of the Executive Management and the Financial Manager

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

Total Number of Executive Posts	Remunerations and Privileges through Mother Company								Remunerations and Privileges through Subsidiary Companies						
	Fixed Remunerations and Privileges							Variable Remunerations and Privileges	Fixed Remunerations and Privileges						Variable Remunerations and Privileges
	Monthly Salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Schooling Allowance	Others	Annual Remuneration	Monthly Salaries (total during the year)	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Schooling Allowance	Annual Remuneration
9	303,155	--	2,370	13,200	18,540	8,941	147,390	225,000	-	-	-	-	-	-	162,000

There were no deviations or material changes to implementing the Remuneration Policy for year 2022 from the policy approved by the Board of Directors. These remunerations are subject to the approval of the Ordinary General Assembly of the shareholders.

14/3/2023

Nominations and Remunerations Committee

Kuwait Cement Company

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

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

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

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

In accordance with the powers and responsibilities stated in the rules of corporate governance, which relate to supervising, reviewing and following up all the works of the Company›s auditors, the activity of the internal audit, and the other tasks that ensure instilling the culture of commitment and guaranteeing fairness and transparency of the financial reports, as well as ensuring the effectiveness of the applied internal control systems, the Committee undertakes to periodically submit any observations or recommendations related to its work to the Board of Directors. During year 2022, there was no contradiction between the recommendations of the Audit Committee and decisions issued by the Company›s Board of Directors.

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

The Ordinary General Assembly of the Company, held on 20/04/2022, has approved re-appointment of the external auditor - office of Mr./ Qais Mohammed Al-Nisef and Partners (BDO) for the year 2022, and it is one of the registered and accredited auditors in the special register with the Capital Markets Authority, and enjoys complete independence from the Company and its Board of Directors.

- **Risk Management Unit**

Emanating from the Company›s keenness to comply with the directives issued by the Capital Markets Authority, the Board of Directors took its Decision No. 1264/6/2018 on approving that the Risk Management Unit shall be affiliated directly to the Risk Management Committee. Pursuant to Decision No. (124) for year 2018 issued by the Capital Markets Authority, on 06/03/2022 the resignation of Mr./ Director of Risk Management Unit was accepted, and a new manager for the Risk Management Unit was appointed on 16/03/2022.

- **Control and Internal Control Systems**

* The Company relies on a set of control systems and monitoring rules that cover all activities of the Company and its departments. These systems and rules work to maintain the soundness of the Company's financial position and the accuracy of its data and efficiency of its operations from various aspects. The organization structure in the Company reflects the dual control restrictions (Four Eyes Principles(, which include the proper description of powers and responsibilities, complete segregation of duties, no conflict of interest, and dual screening and control.

* The Company›s Audit Committee assumes reviewing the work of the Internal Audit Unit in the Company, and discusses its reports to ensure soundness, efficacy and effectiveness of the control and internal control systems.
* The Company commits to the requirements of the corporate governance, Book Fifteen - Article (6 - 9). Moreover, an independent consultancy office, accredited by the Capital Markets Authority, was assigned to review the internal control systems (ICR) of the Company.

- **Internal Audit Unit**

The Internal Audit Unit enjoys complete technical independence and it follows the Audit Committee. The Internal Audit Unit provides assurances and advisory services with the aim to add value to the Company and improve its operations. Moreover, it assists the Audit Unit in realizing the Company›s objectives, by means of adopting an organized systematic methodology to evaluate and improve the effectiveness of governance, risk management and control processes. Furthermore, a new manager for the Internal Audit Unit was appointed on 02/06/2022.

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

The Company applies the system prepared for the rules and ethics of professional conduct for the Board of Directors, the Executive Management and the employees, which includes the general rules of professional ethics, and also covers a wide range of procedures and practices consistent with the regulatory requirements, the relevant legislations and the local customs, in order to reduce the cases of conflict of interest. Emanating from the Board of Directors keenness, it has applied the highest standards and values that bestow integrity on the whole Company, the Executive Management and the other employees. Moreover, it defines the Company›s code of conduct and the ethical standards to be applied on the various stakeholders while executing the Company›s operations. Moreover, the Board of Directors assumes the task of monitoring and managing any potential conflicts of interest the Company may face, including exploitation of Company›s resources as well as the misuse of powers and jurisdictions.

- **Disclosure and Transparency of Information**

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

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

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

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

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

- **Information Technology Infrastructure in the Company**

The Company has developed the website in line with the requirements of the Capital Markets Authority, and dedicated part of the website to corporate governance, and also listed all information, data, financial statements and reports as well as disclosures and others on the website of the Company, where such information is updated as soon as it becomes available to the Company.

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

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

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

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

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

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

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

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

- **Stakeholders' Rights**

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

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

- **Training Programs and Courses**

Kuwait Cement Company guarantees providing all members of the Board of Directors and the Executive Management with the training courses necessary to increase their skills, knowledge and efficiency at work. During the year 2022, a training program was organized for all members of the Board of Directors and the Executive Management on awareness about risks of cybersecurity, and at the end of the program the members of the Board of Directors and the Executive Management received certificates of attendance approved by the program›s producer and presenter - "Focus-Human".

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

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

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

On 15/11/2016, the Board of Directors of Kuwait Cement Company approved the rules and ethics of Professional Conduct, which are founded by establishing corporate values based on the fact that the Company's reputation is based on the conduct of the members of Board of Directors, Executive Management and staff, and everyone must play a role in preserving the Company›s reputation by adhering

to the highest ethical standards. Moreover, the Board of Directors assumes the responsibility of setting the standards and specifications of the Company's ethical values, and every member of the Executive Management and staff must assist in implementing this Guide as part of his job and ethical responsibility, and must report any violation to the Board of Directors.

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

Kuwait Cement Company had the precedence among similar companies in addressing social responsibility, which the Company diligently seeks to adhere to by developing and deepening its role in the society, and achieving social development as one of the main aspects of the Company's mission and objectives. Among the Company's most important achievements include, for example, the following:

*** Alternative Fuels Project (RDF)**

In continuation of the efforts put forth by Kuwait Cement Company to execute the project of transforming the solid municipal waste into an environmental Refuse-Derived Fuel (RDF(which is used as alternative fuel for thermal energy in producing cement, that resulted in signing a Memorandum of Cooperation with Kuwait Municipality on 04/04/2021 to utilize the solid municipal waste and recycle it in order to protect the environment and reduce usage of lands for landfill works, in light of the Company›s strategy to benefit from alternative fuels, as they are domestically sourced. It gives us pleasure to report to you that a decision was issued by the honorable Council of Ministers No. (929) on 12/09/2022 to mandate Kuwait Municipality to move forward by completing its efforts in collaboration and coordination with the Ministry of Finance and the Environment Public Authority to finalize taking all necessary measures to ensure the execution and completion of this vital and important project for the country, as one of the most important modern solution that is applied internationally in this field. Moreover, the Company has entered into contract with an international consultant specialized in the field of Waste Management Circular Economy, Policy Advocacy, AFR and Co-processing. Furthermore, it was contracted with a local engineering consultancy office to carry out the architectural and structural design works, supervise the project execution, and complete the drawings and engineering designs for the project's basic equipment.

In addition, several leading European specialized companies have been contacted to supply the waste recycling equipment, and one of the most prominent companies was selected, with which the final negotiations were made to supply the necessary equipment for the project in preparation to start the execution as soon as the contract is signed with the concerned government authorities.

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

Kuwait Cement Company is the only national establishment that produces the cement product entirely in the State of Kuwait, where it takes upon itself to meet all needs of the citizens, government projects, and others. For that purpose, the Company has worked on maintaining the provision of a product of international efficiency and quality.

In order to enhance trust and ensure the standard specifications for quality control, the Company is working on renewing the quality mark issued by the Public Authority for Industry on its cement products, and also upgrading the ISO 9001:2015 Quality Control certification it obtained in year 2012 by one of the independent institutions - DNV-GL, which conducts field visits to follow-up and test the work machineries, and examine the infrastructure and the technical operations. Moreover, the Company adopts

strict procedures in applying all international standards on its activities, and that they are consistent with the internationally approved standards, relying on the usage of the latest technological methods and best and finest types of raw materials necessary for the cement production, and also establishment of a special culture that would contribute to the development of the appropriate work system, and developing it in a manner that is consistent with the Company›s strategy at the environmental level by means of giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength, stability of specifications, and awarding them the merit of excellence and leadership over the past fifty years, under the slogan (Quality Means .... Kuwaiti Cement), and approval by the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as a national product.

Logo of the Kuwaiti Quality Mark

Logo of Quality Management System - ISO 9001:2015

* Contributing to Supporting the Country›s Development Frameworks

Kuwait Cement Company saves no efforts in contributing to the national projects and campaigns that aim to raise awareness among the people of the country. This year, for example without limitation, it contributed as a special sponsor in establishing the electronic platform to raise awareness of the risks Narcotics and Psychotropic Substances (Grass) out of concern for its social responsibility to deal with this terrifying phenomenon because of its dangerous dimensions on the individual, the family and the society. Moreover, it has taken precedence in participating in the workshops it is invited for, on various topics, in which it expresses its point of view with full transparency, in terms of solutions and suggestions regarding those topics, thus benefit and achieve the public interest of the country.

* Environment Product Declaration (EPD)

Kuwait Cement Company attained on 04/12/2022, through the International EPD System AB Stockholm, Sweden, the certificate of Environmental Product Declaration according to the certificate ISO 14025 and certificate EN15804 2021 + A2:2019, for both the Ordinary Portland cement (OPC Type1) and (SRC Type 5), and the Ground Granulated Blast Furnace Slag (GGBS) produced in the plants of the Company at Eastern Shuaiba Industrial District, which is the only company in the world that issue such certificates. Kuwait Cement Company is considered the first industrial company in Kuwait that holds these accredited certificates for a period of five years, and are renewed successively, this comes as confirmation of Kuwait Cement Company›s commitment to measure and reduce the environmental impact of its products, and also reporting these impacts in a highly transparent manner, where the data submitted by it is verified through a third party such as an independent auditor accredited by the company that issue these certificates to make certain of everything related to the environmental performance of their products, and the result of the study are assembled and evaluated through the portal of the EPD system.

Environmental Conformity Certificate for the Ordinary Portland Cement



Environmental Conformity Certificate for Sulfate-Resistant Cement Type/5



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



It is worth noting that obtaining these certificates by Kuwait Cement Company is deemed as an official documented international environmental accreditation to its advanced products that would minimize the impact on the environment, and also confirms the commitment of the Cement Plant to provide its cement products for usage in the Green (sustainable) Buildings, where these environmentally friendly products help in realizing the lowest percentage of carbon gas emissions in the buildings, and also contribute to reach a sound environment free of pollution, the matter which many developed countries aspire to.

Without a doubt, for Kuwait Cement Company to obtain these certificates will yield a good return that enhances the Company›s leading position in Kuwait cement market and supports its continuous efforts in the sustainable development of the urban environment, efficient usage of energy of the materials and constructions as well as preserving them, and the development of cement building materials suitable for the environmental conditions in Kuwait, which is in line with the vision of Kuwait 2035. Moreover, the Company is keen to stay abreast with the developments and innovations in the cement industry, and its interest in the safety of the urban environment, as well as adopting the standards of reducing the environmental pollution, and to be one of the industrial environmental friendly companies.

Rashed Abdullaziz Al-Rashed

Chairman of Board of Directors

BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2022

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 2022, 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.

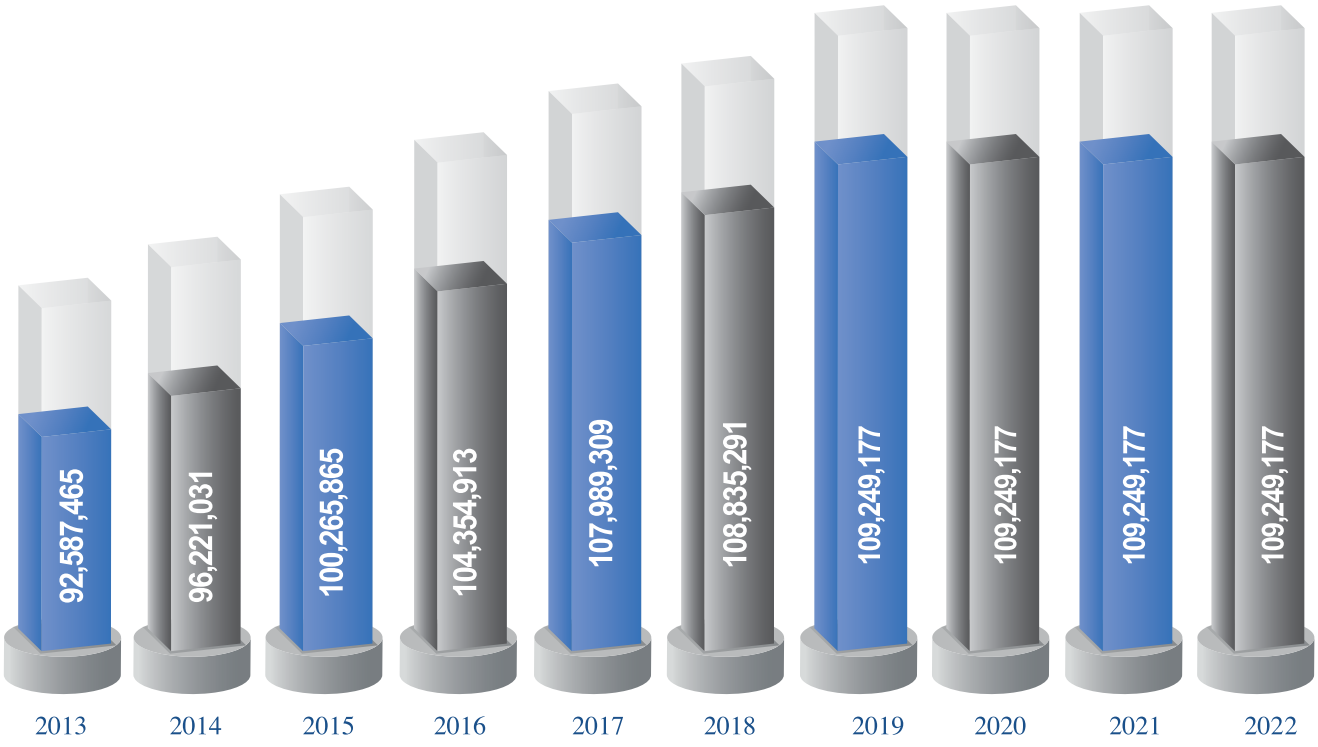
Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors

محطة تعبئة الاسمنت السائب بمنطقة الشعيبة الصناعية الغربية - ميناء عبدالله

Bulk terminal for storage of bulk cement at West Shuaiba Industrial Area-Mina Abdullah



GRAPHS



RESERVES

KUWAITI DINARS



تحميل أكياس الاسمنت على السيارات بواسطة ماكينة رص وتحميل الأكياس الأوتوماتيكية

Loading cement bags on trucks by the automatic loading machine

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

Opinion

We have audited the consolidated financial statements of Kuwait Cement Company - K.S.C. (public) "Parent Company" and its subsidiaries (together referred to as the "Group") which includes the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which include 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 2022, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs(.

Basis of opinion

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

Key audit matters

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

Impairment of property, plant and equipment

Property, plant and equipment are carried in the consolidated statement of financial position at KD 128,937,213 as at 31 December 2022, which represents a significant part of the total assets of the Group.

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

Our audit procedures include obtaining the impairment assessment report, reviewing, appropriateness of the valuation model and reasonableness of the key assumptions applied. Furthermore, we focused on the adequacy of disclosures included in Note 5 to the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's annual report for the financial year ended 31 December 2022, other than the consolidated financial statements and the auditors' report thereon. We have not obtained the Group's annual report which also includes the report of Board of Directors, prior to the date of auditor's report. We expect to obtain these reports after the date of auditor's report. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, we conclude that the other information includes a material misstatement; we will be required to disclose that fact in our report. We have nothing to disclose in this regard. Our opinion on the consolidated financial statements does not include the other information, and we do not express any form of assurance conclusion thereon.

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

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

Among the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore considered as a key audit matter. We disclosed these matters in our auditor's report unless local laws or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company, and the consolidated financial statements, together with the information given in the Board of Directors' report relating to these consolidated financial statements are in accordance with these books. We further report that we obtained the information that we required for the purpose of our audit and that the consolidated financial statements incorporate information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, 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 year ended 31 December 2022 that might have a material effect on the Group's business or its consolidated financial position.

We further report during our audit, nothing has come to our attention indicating any material violations of the provisions of Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and the Organization of Securities Activity and its Executive Regulations and its subsequent amendments, during the year ended 31 December 2022, which might have materially affected the Group's business or its consolidated financial position.



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

Kuwait: 14 March 2023

	Note	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	5	128,937,213	131,497,904
Intangible assets		10	10
Investment properties	6	770,641	770,641
Investment in associates	7	17,252,492	16,967,298
Financial assets at fair value through other comprehensive income	8	99,751,017	99,793,317
Right-of-use assets	9	2,992,352	3,491,077
Total non-current assets		249,703,725	252,520,247
Currents assets			
Inventories	10	20,268,995	11,553,886
Accounts receivable and other debit balances	11	17,688,639	13,593,252
Financial assets at fair value through profit or loss		-	5,814,900
Cash and cash equivalents	12	8,723,902	11,476,986
Total current assets		46,681,536	42,439,024
Total assets		296,385,261	294,959,271
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		(7,252,092(	1,702,675
Group's share in associates' reserves		(11,220(	(10,612(
Foreign currency translation reserve		107,854	107,854
Retained earnings		5,165,534	4,140,643
Equity attributable to Shareholders of the Parent Company		194,159,924	202,090,408
Non-controlling interests		168,041	174,852
Total equity		194,327,965	202,265,260
Liabilities			
Non-current liabilities			
Loans, bank facilities and Murabaha	17	64,975,840	45,454,617
Provision for employees' end of service indemnity		3,647,465	3,629,392
Lease liabilities	9	2,350,386	2,860,962
Total non-current liabilities		70,973,691	51,944,971
Current liabilities			
Loans, bank facilities and Murabaha	17	9,343,858	18,351,507
Accounts payable and other credit balances	18	21,251,904	21,909,602
Lease liabilities	9	487,843	487,931
Total current liabilities		31,083,605	40,749,040
Total liabilities		102,057,296	92,694,011
Total equity and liabilities		296,385,261	294,959,271

The accompanying notes form part of the consolidated financial statements.

Rashed Abdulaziz Al-Rashed
Chairman

Dr. Abdul Aziz Rashed Al-Rashed
Vice Chairman

	Note	2022	2021
Sales		68,581,751	51,005,836
Cost of sales	19	(66,636,812(	(50,154,064(
Gross profit		1,944,939	851,772
Net income from other activities	20	225,838	449,687
Selling, general and administrative expenses		(3,699,000(	(3,702,806(
Operating loss		(1,528,223(	(2,401,347(
Provision for expected credit losses no longer required / (charged)	11	862,665	(189,399(
Finance charges		(2,180,220(	(1,707,047(
Interest income		5,470	25,358
Net investment income	21	5,861,169	788,033
Group's share in associates' business results	7	647,472	783,337
Profit / (loss) for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		3,668,333	(2,701,065(
Contribution to Kuwait Foundation for the Advancement of Sciences		(28,643(	-
Net profit / (loss) for the year		3,639,690	(2,701,065(
Attributable to:			
The Parent Company's Shareholders		3,639,496	(2,692,706(
Non-controlling interests		194	(8,359(
Net profit / (loss) for the year		3,639,690	(2,701,065(
Basic and diluted earnings / (loss) per share (fils)	22	5.10	(3.78(

The accompanying notes form part of the consolidated financial statements.

	Note	2022	2021
Net profit / (loss) for the year		3,639,690	(2,701,065(
Other comprehensive (loss) / income items:			
Items that may be reclassified subsequently to the consolidated statement of income:			
Group's share of associates' reserves	7	(608(	165,597
Differences of foreign currency translation		-	177
Items that may not be subsequently reclassified to the consolidated statement of income:			
Changes in fair value of financial assets at fair value through other comprehensive income		(8,034,349(	28,742,053
Total other comprehensive (loss) / income for the year		(8,034,957(	28,907,827
Total comprehensive (loss) / income for the year		(4,395,267(	26,206,762
Attributable to:			
The Parent Company's Shareholders		(4,385,724(	26,185,837
Non-controlling interests		(9,543(	20,925
Total comprehensive (loss) / income for the year		(4,395,267(	26,206,762

The accompanying notes form part of the consolidated financial statements.

Equity attributable to shareholders of the Parent Company

(All amounts are in Kuwaiti Dinars)

	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	Foreign currency translation reserve	(Accumulated losses) / retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2021	73,330,387	26,675,810	(13,546,935(	441,409	48,270,703	42,048,346	18,930,128	(14,590,317(	(176,209(	107,677	(5,606,536(	175,884,463	148,103	176,032,566
Net loss for the year	-	-	-	-	-	-	-	-	-	-	(2,692,706(	(2,692,706(	(8,359(	(2,701,065(
Other comprehensive income for the year	-	-	-	-	-	-	-	28,712,769	165,597	177	-	28,878,543	29,284	28,907,827
(Total other comprehensive income / (loss	-	-	-	-	-	-	-	28,712,769	165,597	177	(2,692,706(	26,185,837	20,925	26,206,762
Transferred from disposal of investments	-	-	-	-	-	-	-	(12,419,777(	-	-	12,419,777	-	5,270	5,270
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	554	554
Balance as at 31 December 2021	73,330,387	26,675,810	(13,546,935(	441,409	48,270,703	42,048,346	18,930,128	1,702,675	(10,612(	107,854	4,140,643	202,090,408	174,852	202,265,260
Net profit for the year	-	-	-	-	-	-	-	-	-	-	3,639,496	3,639,496	194	3,639,690
Other comprehensive loss for the year	-	-	-	-	-	-	-	(8,024,612(	(608(	-	-	(8,025,220(	(9,737(	(8,034,957(
Total other comprehensive (loss) / income	-	-	-	-	-	-	-	(8,024,612(	(608(	-	3,639,496	(4,385,724(	(9,543(	(4,395,267(
Transferred from disposal of investments	-	-	-	-	-	-	-	(930,155(	-	-	930,155	-	2,732	2,732
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	20,108	20,108	-	20,108
(Cash dividends (Note 24	-	-	-	-	-	-	-	-	-	-	(3,564,868(	(3,564,868(	-	(3,564,868(
Balance as at 31 December 2022	73,330,387	26,675,810	(13,546,935(	441,409	48,270,703	42,048,346	18,930,128	(7,252,092(	(11,220(	107,854	5,165,534	194,159,924	168,041	194,327,965

The accompanying notes form part of the consolidated financial statements.

	2022	2021
Cash flows from operating activities		
Net profit / (loss) for the year	3,639,690	(2,701,065(
Adjustments:		
Depreciation and amortization	3,830,585	5,669,244
Gains on sale of property, plant and equipment	(48,405(	(3,284(
Provision for expected credit losses (no longer required) / charged	(862,665(	189,399
Finance charges	2,180,220	1,707,047
Net investment income	(5,997,251(	(909,406(
Interest income	(5,470(	(25,358(
Group's share in associates' business results	(647,472(	(783,337(
Provision for employees' end of service indemnity	18,073	106,482
Net operating profit before working capital changes	2,107,305	3,249,722
Inventories	(8,715,109(	1,776,447
Accounts receivable and other debit balances	(3,232,722(	1,922,002
Accounts payable and other credit balances	(620,979(	(67,052(
Net cash (used in) / generated from operating activities	(10,461,505(	6,881,119
Cash flows from investing activities		
Paid for purchase of property, plant and equipment	(793,892(	(459,559(
Proceeds from sale of property, plant and equipment	71,128	5,540
Paid for purchase of financial assets at fair value through other comprehensive income	(13,679,932(	(19,114,654(
Proceeds from sale of financial assets at fair value through other comprehensive income	5,690,615	25,543,137
Paid for purchase of financial assets at fair value through profit or loss	(3,061,607(	(5,828,544(
Proceeds from sale of financial assets at fair value through profit or loss	11,239,299	-
Dividends income received	4,016,237	1,304,828
Interest income received	5,470	25,358
Net cash generated from investing activities	3,487,318	1,476,106
Cash flow from financing activities		
Withdrawn from loans, bank facilities and Murabaha	39,800,000	19,000,000
Paid for loans, bank facilities and Murabaha	(29,321,077(	(28,712,990(
Finance charges paid	(2,055,225(	(1,571,374(
Lease liabilities paid	(636,171(	(729,122(
Dividends paid	(3,566,424(	(54,274(
Net change in non-controlling interests	-	554
Net cash generated from / (used in) financing activities	4,221,103	(12,067,206(
Net decrease in cash and cash equivalents	(2,753,084(	(3,709,981(
Cash and cash equivalents at beginning of the year	11,476,986	15,186,967
Cash and cash equivalents at end of the year (Note 12)	8,723,902	11,476,986

The accompanying notes form part of the consolidated financial statements.

1. Incorporation and activity

Kuwait Cement Company - Kuwait Public Shareholding Company "the Parent Company" incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company's shares were listed on Kuwait Stock Exchange dated 29 September 1984.

The Parent Company's objectives are as follows:

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

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

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

The consolidated financial statements for the year ended 31 December 2022 were authorized for issue by the Parent Company's Board of Directors on 14 March 2023, and it is subject to the approval of the Shareholders› General Assembly. The Annual General Assembly of the Parent Company's Shareholders has the authority to amend these consolidated financial statements after their issuance.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

a) New standards, interpretations and amendments effective from 1 January 2022

The accounting policies used in preparation of the consolidated financial statements are consistent with those used in the previous year ended 31 December 2021 except for the changes due to implementation some of the new and amended International Financial Reporting Standards as at 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

Several amendments have been applied for the first time in 2022, but they do not have an impact on the consolidated financial statements of the Group.

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

a) New standards, interpretations and amendments effective from 1 January 2022 (Continued)

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e. to business combinations that occur after the beginning of the annual reporting period in which it first applies the amendments (date of initial application(.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets and contingent liabilities within the scope of these amendments arisen during the period.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in the statement of income.

In accordance with transitional provisions, the Group applies the amendments retrospectively only to items of property, plant and equipment that are available for use on or after the beginning of the first period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

a) New standards, interpretations and amendments effective from 1 January 2022 (Continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application(.

These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

b) Standards and amendments issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

IFRS 17: Insurance Contracts

This standard will be effective for annual periods beginning on or after 1 January 2023 and replaces IFRS 4 - "Insurance Contracts". The new standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of IFRS 17 is the general model, supplemented by:

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

Early application is permitted provided that the Group also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not expected to have any impact on the consolidated financial statements of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement.

- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retroactively.

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

b) Standards and amendments issued but not yet effective (Continued)

Annual Improvements to IFRS Standards 2018 - 2020 cycle

The following is the summary of the amendments from the 2018- 2020 annual improvements cycle:

IFRS 16 "Leases": Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

3. Significant accounting policies

3.1 Statement of compliance

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

3. Significant accounting policies (Continued)

3.2 Basis of preparation

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

The preparation of consolidated financial statements in compliance with the adopted IFRS requires the use of certain estimates, assumptions, and judgments in applying the Group›s accounting policies. The areas of significant judgments and estimates made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

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

3.3 Basis of consolidation

Subsidiaries

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

Name of the Company	Activity Principal	Country of Incorporation	Percentage of ownership (%)	
			2022	2021
Shuwaikh Cement Company - K.S.C.C	Industrial	State of Kuwait	99.250	99.250
Amwaj Real Estate Company - K.S.C.C	Real Estate	State of Kuwait	96.000	96.000
Kuwait Cement Ready-mix Company - K.S.C.C	Industrial	State of Kuwait	99.844	99.844

The Group consolidated its subsidiaries based on the audited financial statements as at 31 December 2022.

The subsidiaries' total assets amounted to KD 28,495,944 as at 31 December 2022 (2021: KD 31,566,116) and their net losses amounted to KD 1,487,304 for the year ended 31 December 2022 (2021: net losses amounted to KD 1,121,462(.

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

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

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

3. Significant accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Subsidiaries (Continued)

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

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-Group transactions, balances, revenues 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 controlling interests and the non-controlling interests are adjusted to reflect the changes in their 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 shareholders of the 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 carrying amount of the assets before disposed (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

Business combinations

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

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

3. Significant accounting policies (Continued)

3.3 Basis of consolidation (Continued)

Business combinations (Continued)

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 profit.

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 the consolidated statement of other 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 subsidiaries is carried at cost as established at the date of acquisition less impairment losses, if any.

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

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

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

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

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and 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.

3. Significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives, except for kiln equipment (included in machinery and equipment), which is depreciated using the units of production method as follows:

	Useful life
Buildings	5 - 50 years
Machinery and equipment (except kiln equipment)	7 - 50 years
Transportation, computers & furniture	17- years

During the year ended 31 December 2022, the Group's management conclude that there is significant change in the expected consumption patterns for future economic benefits related to the kiln equipment with a carrying value of KD 81,324,320 as at 1 January 2022. Accordingly, the Parent Company›s Board of Directors approved on 29 December 2022 to change the depreciation method for these components to reflect the changed pattern, from straight-line method to the units of production method. The change in depreciation has been accounted for as a change in the accounting estimate. This result in a decrease in the depreciation amount allocated to the cost of sales by KD 1,591,027 for the year ended 31 December 2022.

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

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

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

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

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

3.5 Intangible assets

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

3. Significant accounting policies (Continued)

3.5 Intangible assets (Continued)

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

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

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

3.6 Investment properties

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

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 existing investment properties at the time that cost is incurred if the recognition criteria are met.

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

3.7 Investment in associates

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

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

3. Significant accounting policies (Continued)

3.7 Investment in associates (Continued)

The Group calculated its share of its investment in associates based on financial statements as at 30 September 2022, with making the amendments related to any material transactions made during the period from 1 October to 31 December 2022 (if any).

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

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

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

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

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

3.8 Impairment of tangible and intangible assets other than goodwill

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

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

3. Significant accounting policies (Continued)

3.9 Financial instruments

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

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

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

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

Classification and measurement of the financial assets and 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 for equity instruments and derivatives.

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.

3. Significant accounting policies (Continued)

3.9 Financial instruments (Continued)

Contractual cash flow assessment

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

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

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

Financial assets are classified into following categories under IFRS 9:

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

Amortized cost

The Group classifies financial assets at amortized cost if they meet the following conditions and is not designated at fair value through profit or loss:

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

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

Fair value through other comprehensive income

Equity instruments carried at fair value through other comprehensive income

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

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

3. Significant accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial assets (Continued)

Fair value through other comprehensive income (Continued)

Equity instruments carried at fair value other comprehensive income (Continued)

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

Fair value through profit or loss

Financial assets whose business model is to acquire 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 at fair value through profit or loss.

In addition to the above, on initial recognition, the Group may irrevocably classify the financial assets that otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as carried at fair value through profit or loss. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Foreign exchange gains and losses

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

Impairment of financial assets

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

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

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

3. Significant accounting policies (Continued)

3.9 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instrument

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

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

1) Contingent cash consideration in a business combination;

2) Held for trading;

3) Classified at fair value through profit or loss.

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

Foreign exchange gains and losses

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

Offsetting

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

3. Significant accounting policies (Continued)

3.10 Inventories

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

3.11 Employees' end of service indemnity

The Group is liable under Kuwait 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.

3.12 Provisions

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

3.13 Treasury shares

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

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

3. Significant accounting policies (Continued)

3.14 Foreign currency

Functional and presentation currency

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

Transactions and balances

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

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

Group's companies

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

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

3.15 Revenue recognition

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

Group's revenue streams arise from the following activities:

Sale of goods

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

3. Significant accounting policies (Continued)

3.15 Revenue recognition (Continued)

Dividends income

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

3.16 Borrowing costs

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

3.17 Government grants

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

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

3.18 Accounting for leases

When the Group is the lessee

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

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

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

3. Significant accounting policies (Continued)

3.18 Accounting for leases (Continued)

When the Group is the lessee (Continued)

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease 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 short term leases and leases of low-value assets are recognized on a straight-line basis as an expense in consolidated statement of income.

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

Subsequent measurement

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

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:

3. Significant accounting policies (Continued)

3.18 Accounting for leases (Continued)

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

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

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

When the Group is the lessor

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

All other leases are classified as operating leases.

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

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

3.19 Contribution to Kuwait Foundation for the Advancement of Sciences

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

3. Significant accounting policies (Continued)

3.20 National Labour Support Tax

NLST is calculated at 2.5% of the profit attributable to shareholders of the Parent Company before deducting KFAS, NLST, Zakat provision and directors' remuneration, and cash dividends received from companies listed in Boursa Kuwait, this is in accordance with Law No. 19 of 2000 and Ministerial Order No. 24 of 2006 and its implementing executive rules. No NLST has been calculated for the financial year ended 31 December 2022, since there was no taxable profit, based on which NLST could be calculated.

3.21 Contribution to Zakat

Zakat contribution is calculated at 1% of the profit attributable to shareholders of the Parent Company before deducting KFAS, NLST, Zakat provision and directors' remuneration, and after excluding the Company's share from profits of the Kuwaiti shareholding subsidiaries and associates, also Zakat share paid by the Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies. This is in accordance with Law No. 46 of 2006 and Ministerial Order No. 58 of 2007 and its implementing executive rules. No contribution to Zakat has been calculated for the financial year ended 31 December 2022, since there was no financial profit, based on which Zakat contribution could be calculated.

3.22 Dividends

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

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

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

3.23 Financial risk management

Financial risk

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

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

3. Significant accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

a) Market risk

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

Foreign currency risk

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

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

The Group is exposed to foreign currency risk resulting primarily from translation of assets and liabilities in foreign currency such as cash and cash equivalents, accounts payable, loans, bank facilities and Murabaha.

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

	2022	2021
Net positions of US Dollar	(387,697(	(2,934,446(

In case the US Dollar decrease / increase by 5% against the Kuwaiti Dinar, while all other variables are held constant, the Group's net profits will increase/decrease by KD 19,385 for the year ended 31 December 2022 (2021: KD 146,722(.

Price risk

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

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

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

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

3. Significant accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

a) Market risk (Continued)

	Effect on consolidated statement of comprehensive income	
	2021	2022
Financial assets at fair value through other comprehensive income	3,966,271	4,110,408
Financial assets at fair value through profit or loss	290,745	-

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are independent of interest rate risks.

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

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

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

At 31 December 2022, 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 nil (2021: KD 5,257(.

b) Credit risk

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

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

3. Significant accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk (Continued)

Cash and cash equivalents

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

Trade receivables

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

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

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

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

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

3. Significant accounting policies (Continued)

3.23 Financial risk management (Continued)

Financial risk (Continued)

b) Credit risk (Continued)

	2021		
	Gross carrying amount at default	Average expected credit losses rate	Lifetime ECLs
Ageing of receivables			
Less than 30 days	4,930,499	3.24%	159,559
30 to 60 days	1,245,659	4.32%	53,780
61 to 90 days	1,227,817	5.92%	72,687
91 to 180 days	2,453,850	27.81%	682,376
More than 180 days	10,636,660	61.20%	6,510,007
	20,494,485		7,478,409

c) Liquidity risk

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

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

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

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

	2021			
	Within one year	**More than one up to three years**	**More than three years**	**Total**
Loans, bank facilities and Murabaha	18,351,507	40,454,617	5,000,000	63,806,124
Accounts payables and other credit balances (excluding advance payments)	17,667,382	-	-	17,667,382
Lease liabilities	487,931	1,515,397	1,345,565	3,348,893

3. Significant accounting policies (Continued)

3.24 Capital risks

The Group manages its capital to ensure that the Group's companies will be able to continue as going concerns while maximizing the return to 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:

	2022	2021
Loans, bank facilities and Murabaha	74,319,698	63,806,124
Less: cash and cash equivalents	(8,723,902(	(11,476,986(
Net debt	65,595,796	52,329,138
Total equity attributable to shareholders of the Parent Company	194,159,924	202,090,408
Total share capital	259,755,720	254,419,546
Net debt to total capital ratio (%(	25.25%	20.57%

3.25 Fair value estimation

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

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2:Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Valuation techniques based on observable inputs other than quoted prices of financial instruments.
- Level 3: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets and liabilities are determined:

	Fair value As at 31 December		Fair value level	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets	**2022**	**2021**				
Financial assets at fair value through other comprehensive income:						
Quoted securities	82,208,165	79,325,423	First	Last bid price	None	None
Funds and portfolios	10,596,485	12,561,296	Second	Net asset value	None	None
Unquoted securities	6,946,367	7,906,598	Third	Based on the revised NBV or on the basis of the last transaction	Liquidity discount	The higher the discount rate, the lower the value
Financial assets at fair value through profit or loss:						
Quoted securities	-	5,814,900	First	Last bid price	None	None

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

4. Significant accounting judgments and estimation uncertainty

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 judgments

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

Revenue recognition

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

Classification of investments in equity instruments - IFRS 9

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

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

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

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

Discounting of lease payments

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

4. Significant accounting judgments and estimation uncertainty (Continued)

Estimation uncertainty

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

Impairment of non-financial assets

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

Useful lives of property, plant and equipment

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

Fair value measurement and valuation techniques

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

Impairment of financial assets

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

Contingent liabilities

Contingent liabilities arise as a result of past events confirmed only by the occurrence or non-occurrence of one or more of uncertain future events that are not included in full within control of the Group. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated.

The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

5. Property, plant and equipment

	Land and buildings	Machinery and equipment	Motor vehicles, computers & furniture	Projects in Progress	Total
Cost:					
As at 1 January 2021	57,183,543	210,339,006	17,460,495	2,779,639	287,762,683
Additions	15,755	43,993	11,194	388,617	459,559
Transfers	434,413	2,211,505	-	(2,645,918(	-
Disposals	-	(5,942(	(20,344(	-	(26,286(
As at 31 December 2021	57,633,711	212,588,562	17,451,345	522,338	288,195,956
Additions	44,305	41,336	108,099	600,152	793,892
Transfers	804,169	111,380	51,118	(966,667(	-
Disposals	-	(11,760(	(169,894(	-	(181,654(
As at 31 December 2022	58,482,185	212,729,518	17,440,668	155,823	288,808,194
Accumulated depreciation:					
As at 1 January 2021	32,005,491	110,998,689	8,547,383	-	151,551,563
Charged for the year	1,002,765	3,167,006	1,000,748	-	5,170,519
Disposals	-	(5,940(	(18,090(	-	(24,030(
As at 31 December 2021	33,008,256	114,159,755	9,530,041	-	156,698,052
Charged for the year	1,005,177	1,388,256	938,427	-	3,331,860
Disposals	-	(11,259(	(147,672(	-	(158,931(
As at 31 December 2022	34,013,433	115,536,752	10,320,796	-	159,870,981
Net carrying value:					
As at 31 December 2022	24,468,752	97,192,766	7,119,872	155,823	128,937,213
As at 31 December 2021	24,625,455	98,428,807	7,921,304	522,338	131,497,904

5. Property, plant and equipment (Continued)

Machinery and equipment includes kiln equipment with carrying value of KD 81,067,067 as at 31 December 2022 (2021: KD 81,324,320(.

Some property, plant and equipment located on a lands 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:

	2022	2021
Cost of sales	3,293,028	5,122,320
Selling, general and administrative expenses	38,832	48,199
	3,331,860	5,170,519

The Group has studied the impairment of property, plant and equipment based on the value in use method. Value in use represents the present value of future cash flows. The Group›s management concluded, based on the study, that the recoverable amount exceeds the carrying value of those assets as at 31 December 2022.

The following assumptions were used when determining the value in use:

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

6. Investment properties

	2022	2021
Cost:		
As at 1 January and 31 December	1,989,744	1,989,744
Accumulated depreciation:		
As at 1 January and 31 December	1,219,103	1,219,103
Carrying amount	770,641	770,641

The fair value of investment properties based on level 2 of fair value measurement as at 31 December 2022 is KD 3,646,500 (2021: KD 3,592,550(

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

There have been no transfers between levels during the year.

7. Investment in associates

Name of the associate	Country of Incorporation	Voting capital and ownership % interest	Carrying amount	
			2022	2021
Kuwait Rocks Co. - K.S.C.C. (Under Liquidation(	State of Kuwait	30.00	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	17,252,492	16,967,298
			17,252,492	16,967,298

The movement of investment in associate are the following:

	2022	2021
Balance at beginning of the year	16,967,298	16,380,034
Group's share in associates' business results	647,472	783,337
Group's share of associates' reserves	(608(	165,597
Group's share from the transfer to the retained earnings	20,108	20,108
Dividends received	(381,778(	(381,778(
	17,252,492	16,967,298

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

Contracting and Marine Services Company:	2022	2021
Assets	406,294,094	410,354,784
Liabilities	307,179,176	311,667,658
Non-controlling interests	47,448,836	47,875,113
Revenues	114,900,336	117,430,766
Net profit for the period attributable to shareholders of the Parent Company	1,938,982	2,345,861
Other comprehensive income items for the period	58,397	556,131
Total comprehensive income	1,997,379	2,901,992

8. Financial assets at fair value through other comprehensive income

	2022	2021
Quoted securities	82,208,165	79,325,423
Unquoted securities	6,946,367	7,906,598
Funds and portfolios	10,596,485	12,561,296
	99,751,017	99,793,317

The quoted financial securities include financial assets of KD 47,320,407 as at 31 December 2022 in the shares of National Industries Group Holding - K.P.S.C., which is one of the major shareholders in the Group (2021: KD 37,050,881(.

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

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

	2022	2021
KD	86,805,580	84,608,046
USD	9,842,527	11,991,729
EUR	1,460,678	1,897,160
GBP	1,239,422	893,572
AED	402,810	402,810
	99,751,017	99,793,317

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

9. Leases

The Group as a lessee

The Group leases plot of lands. Leases typically run for a period of five years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

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

	2022	2021
Cost:		
As at 1 January and 31 December	4,987,252	4,987,252
Accumulated amortization:		
As at 1 January	(1,496,175(	(997,450(
Charge for the year	(498,725(	(498,725(
As at 31 December	(1,994,900(	(1,496,175(
Net carrying value as at 31 December	2,992,352	3,491,077

Below are the amounts recognised in consolidated statement of income:

	2022	2021
Amortization expenses of right-of-use assets	498,725	498,725
Finance cost on lease liabilities	125,507	141,446
Expenses relating to short-term leases (cost of sales(	323,733	417,194
Expenses relating to short-term leases (general, selling and administrative expenses(	45,515	45,855
	993,480	1,103,220

9. Leases (Continued)

Lease liabilities

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

	2022	2021
Lease liabilities - non-current portion	2,350,386	2,860,962
Lease liabilities – current portion	487,843	487,931
	2,838,229	3,348,893

Movement in lease liabilities during the year is as follows:

	2022	2021
Balance at beginning of the year	3,348,893	3,936,569
Lease liabilities paid	(636,171(	(729,122(
Finance cost - lease liabilities	125,507	141,446
	2,838,229	3,348,893

The Group as a lessor

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

The rental income recognized by the Group for the year ended 31 December 2022 was KD 93,187 (2021: KD 90,074((Note 20(.

10. Inventories

	2022	2021
Raw materials	17,677,687	9,965,622
Finished goods	727,168	663,034
Spare parts	1,864,140	925,230
	20,268,995	11,553,886

11. Accounts receivable and other debit balances

	2022	2021
Receivables against unconditional bank guarantees	1,740,023	2,536,949
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	958,698	1,011,370
(Related parties (Note 25	518,218	325,385
Other trade receivables	16,343,291	14,635,883
Total trade receivables	19,560,230	18,509,587
Other receivables	2,013,975	1,984,898
Advance payments to suppliers	2,249,915	105,240
	23,824,120	20,599,725
Provision for expected credit losses	(6,615,744(	(7,478,409(
	17,208,376	13,121,316
Prepaid expenses	222,154	188,067
Notes receivables	258,109	283,869
	17,688,639	13,593,252

11. Accounts receivable and other debit balances (Continued)

The average credit period granted to trade balances is 6090- days. No interest is charged on trade debit balances.

The fair value of guarantees received by the Group from the debtors was KD 2,765,300 as at 31 December 2022 (2021: KD 4,145,693(.

The ECLs have been estimated in accordance with the simplified approach as per IFRS 9 (Note 3.23).

The movement on the provision for expected credit loss are the following:

	2022	2021
Balance at beginning of the year	7,478,409	7,310,882
Provision (no longer required) / charged during the year	(862,665(	189,399
Bad debts written-off	-	(21,872(
	6,615,744	7,478,409

12. Cash and cash equivalents

	2022	2021
Cash on hand and at banks	4,936,429	7,965,024
Cash at investment portfolios	3,787,473	3,511,962
	8,723,902	11,476,986

13. Share Capital

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

14. Treasury shares

	2022	2021
Number of shares (share(	20,330,200	20,330,200
Percentage of issued shares (%(	2.77	2.77
Cost (KD(	13,546,935	13,546,935
Market value (KD(	4,513,304	4,614,955

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 profit for the year before KFAS contribution, NLST, Zakat, and board of directors' remuneration, is transferred to the statutory reserve. The Parent Company may resolve to discontinue such transfers when the reserve totals 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. The transfer to the statutory reserve account has been stopped due to the reserve balance exceeding 50% of the capital of the Parent Company.

16. Voluntary reserve

In accordance with the 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. There are no restrictions on the distribution of this reserve. The transfer to the voluntary reserve has been discontinued based on a decision of the Shareholders' General Assembly.

17. Loans, bank facilities and Murabaha

	2022	2021
Non-current portion		
Loans	20,826,000	11,720,000
Murabaha	44,149,840	33,734,617
	64,975,840	45,454,617
Current portion		
Loans	2,314,000	4,840,000
Murabaha	7,029,858	13,511,507
	9,343,858	18,351,507
Total loans, bank facilities and Murabaha	74,319,698	63,806,124

The effective annual interest rate on loans, bank facilities and Murabaha was 3.25% per annum as at 31 December 2022 (2021: 2.4% per annum(.

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

	2022	2021
KD	74,319,698	61,178,671
USD	-	2,627,453
	74,319,698	63,806,124

18. Accounts payable and other credit balances

	2022	2021
Trade payables	13,172,765	13,049,132
Accrued interest and expenses	2,548,225	2,969,798
Notes payable	875,365	703,017
Advance payment from customers	3,678,544	4,242,220
Dividends payable	930,545	932,101
Contribution to Kuwait Foundation for the Advancement of Sciences	28,643	-
Retention	3,500	3,500
Other	14,317	9,834
	21,251,904	21,909,602

19. Cost of sales

	2022	2021
Cost of raw materials	54,829,587	40,276,894
Maintenance and spare parts	3,328,289	2,857,499
Salaries and benefits	5,476,463	3,840,149
Depreciations and amortizations	1,697,971	1,866,140
Rent	323,733	417,194
Other	980,769	896,188
	66,636,812	50,154,064

20. Net income from other activities

	2022	2021
Net income from investment properties	93,187	90,074
Net (losses) / profits from exchange differences	(139,513(	12,024
Other income	272,164	347,589
	225,838	449,687

21. Net investment income

	2022	2021
Financial assets at fair value through statement of other comprehensive income		
Cash dividends	3,634,459	923,050
Portfolio management expenses	(136,082(	(121,373(
	3,498,377	801,677
Financial assets at fair value through profit or loss		
Unrealized gain from change in the fair value	39,525	(13,644(
Realized gain from sale	2,323,267	-
	2,362,792	(13,644(
	5,861,169	788,033

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

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

	2022	2021
Net profit / (loss) for the year attributable to the Shareholders of (the Parent Company (KD	3,639,496	(2,692,706(
Weighted average number of outstanding shares during the (year (share	712,973,670	712,973,670
(Basic and diluted earnings / (loss) per share (fils	5.10	(3.78(

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 for the year ended 31 December 2022 is KD 8,139,663 (2021: KD 8,121,716).

24. General Assembly of the Parent Company's Shareholders

On 14 March 2023, the Parent Company's Board of Directors proposed to distribute cash dividends at 5% of paid-up share capital after deducting treasury shares for the year ended 31 December 2022, and not to pay Board of Directors' remunerations for the year ended 31 December 2022.

The Parent Company›s General Assembly of Shareholders held on 20 April 2022 approved the consolidated financial statements for the year ended 31 December 2021. It also approved cash dividends of 5 fils per share of the paid share capital after deducting treasury shares to the concerned shareholders as set out in the schedule approved by the Shareholders' General Assembly.

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 2022. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this Note.

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

	2022	2021
Balances included the consolidated statement of financial position:		
Accounts receivable and other debit balances (Note 11(	518,218	325,385
Provision for employees' end of service indemnity	658,252	647,364
Transactions included the consolidated statement of income:		
Sales	919,811	821,496
Committees' fees	184,000	179,000
Executive management salaries and benefits	880,596	568,375

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

26. Contingent liabilities and capital commitments

	2022	2021
Contingent liabilities		
Letters of guarantee	1,004,544	1,003,225
Capital commitments		
Letters of Credit	789,767	119,090
Uncalled subscription relating to investments in funds	321,972	321,972
Contracts for importing raw materials	3,301,906	4,067,764
Property, plant and equipment	706,664	739,305

26. Contingent liabilities and capital commitments (Continued)

There is a dispute between the Parent Company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while Parent Company›s management has applied with the Court›s judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the previous period, a judgment was issued for the release of all the Parent Company's financial obligations towards the supplier. The dispute with the supplier has not been resolved yet and the Parent Company's management believes that the provisions provided are sufficient against all the obligations that might result from this dispute.

27. Segment financial information

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

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

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

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

	2021		
	Manufacturing sector	**Investment sector**	**Total**
Segments revenues	51,353,425	1,661,444	53,014,869
Gross (loss) / profit of segments	(2,680,820(	1,661,444	(1,019,376(
Segments assets	168,101,153	126,858,118	294,959,271

27. Segment financial information (Continued)

	2022	2021
Adjustments:		
Gross profit / (loss) of segments	5,843,083	(1,019,376(
Finance charges	(2,180,220(	(1,707,047(
Interest income	5,470	25,358
Net profit / (loss) of segments before deductions	3,668,333	(2,701,065(

Geographical segments:

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

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

	2021		
	Revenues	**Assets**	**Liabilities**
Inside the State of Kuwait	52,350,531	274,885,795	89,584,425
Outside the State of Kuwait	664,338	20,073,476	3,109,586
	53,014,869	294,959,271	92,694,011

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KUWAIT CEMENT COMPANY K.S.C.P

ANNUAL REPORT 52

AND CONSOLIDATED FINANCIAL STATEMENTS

2022

