

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Kuwait Cement Company
K.P.S.C.
and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
And Review Report for the Nine Months Ended 30 September 2021

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

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Contents

	Page
Review Report	1
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	2
Interim Condensed Consolidated Statement of Income (Unaudited)	3
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	5
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	6
Notes to Interim Condensed Consolidated Financial Information (Unaudited)	7-15

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Kuwait Cement Company
Kuwait Public Shareholding Company
State of Kuwait

Report on review of interim condensed consolidated financial information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2021, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any violation during the nine month period ended 30 September 2021, of the Companies' Law No. 1 of 2016 and its executive regulations, as amended or the Parent Company's memorandum of incorporation and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.

We further report that, based on our review, nothing has come to our attention indicating any material violations during the nine month period ended 30 September 2021 of Law No. 7 of 2010, as amended, regarding Establishment of Capital Markets Authority and its Related Regulations, which might have materially affected the Group's business or its consolidated financial position.

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Kuwait: 10 November 2021

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

Interim Condensed Consolidated Statement of Financial Position as at 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2021	31 December 2020 (Audited)	30 September 2020
Assets				
Non-current assets				
Property, plant and equipment	4	131,483,627	136,211,120	137,971,955
Intangible assets		10	10	7,849
Investment properties		770,641	770,641	770,641
Investments in associates	5	16,676,455	16,380,034	16,151,068
Financial assets at fair value through other comprehensive income	6	101,259,421	77,474,477	74,513,245
Right-of-use assets	7	3,615,756	3,989,802	4,114,483
		253,805,910	234,826,084	233,529,241
Current assets				
Inventories	8	12,965,558	13,330,333	13,804,462
Accounts receivable and other debit balances	9	13,504,865	15,704,653	18,818,257
Cash and cash equivalents	10	11,797,646	15,186,967	16,689,587
		38,268,069	44,221,953	49,312,306
Total assets		292,073,979	279,048,037	282,841,547
Equity and liabilities				
Equity				
Share capital	11	73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	12	(13,546,935)	(13,546,935)	(13,546,935)
Profits on sale of treasury shares		441,409	441,409	441,409
Statutory reserve		48,270,703	48,270,703	48,270,703
Voluntary reserve		42,048,346	42,048,346	42,048,346
General reserve		18,930,128	18,930,128	18,930,128
Investments revaluation reserve		7,717,884	(14,590,317)	(16,816,718)
Group's share in associates' reserves		(71,209)	(176,209)	(184,002)
Foreign currency translation reserve		107,854	107,677	108,441
Accumulated losses		(7,861,375)	(5,606,536)	(3,892,242)
Equity attributable to Shareholders of the Parent Company		196,043,002	175,884,463	175,365,327
Non-controlling interests		167,668	148,103	147,653
Total equity		196,210,670	176,032,566	175,512,980
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	13	47,047,392	53,010,713	57,431,495
Provision for employees end of service indemnity		3,518,788	3,522,910	3,632,168
Lease liabilities	7	2,874,108	3,481,193	3,516,338
		53,440,288	60,014,816	64,580,001
Current liabilities				
Loans, bank facilities and murabaha	13	20,474,528	20,530,142	21,671,116
Accounts payable and other credit balances	14	21,475,074	22,015,137	20,658,580
Lease liabilities	7	473,419	455,376	418,870
		42,423,021	43,000,655	42,748,566
Total Liabilities		95,863,309	103,015,471	107,328,567
Total equity and liabilities		292,073,979	279,048,037	282,841,547

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

Rashed Abdulaziz Al-Rashed
Chairman

Dr. Abdulaziz Rashed Al-Rashed
Vice Chairman

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

Interim Condensed Consolidated Statement of Income for nine months ended 30 September 2021 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
Sales		12,596,428	9,509,778	36,463,502	30,112,450
Cost of sales	15	(14,003,381)	(10,841,774)	(36,937,947)	(41,924,339)
Gross loss		(1,406,953)	(1,331,996)	(474,445)	(11,811,889)
Net other operating income	16	68,459	89,474	402,171	111,920
Selling, general and administrative expenses		(937,390)	(849,079)	(2,782,447)	(2,713,983)
Operating loss		(2,275,884)	(2,091,601)	(2,854,721)	(14,413,952)
Provision for expected credit losses		(30,484)	(75,607)	(53,456)	(3,291,616)
Finance charges		(423,954)	(539,324)	(1,294,020)	(1,937,858)
Interest revenues		582	3,781	24,914	24,396
Net investment profits	17	1,739	80,554	810,137	2,646,198
Group's share in associates' business results	5	308,348	272,484	558,118	871,049
Net loss for the period		(2,419,653)	(2,349,713)	(2,809,028)	(16,101,783)
Attributable to:					
The Parent Company's Shareholders		(2,417,614)	(2,347,891)	(2,804,627)	(16,100,665)
Non-controlling interests		(2,039)	(1,822)	(4,401)	(1,118)
Net loss for the period		(2,419,653)	(2,349,713)	(2,809,028)	(16,101,783)
Basic and diluted loss per share (Fils)	18	(3.39)	(3.29)	(3.93)	(22.58)

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

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine months ended 30 September 2021
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
Net loss for the period		(2,419,653)	(2,349,713)	(2,809,028)	(16,101,783)
Other comprehensive income / (loss) items:					
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:					
Group's share of associates' reserves	5	94,080	28,685	105,000	(129,256)
Group's share of foreign currency translation reserve		-	181	177	13,355
		94,080	28,866	105,177	(115,901)
Items that will not be reclassified subsequently in the interim condensed consolidated statement of income:					
Changes in fair value of financial assets at fair value through other comprehensive income		6,750,857	3,276,247	22,866,320	(14,049,700)
Total other comprehensive income / (loss) items for the period		6,844,937	3,305,113	22,971,497	(14,165,601)
Total comprehensive income/(loss) for the period		4,425,284	955,400	20,162,469	(30,267,384)
Attributable to:					
The Parent Company's Shareholders		4,425,147	956,243	20,143,458	(30,248,741)
Non-controlling interests		137	(843)	19,011	(18,643)
Total comprehensive income/(loss) for the period		4,425,284	955,400	20,162,469	(30,267,384)

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

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

Interim Condensed Consolidated Statement of Changes in Equity for the nine months ended 30 September 2021

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company													
	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	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(2,347,295)	(54,746)	95,186	15,320,862	209,163,855	163,843	209,327,698
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(16,100,665)	(16,100,665)	(1,118)	(16,101,783)
Total other comprehensive (loss) / income items for the period	-	-	-	-	-	-	-	(14,032,075)	(129,256)	13,255	-	(14,148,076)	(17,525)	(14,165,601)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(437,348)	-	-	437,348	-	2,453	2,453
The Group's share from movement on retained earnings in associates	-	-	-	-	-	-	-	-	-	-	15,081	15,081	-	15,081
Dividends	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance at 30 September 2020	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(16,816,718)	(184,002)	108,441	(3,892,242)	175,365,327	147,653	175,512,980
Balance 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 period	-	-	-	-	-	-	-	-	-	-	(2,804,627)	(2,804,627)	(4,401)	(2,809,028)
Total other comprehensive income items for the period	-	-	-	-	-	-	-	22,842,908	105,000	177	-	22,948,085	23,412	22,971,497
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(534,707)	-	-	534,707	-	-	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	15,081	15,081	-	15,081
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	554	554
Balance at 30 September 2021	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	7,717,884	(71,209)	107,854	(7,861,375)	196,043,002	167,668	196,210,670

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

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

Interim Condensed Consolidated Statement of Cash Flows for nine months ended 30 September 2021 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended 30 September	
		2021	2020
Cash flows generated from operating activities			
Net loss for the period		(2,809,028)	(16,101,783)
Adjustments:			
Depreciation and amortization		5,393,741	7,063,308
Provision for expected credit losses	9	53,456	3,291,616
Profit on sale of property, plant and equipment		(3,284)	(3,334)
Impairment losses of property, plant and equipment	4	-	8,143,627
Net investment profits	17	(896,092)	(2,714,087)
Finance charges		1,294,020	1,937,858
Interest revenues		(24,914)	(24,396)
Group's share in associates' business results	5	(558,118)	(871,049)
Provision for employees end of service indemnity		(4,122)	37,671
Net operating profit before working capital changes		2,445,659	759,431
Inventories		364,775	2,624,585
Accounts receivable and other debit balances		2,146,332	5,357,844
Accounts payable and other credit balances		(552,645)	(2,395,589)
Net cash from operating activities		4,404,121	6,346,271
Cash flows from investing activities			
Paid for purchase of property, plant and equipment	4	(294,343)	(477,980)
Proceeds from sale of property, plant and equipment		5,425	5,290
Paid for purchase of intangible assets		-	(1,694)
Paid for purchase of financial assets at fair value through other comprehensive income		(2,717,923)	(2,491,990)
Proceeds from sale of financial assets at fair value through other comprehensive income		1,799,300	3,153,328
Dividends received		1,277,869	3,095,866
Interest revenues received		24,914	24,396
Net cash from investing activities		95,242	3,307,216
Cash flows from financing activities			
Proceeds from loans, bank facilities and murabaha		5,000,000	10,000,000
Paid for loans, bank facilities and murabaha		(10,995,744)	(7,641,058)
Finance charges paid		(1,163,990)	(1,822,010)
Repayment of lease liabilities		(695,667)	(556,673)
Dividend payments		(33,837)	(2,472,777)
Changes in non-controlling interests		554	-
Net cash used in financing activities		(7,888,684)	(2,492,518)
Net change in cash and cash equivalents		(3,389,321)	7,160,969
Cash and cash equivalents at beginning of the period		15,186,967	9,528,618
Cash and cash equivalents at the end of the period	10	11,797,646	16,689,587

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

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities

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

The Parent Company's objectives are as follows:

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

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

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries (together referred to as "the Group"). The disaggregation of such subsidiaries is set out below:

Name of the Company	Legal entity	Principal activity	Country of incorporation	Percentage of ownership (%)		
				30 September 2021	31 December 2020 (Audited)	30 September 2020
Shuwaikh Cement Company	K.S.C.C.	Industrial	State of Kuwait	99.250	99.250	99.250
Amwaj Real Estate Company	K.S.C.C.	Real Estate	State of Kuwait	96.000	96.000	96.000
Kuwait Cement Ready-mix Company	K.S.C.C.	Industrial	State of Kuwait	99.844	99.844	99.844

The financial information prepared by the subsidiaries management was used to prepare interim condensed consolidated financial information for the nine month period ended 30 September 2021. The subsidiaries' total assets were KD 29,588,216 as at 30 September 2021 (31 December 2020: KD 31,664,874 and 30 September 2020: KD 35,067,987), and their net losses were KD 731,627 for the nine month period ended 30 September 2021 (losses of KD 2,244,042 for the nine month period ended 30 September 2020).

The Interim Condensed Consolidated Financial Information was authorized for issue by the Parent Company's board of directors on 10 November 2021.

2. Basis of presentation and significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information is prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

In the opinion of the management, all adjustments (including recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2020.

2.2 Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new standards and amendments effective as of 1 January 2021. The Group has not early adopted any other standards, interpretation or amendment that were issued but not yet effective. Several amendments are effective for the first time in 2021, but they do not have an impact on the interim condensed consolidated financial information of the Group.

3. Fair value estimation

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

- Level 1: Quoted prices in active markets for quoted financial instruments.
- Level 2: Quoted prices in active markets for similar instruments. Quoted prices in inactive markets for similar assets or liabilities. Observable inputs other than quoted prices of financial instruments.
- Level 3: 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 significant financial assets and liabilities are determined:

	Fair value as of				
Financial assets at fair value through statement of other comprehensive income:	**30 September 2021**	**31 December 2020 (Audited)**	**30 September 2020**	**Fair value level**	**Valuation techniques and key inputs**
Quoted securities	80,937,274	59,673,883	57,891,532	First	Closing bid price
Funds and portfolios	12,214,748	12,197,570	11,028,588	Second	Net assets value
Unquoted securities	8,107,399	5,603,024	5,593,125	Three	Based on the revised NBV or on the basis of the last transactions

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

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2021
(Unaudited)
(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

4. Property, plant and equipment

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Net carrying value at beginning of the period/year	136,211,120	152,261,624	152,261,624
Additions	294,343	509,976	477,980
Disposals	(2,141)	(4,564)	(1,956)
Depreciation for the period / year	(5,019,695)	(8,452,671)	(6,662,567)
Impairment of losses	-	(8,143,628)	(8,143,627)
Foreign currency translation differences	-	40,383	40,501
Net carrying value at end of the period/year	131,483,627	136,211,120	137,971,955

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

5. Investments in associates

	Country of incorporation	Voting rights and ownership percentage %	Carrying value		
			30 September 2021	31 December 2020 (Audited)	30 September 2020
Kuwait Rocks Co. K.S.C.C.	State of Kuwait	30	-	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	16,676,455	16,380,034	16,151,068
			16,676,455	16,380,034	16,151,068

Movement on investment in associates was as follows:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Balance at beginning of the period/ year	16,380,034	15,775,973	15,775,973
Group's share in associates' business results	558,118	1,087,195	871,049
Group's share of associates' other comprehensive income	105,000	(121,463)	(129,256)
Group's share from movement on retained earnings of associates	15,081	20,108	15,081
Cash dividends received	(381,778)	(381,779)	(381,779)
Balance at end of the period/ year	16,676,455	16,380,034	16,151,068

Group's share in an associate results has been recognized based on the financial information prepared by the associate's management for the period ended 30 June 2021.

6. Financial assets at fair value through other comprehensive income

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Quoted securities	80,937,274	59,673,883	57,891,532
Unquoted securities	8,107,399	5,603,024	5,593,125
Funds and portfolios	12,214,748	12,197,570	11,028,588
	101,259,421	77,474,477	74,513,245

The quoted investments include investments of KD 36,352,928 as of 30 September 2021 in National Industries Group Holding K.P.S.C. which is one of the major shareholders in the Group (31 December 2020: KD 25,075,898, and 30 September 2020: KD 23,651,132).

7. 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

The carrying amounts of the Group's right of use assets and the movement during the period / year are set out below:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
As at beginning of the period / year	3,989,802	4,488,527	4,488,527
Amortization expenses	(374,046)	(498,725)	(374,044)
Balance at end of the period / year	3,615,756	3,989,802	4,114,483

Lease liabilities

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

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Lease liabilities - non-current portion	2,874,108	3,481,193	3,516,338
Lease liabilities - Current portion	473,419	455,376	418,870
	3,347,527	3,936,569	3,935,208

Lease liabilities' movements during the period/ year as follows:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
At beginning of the period/year	3,936,569	4,373,513	4,373,513
Lease liabilities paid	(695,667)	(591,778)	(556,673)
Interests of lease liabilities	106,625	154,834	118,368
At the end of the period/year	3,347,527	3,936,569	3,935,208

Below are the amounts of short term lease contracts:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Expenses relating to short-term leases (stated under production cost)	96,555	145,092	298,046	369,912
Expenses relating to short-term leases (stated under general and administrative expenses)	11,260	5,275	29,535	24,430
	107,815	150,367	327,581	394,342

8. Inventories

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Raw materials	11,871,676	12,648,642	12,903,521
Finished production	560,864	681,691	900,941
Spare parts	533,018	-	-
	12,965,558	13,330,333	13,804,462

9. Accounts receivable and other debit balances

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Amounts under collection at banks	-	261,731	30,190
Receivables against unconditional bank guarantees	1,962,576	3,153,186	2,916,905
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	1,248,171	327,606	175,443
Related parties (note 19)	385,529	559,777	996,640
Other trade receivables	14,675,557	15,901,300	18,164,248
Total trade receivables	18,271,833	20,203,600	22,283,426
Other receivables	1,987,870	1,916,556	1,676,375
	20,259,703	22,120,156	23,959,801
Provision for expected credit losses	(7,342,380)	(7,310,882)	(6,473,840)
	12,917,323	14,809,274	17,485,961
Prepaid expenses	187,677	128,182	454,864
Notes receivables	399,865	767,197	877,432
	13,504,865	15,704,653	18,818,257

The movement of provision for expected credit losses is as follows:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Balance at beginning of the period/year	7,310,882	3,178,626	3,178,626
Charged during the period/year	53,456	4,128,659	3,291,616
Bad debts during the period/year	(21,958)	-	-
Foreign currency translation differences	-	3,597	3,598
Balance at end of the period/year	7,342,380	7,310,882	6,473,840

10. Cash and cash equivalents

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Cash on hand and at banks	10,644,755	11,672,051	12,912,068
Cash at investment portfolios	1,152,891	3,514,916	3,777,519
Cash and cash equivalents	11,797,646	15,186,967	16,689,587

11. Share capital

The Company's authorized, issued, and fully paid share capital is KD 73,330,387 divided into 733,303,870 shares as at 30 September 2021, 31 December 2020 and 30 September 2020, each of a nominal value of 100 fils. All shares are cash shares.

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

12. Treasury shares

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Number of shares (No's)	20,330,200	20,330,200	20,330,200
Percentage to issued shares (%)	2.77	2.77	2.77
Market value (KD)	4,919,908	4,655,616	5,001,229

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.

13. Loans, bank facilities and murabaha

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Non-current portion			
Loans	14,140,000	11,560,001	13,480,204
Murabaha	32,907,392	41,450,712	43,951,291
	47,047,392	53,010,713	57,431,495
Current portion			
Loans	4,340,000	3,840,000	5,890,000
Murabaha	16,134,528	16,690,142	15,781,116
	20,474,528	20,530,142	21,671,116
Total loans, bank facilities and murabaha	67,521,920	73,540,855	79,102,611

The average effective interest rate on loans, bank facilities and murabaha was 2.4% as at 30 September 2021 (31 December 2020: 2.65% and 30 September 2020: 2.75%).

The loans and murabaha covenants state that the ratio of net debts to equity not be more than (1:08) and the ratio of liabilities to equity not be more than (1:1.3).

14. Accounts payable and other credit balances

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Suppliers	14,184,455	15,261,233	13,099,650
Accrued interest and expenses	2,757,844	3,099,139	2,535,923
Notes payable	550,703	1,183,027	1,436,610
Clients - advance payments	3,011,370	1,470,388	1,470,143
payable cash dividends	952,539	986,375	2,062,257
Contribution to Kuwait Foundation for the Advancement of Sciences	579	579	40,002
Zakat	-	375	-
Retention	3,500	3,500	-
Other	14,084	10,521	13,995
	21,475,074	22,015,137	20,658,580

Notes to the Interim Condensed Consolidated Financial Information for the nine months ended 30 September 2021

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

15. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Cost of raw materials	11,222,508	8,601,246	29,697,110	26,794,718
Change in finished goods	(237,514)	(256,985)	(58,343)	(327,891)
Impairment losses of property, plant and equipment	-	-	-	8,143,627
Salaries and benefits	897,276	989,102	2,621,643	2,944,164
Maintenance and spare parts	1,239,587	622,709	2,279,313	1,793,945
Depreciations and amortizations	457,679	572,323	1,425,909	1,705,504
Rent	96,555	117,123	298,046	299,679
Other	327,290	196,256	674,269	570,593
	14,003,381	10,841,774	36,937,947	41,924,339

16. Net other operating income

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net income from investment properties	38,920	27,522	79,103	73,334
Net (loss) / profit from exchange differences	(7,919)	41,782	8,765	(11,798)
Other revenues	37,458	20,170	314,303	50,384
	68,459	89,474	402,171	111,920

Other revenues item includes an amount of KD 144,000 representing the financial effects resulted from approval of the shareholders' general assembly on the financial statements for the year ended 31 December 2020 held on 26 May 2021 (Note 20).

17. Net investment profits

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Cash dividends	33,209	101,521	896,092	2,714,087
Portfolio management fees	(31,470)	(20,967)	(85,955)	(67,889)
	1,739	80,554	810,137	2,646,198

18. Basic and diluted loss per share

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Net loss for the period attributable to shareholders of the Parent Company	(2,417,614)	(2,347,891)	(2,804,627)	(16,100,665)
Weighted average number of outstanding shares during the period (shares)	712,973,670	712,973,670	712,973,670	712,973,670
Basic and diluted loss per share (Fils)	(3.39)	(3.29)	(3.93)	(22.58)

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the Company has representatives in their board. In the normal course of business and subject to the approval of the Group's management, transactions were made with such parties during the period ended 30 September 2021. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Following is a summary of significant related party transactions:

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Balances			
Receivables and other debit balances (Note 9)	385,529	559,777	996,640
Provision for employees end of service indemnity	643,639	632,584	628,856

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
Transactions				
Sales	258,783	335,078	669,841	1,166,109
Committees' fees	44,750	44,750	134,250	134,250
Senior management salaries and benefits	149,109	116,435	353,842	355,406

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

20. General Assembly of the Parent Company's Shareholders

On 26 May 2021, the General Assembly of shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2020, approved not to distribute cash dividends or bonus shares for 2020, and also approved the amendment of senior management benefits from KD 412,000 to KD 268,000, the financial impact was recognized in other operating income item in the interim condensed consolidated statement of income for the current period.

21. Contingent liabilities and capital commitments

	30 September 2021	31 December 2020 (Audited)	30 September 2020
Contingent liabilities			
Letters of guarantee	798,225	693,001	793,000
Capital commitments			
Letters of Credit	135,623	122,580	117,762
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	5,978,276	8,962,474	9,813,747
Property, plant and equipment	750,729	856,811	882,538

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.

22. Segment financial information

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

The primary segments information as follows:

Operating Segments
The Group has determined the following two major business segments for internal reporting purposes:
- Manufacturing sector which includes production and sale cement & ready – mix cement.
- Investments segment

Financial information about business segments for the nine month period ended 30 September is as follows:

	2021			2020		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	36,777,805	1,447,358	38,225,163	30,162,834	3,590,581	33,753,415
Gross segments loss	(2,987,280)	1,447,358	(1,539,922)	(17,778,902)	3,590,581	(14,188,321)
Segments assets	172,214,571	119,859,408	292,073,979	187,629,074	95,212,473	282,841,547
Adjustments:						
Gross segments loss			(1,539,922)			(14,188,321)
Finance charges			(1,294,020)			(1,937,858)
Interest revenues			24,914			24,396
			(2,809,028)			(16,101,783)

23. Impact of COVID-19

The Coronavirus (Covid-19) pandemic continues to spread rapidly across several global geographic regions, causing major disruptions to business and economic activities and resulting in fundamental uncertainties regarding the global economic environment. Financial and monetary authorities around the world have taken intensive measures that have been allocated to alleviate the dire consequences of this pandemic.

Other impacts
The Group considered the potential impact of fluctuations in current economic conditions when determining the amount recorded for the Group's financial and non-financial assets. These reported amounts represent management's best assessments based on observable information. Nevertheless, the markets remain volatile and the carrying value of the assets is still sensitive to fluctuations in the market. The vulnerability of this uncertain economic environment to a large extent is still a matter of estimation accordingly, the Group will continue to reassess its financial position and related influence on a regular basis.

Going concern
The Group has performed as assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections covering the Group's future performance, share capital and liquidity have been prepared. Despite the growing impact of Covid-19 pandemic, projections at the present time state that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged since 31 December 2020. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.