

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

Interim Condensed Consolidated Financial Information (Unaudited)
And Report on Review for the three months ended 31 March 2022

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 Report on Review for the three months ended 31 March 2022

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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 31 March 2022, and the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 Requirement

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 violations during the three month period ended 31 March 2022, of the Commercial 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 three month period ended 31 March 2022 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.

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

Kuwait: 27 April 2022

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	31 March 2022	31 December 2021 (Audited)	31 March 2021
Assets				
Non-current assets				
Property, plant and equipment	4	130,460,109	131,497,904	134,489,128
Intangible assets		10	10	10
Investment properties		770,641	770,641	770,641
Investments in associates	5	17,062,272	16,967,298	16,517,131
Financial assets at fair value through other comprehensive income	6	101,350,876	99,793,317	79,790,015
Right-of-use assets	7	3,366,395	3,491,077	3,865,120
		253,010,303	252,520,247	235,432,045
Current assets				
Inventories	8	11,518,745	11,553,886	12,758,465
Accounts receivable and other debit balances	9	15,291,343	13,593,252	15,641,321
Financial assets at fair value through profit or loss		877,125	5,814,900	-
Cash and cash equivalents	10	21,985,239	11,476,986	16,643,699
		49,672,452	42,439,024	45,043,485
Total assets		302,682,755	294,959,271	280,475,530
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		6,283,976	1,702,675	(12,457,987)
Group's share in associates' reserves		65,856	(10,612)	(178,848)
Foreign currency translation reserve		107,854	107,854	107,854
Retained earnings / (accumulated losses)		5,064,633	4,140,643	(5,848,787)
Equity attributable to Shareholders of the Parent Company		207,672,167	202,090,408	177,772,080
Non-controlling interests		180,142	174,852	148,860
Total equity		207,852,309	202,265,260	177,920,940
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	13	44,532,911	45,454,617	52,571,816
Provision for staff indemnity		3,700,443	3,629,392	3,545,573
Lease liabilities	7	2,445,393	2,860,962	3,517,094
		50,678,747	51,944,971	59,634,483
Current liabilities				
Loans, bank facilities and Murabaha	13	18,854,008	18,351,507	19,978,239
Accounts payable and other credit balances	14	24,825,437	21,909,602	22,519,948
Lease liabilities	7	472,254	487,931	421,920
		44,151,699	40,749,040	42,920,107
Total Liabilities		94,830,446	92,694,011	102,554,590
Total equity and liabilities		302,682,755	294,959,271	280,475,530

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Income
For the three months ended 31 March 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2022	2021
Sales		16,107,193	12,531,394
Cost of sales	15	(15,767,991)	(12,193,323)
Gross profit		339,202	338,071
Net other operating income	16	46,997	83,416
Selling, general and administrative expenses		(931,607)	(902,094)
Operating loss		(545,408)	(480,607)
Provision for expected credit losses		(42,881)	(30,479)
Finance charges		(391,282)	(432,939)
Interest income		2,068	10,764
Net investment profits	17	1,060,361	272,833
Group's share in associates' business results	5	13,479	134,709
Net profit / (loss) for the period before deductions		96,337	(525,719)
Kuwait Foundation for the Advancement of Science		(921)	-
National Labor Support Tax		(19,357)	-
Zakat		(5,374)	-
Net profit / (loss) for the period		70,685	(525,719)
Attributable to:			
The Parent Company's Shareholders		66,965	(523,020)
Non-controlling interests		3,720	(2,699)
Net profit/(loss) for the period		70,685	(525,719)
Basic and diluted earnings /(loss) per share (fils)	18	0.09	(0.73)

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Comprehensive Income
For the three months ended 31 March 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 31 March	
		2022	2021
Net profit/(loss) for the period		70,685	(525,719)
Other comprehensive income items:			
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:			
Group's share of associates' reserves	5	76,468	(2,639)
Group's share of foreign currency translation reserve		-	177
		76,468	(2,462)
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		5,434,869	2,410,973
Total other comprehensive income items for the period		5,511,337	2,408,511
Total comprehensive income for the period		5,582,022	1,882,792
Attributable to:			
The Parent Company's Shareholders		5,577,718	1,882,590
Non-controlling interests		4,304	202
Total comprehensive income for the period		5,582,022	1,882,792

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Changes in Equity
for the three months ended 31 March 2022 (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	(Accumulated losses) / retained earnings	Total	Non-controlling interests	Total equity
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	-	-	-	-	-	-	-	-	-	-	(523,020)	(523,020)	(2,699)	(525,719)
Total items of other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	2,408,072	(2,639)	177	-	2,405,610	2,901	2,408,511
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(275,742)	-	-	275,742	-	-	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	5,027	5,027	-	5,027
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	555	555
Balance at 31 March 2021	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(12,457,987)	(178,848)	107,854	(5,848,787)	177,772,080	148,860	177,920,940
Balance at 1 January 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	1,702,675	(10,612)	107,854	4,140,643	202,090,408	174,852	202,265,260
Net profit for the period	-	-	-	-	-	-	-	-	-	-	66,965	66,965	3,720	70,685
Total other comprehensive income items for the period	-	-	-	-	-	-	-	5,434,285	76,468	-	-	5,510,753	584	5,511,337
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(852,984)	-	-	851,998	(986)	986	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	5,027	5,027	-	5,027
Balance at 31 March 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	6,283,976	65,856	107,854	5,064,633	207,672,167	180,142	207,852,309

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Cash Flows
For the three months ended 31 March 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 31 March	
		2022	2021
Cash flows generated from operating activities			
Net profit/(loss) for the period		70,685	(525,719)
Adjustments:			
Depreciation and amortization		1,352,218	1,888,487
Provision for expected credit losses	9	42,881	30,479
Profit on sale of property, plant and equipment		(2,034)	(267)
Net investment profits	17	(1,096,109)	(294,942)
Finance charges		391,282	432,939
Interest income		(2,068)	(10,764)
Group's share in associates' business results	5	(13,479)	(134,709)
Provision for staff indemnity		71,051	22,663
Net operating profit before working capital changes		814,427	1,408,167
Inventories		35,141	571,868
Accounts receivable and other debit balances		(1,740,972)	131,507
Accounts payable and other credit balances		2,924,455	432,459
Net cash generated from operating activities		2,033,051	2,544,001
Cash flows from investing activities			
Paid for purchase of property, plant and equipment	4	(196,209)	(42,952)
Proceeds from sale of property, plant and equipment		8,502	1,406
Paid for purchase of financial assets at fair value through other comprehensive income		(368,590)	(661,406)
Proceeds from sale of financial assets at fair value through other comprehensive income		4,245,900	756,841
Proceeds on sale of financial assets at fair value through profit or loss		5,765,059	-
Dividends received		268,825	196,288
Interest income received		2,068	10,764
Net cash generated from investing activities		9,725,555	260,941
Cash flows from financing activities			
Paid for loans, bank facilities and Murabaha		(419,205)	(979,204)
Finance charges paid		(362,635)	(324,657)
Repayment of lease liabilities		(463,181)	(33,455)
Dividend payments		(5,332)	(11,449)
Changes in non-controlling interests		-	555
Net cash used in financing activities		(1,250,353)	(1,348,210)
Net increase in cash and cash equivalents		10,508,253	1,456,732
Cash and cash equivalents at beginning of the period		11,476,986	15,186,967
Cash and cash equivalents at the end of the period	10	21,985,239	16,643,699

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

1. Incorporation and activity

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 (%)		
				31 March 2022	31 December 2021 (Audited)	31 March 2021
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 subsidiary's management was used to prepare interim condensed consolidated financial information for the three month period ended 31 March 2022. The total assets of subsidiaries amounted to KD 29,087,850 as at 31 March 2022 (31 December 2021: KD 31,566,116 and 31 March 2021: 31,613,501) and net profits amounted to KD 71,328 for the three month period ended 31 March 2022 (for the three month period ended 31 March 2021: losses amounted to KD 321,568).

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's Board of Directors on 27 April 2022.

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 2021.

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 period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2021.

2.2 Changes in significant accounting policies

New standards, interpretations, and amendment adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

Several amendments are applied for the first time in 2022, but they do not have an impact on the interim condensed consolidated financial information of the Group.

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 labor 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.

The Group applied the amendments to the contracts for which it had not fulfilled all its obligations at the beginning of the reporting period.

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

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

2.2 Changes in significant accounting policies (Continued)

New standards, interpretations, and amendment adopted (Continued)

Reference to the Conceptual Framework - Amendments to IFRS 3

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.

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

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

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 profit or loss.

These amendments had no impact on the interim condensed consolidated financial information 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.

IFRS 1: First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the Group's consolidated financial statements, based on the Parent Company's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the Parent Company acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

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

2.2 Changes in significant accounting policies (Continued)

New standards, interpretations, and amendment adopted (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.

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

IAS 41 "Agriculture" - Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41.

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 at			Fair value level	Valuation techniques and key inputs
	31 March 2022	31 December 2021 (Audited)	31 March 2021		
Financial assets at fair value through statement of other comprehensive income:					
Quoted securities	82,485,840	79,325,423	62,500,400	First	Closing price
Funds and portfolios	11,661,522	12,561,296	12,238,845	Second	Net assets value
Unquoted securities	7,203,514	7,906,598	5,050,770	Three	Based on the revised NBV or on the basis of the last transactions

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

4. Property, plant and equipment

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Net carrying amount at beginning of the period / year	131,497,904	136,211,120	136,211,120
Additions	196,209	459,559	42,952
Disposals	(6,468)	(2,256)	(1,139)
Depreciation during the period / year	(1,227,536)	(5,170,519)	(1,763,805)
Net carrying amount at end of the period / year	130,460,109	131,497,904	134,489,128

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 31 March 2022	Carrying value 31 December 2021 (Audited)	Carrying value 31 March 2021
Kuwait Rocks Co. K.S.C.C. (under clearance)	State of Kuwait	30.00	-	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	17,062,272	16,967,298	16,517,131
			17,062,272	16,967,298	16,517,131

Movement on investment in associates was as follows:

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Balance at beginning of the period/ year	16,967,298	16,380,034	16,380,034
Group's share in associates' business results	13,479	783,337	134,709
Group's share of associates' other comprehensive income	76,468	165,597	(2,639)
Group's share from movement on retained earnings of associates	5,027	20,108	5,027
Cash dividends received	-	(381,778)	-
	17,062,272	16,967,298	16,517,131

Group's share in an associate's results has been recognized based on the audited financial statements for the year ended 31 December 2021.

6. Financial assets at fair value through other comprehensive income

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Quoted securities	82,485,840	79,325,423	62,500,400
Unquoted securities	7,203,514	7,906,598	5,050,770
Funds and portfolios	11,661,522	12,561,296	12,238,845
	101,350,876	99,793,317	79,790,015

The quoted investments include investments of KD 42,449,768 as at 31 March 2022 in National Industries Group Holding K.S.C. Public which is one of the major shareholders in the Group (31 December 2021: KD 37,050,881, and 31 March 2021: KD 26,073,236).

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:

	31 March 2022	31 December 2021 (Audited)	31 March 2021
As at beginning of the period / year	3,491,077	3,989,802	3,989,802
Amortization expenses	(124,682)	(498,725)	(124,682)
	3,366,395	3,491,077	3,865,120

Lease liabilities

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

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Lease liabilities - non-current portion	2,445,393	2,860,962	3,517,094
Lease liabilities - Current portion	472,254	487,931	421,920
	2,917,647	3,348,893	3,939,014

	31 March 2022	31 December 2021 (Audited)	31 March 2021
At beginning of the period/year	3,348,893	3,936,569	3,936,569
Lease liabilities paid	(463,181)	(729,122)	(33,455)
Interests of lease liabilities	31,935	141,446	35,900
	2,917,647	3,348,893	3,939,014

7. Leases (Continued)

Lease liabilities (Continued)

Below are the amounts of short term lease contracts:

	Three months ended 31 March	
	2022	**2021**
Expenses relating to short-term leases (stated under production cost)	88,446	100,147
Expenses relating to short-term leases (stated under general and administrative expenses)	15,340	12,635
	103,786	112,782

8. Inventories

	31 March 2022	**31 December 2021 (Audited)**	**31 March 2021**
Raw materials	10,376,110	10,304,810	11,673,687
Finished production	544,260	663,034	719,070
Spare parts	598,375	586,042	365,708
	11,518,745	11,553,886	12,758,465

9. Accounts receivable and other debit balances

	31 March 2022	**31 December 2021 (Audited)**	**31 March 2021**
Amounts under collection at banks	-	-	479,684
Receivables against unconditional bank guarantees	2,457,724	2,536,949	2,942,555
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	998,482	1,011,370	476,309
Related parties (Note 19)	379,736	325,385	408,458
Other trade receivables	15,315,117	14,635,883	15,255,953
Total trade receivables	19,151,059	18,509,587	19,562,959
Other receivables	2,993,109	2,090,138	2,040,997
	22,144,168	20,599,725	21,603,956
Provision for expected credit losses	(7,521,290)	(7,478,409)	(7,319,490)
	14,622,878	13,121,316	14,284,466
Prepaid expenses	429,259	188,067	492,295
Notes receivables	239,206	283,869	864,560
	15,291,343	13,593,252	15,641,321

9. Accounts receivable and other debit balances (Continued)

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

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Balance at beginning of the period/year	7,478,409	7,310,882	7,310,882
Charged during the period/year	42,881	189,399	30,479
Used during the period/year	-	(21,872)	(21,871)
	7,521,290	7,478,409	7,319,490

10. Cash and cash equivalents

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Cash on hand and at banks	8,809,054	7,965,024	10,341,899
Term deposits	-	-	4,000,000
Cash at investment portfolios	13,176,185	3,511,962	2,301,800
	21,985,239	11,476,986	16,643,699

11. Share capital

The Company's authorized, issued, and fully paid up share capital is KD 73,330,387 divided into 733,303,870 shares as at 31 March 2022, 31 December 2021 and 31 March 2021, each of a nominal value of 100 fils. All shares are cash shares.

12. Treasury shares

	31 March 2022	31 December 2021 (Audited)	31 March 2021
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)	5,428,163	4,614,955	4,492,974

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

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Non-current portion			
Loans	11,720,000	11,720,000	11,560,000
Murabaha	32,812,911	33,734,617	41,011,816
	44,532,911	45,454,617	52,571,816
Current portion			
Loans	4,840,000	4,840,000	3,840,000
Murabaha	14,014,008	13,511,507	16,138,239
	18,854,008	18,351,507	19,978,239
Total loans, bank facilities and Murabaha	63,386,919	63,806,124	72,550,055

13. Loans, bank facilities and Murabaha (Continued)

The average effective interest rate on the loans, bank facilities and Murabaha was 2.5% as at 31 March 2022 (31 December 2021: 2.4% and 31 March 2021: 2.65%).

The loans and Murabaha covenants state that the ratio of net debts to equity should not be more than (0.8:1), the ratio of liabilities to equity should not be more than (1.3:1), and the finance charges to net cash generated from operating activities should not be less than (1:3).

14. Accounts payable and other credit balances

	31 March 2022	31 December 2021 (Audited)	31 March 2021
Suppliers	14,793,269	13,049,132	15,660,936
Accrued interest and expenses	3,167,445	2,969,798	3,426,875
Notes payable	934,887	703,017	1,008,631
Clients - advance payments	4,964,074	4,242,220	1,433,602
Accrued cash dividends	926,769	932,101	974,926
Contribution to Kuwait Foundation for the Advancement of Sciences	921	-	579
National Labor Support Tax	19,357	-	-
Zakat	5,374	-	375
Retention	3,500	3,500	3,500
Other	9,841	9,834	10,524
	24,825,437	21,909,602	22,519,948

15. Cost of sales

	Three months ended 31 March	
	2022	2021
Cost of raw materials	13,239,650	9,992,322
Salaries and benefits	1,246,143	890,239
Maintenance and spare parts	474,221	480,323
Depreciations and amortizations	423,466	510,944
Rent	88,446	100,147
Other	296,065	219,348
	15,767,991	12,193,323

16. Net other operating income

	Three months ended 31 March	
	2022	2021
Net income from investment properties	21,373	22,350
Net profit / (loss) from exchange differences	6,631	(44,056)
Other revenues	18,993	105,122
	46,997	83,416

17. Net investment profits

	Three months ended 31 March	
	2022	**2021**
Financial assets at fair value through statement of other comprehensive income		
Cash dividends	268,825	294,942
Portfolio management fees	(35,748)	(22,109)
	233,077	272,833
Financial assets at fair value through profit or loss		
Change in fair value	39,525	-
Realized profit	787,759	-
	827,284	-
	1,060,361	272,833

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

Basic and diluted earnings/(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 earnings /(loss) per share is as follows:

	Three months ended 31 March	
	2022	**2021**
Net profit / (loss) for the period attributable to the Shareholders of the Parent Company	66,965	(523,020)
Weighted average number of outstanding shares during the period (shares)	712,973,670	712,973,670
Basic and diluted earnings/(loss) per share (fils)	0.09	(0.73)

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 31 March 2022. 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.

	31 March 2022	**31 December 2021 (Audited)**	**31 March 2021**
Balances			
Accounts receivable and other debit balances (Note 9)	379,736	325,385	408,458
Provision for staff indemnity	651,009	647,364	636,229

19. Related party transactions (Continued)

	Three months ended 31 March	
	2022	**2021**
Transactions		
Sales	159,902	175,963
Committees' fees	44,750	44,750
Senior management salaries and benefits	118,808	117,785

Following is a summary of significant related party transactions:

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

20. Contingent liabilities and capital commitments

	31 March 2022	**31 December 2021 (Audited)**	**31 March 2021**
Contingent liabilities			
Letters of guarantee	1,003,225	1,003,225	693,001
Capital commitments			
Letters of Credit	326,149	119,090	136,456
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	8,424,272	4,067,764	6,033,804
Property, plant and equipment	729,513	739,305	856,811

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.

21. 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 sector

Financial information on business segments for the three month period ended 31 March is as follows:

	2022			2021		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	16,126,113	1,095,212	17,221,325	12,636,516	429,892	13,066,408
Gross (loss)/profit of segments	(635,313)	1,095,212	459,899	(533,436)	429,892	(103,544)
Segments assets	169,445,653	133,237,102	302,682,755	181,095,943	99,379,587	280,475,530
Adjustments:						
Gross profit / (loss) of segments			459,899			(103,544)
Finance charges			(391,282)			(432,939)
Interest income			2,068			10,764
			70,685			(525,719)

22. General Assembly Meeting of the Parent Company's Shareholders

The General Assembly Meeting of the Parent Company's shareholders held on 20 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and they have approved cash dividends distribution 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.

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. The financial and monetary authorities around the world have taken intensive measures to mitigate the severe implications of this pandemic.

Other impacts

The Group considered the potential impact of the existing instability of economic conditions when determining the reported amounts of the Group's financial and non-financial assets. These reported amounts represent the management's best estimate based on the 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.

23. Impact of COVID-19 (Continued)

Going concern concept

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 2021. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.