

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 the Review Report for the Six Months Ended 30 June 2023

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

Interim Condensed Consolidated Financial Information (Unaudited)
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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 Income and Other 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)	7-16

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To the Board of Directors
Kuwait Cement Company
Kuwait Public Shareholding Company
State of Kuwait

Report on review of interim condensed consolidated financial information

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 June 2023, and the interim condensed consolidated statements of income, income and other comprehensive income, changes in equity and cash flows for the six month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No (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 has come to our attention indicating any violations during the six month period ended 30 June 2023, 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 Parent Company's activities or its financial position.

We further report that, based on our review, nothing has come to our attention indicating any material violations during the six month period ended 30 June 2023 of Law No. 7 of 2010, as amended, regarding Establishment of Capital Markets Authority and organization of Security Activity, and its Executive Regulations, and its Related Regulations, as amended, which might have materially affected the Group's business or its interim condensed consolidated financial position.

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

Kuwait: 13 August 2023

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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 30 June 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2023	31 December 2022 (Audited)	30 June 2022
Assets				
Non-current assets				
Property, plant and equipment	4	127,554,782	128,937,213	129,577,992
Intangible assets		10	10	10
Investment properties		770,641	770,641	770,641
Investment in associates	5	17,163,298	17,252,492	16,828,016
Financial assets at fair value through other comprehensive income	6	97,322,330	99,751,017	103,599,917
Right-of-use assets		2,742,989	2,992,352	3,241,714
Total non-current assets		245,554,050	249,703,725	254,018,290
Currents assets				
Inventory	7	19,589,051	20,268,995	14,760,162
Accounts receivable and other debit balances	8	14,525,466	17,688,639	15,915,974
Cash and cash equivalents	9	12,860,719	8,723,902	10,990,099
Total current assets		46,975,236	46,681,536	41,666,235
Total assets		292,529,286	296,385,261	295,684,525
Equity and liabilities				
Equity				
Share capital		73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	10	(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		(9,286,267)	(7,252,092)	(3,034,286)
Group's share in associates' reserves		(146,976)	(11,220)	72,436
Foreign currency translation reserve		107,854	107,854	107,854
Retained earnings		2,533,533	5,165,534	1,798,373
Equity attributable to Shareholders of the Parent Company		189,357,992	194,159,924	195,094,225
Non-controlling interests		167,441	168,041	170,900
Total equity		189,525,433	194,327,965	195,265,125
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	11	62,753,994	64,975,840	49,202,519
Provision for employees end of service indemnity		3,798,404	3,647,465	3,769,139
Lease liabilities		1,791,456	2,350,386	2,429,903
Total non-current liabilities		68,343,854	70,973,691	55,401,561
Current liabilities				
Loans, bank facilities and Murabaha	11	13,567,000	9,343,858	19,178,131
Accounts payable and other credit balances	12	20,588,065	21,251,904	25,364,786
Lease liabilities		504,934	487,843	474,922
Total current liabilities		34,659,999	31,083,605	45,017,839
Total liabilities		103,003,853	102,057,296	100,419,400
Total equity and liabilities		292,529,286	296,385,261	295,684,525

The accompanying notes are an integral part of the 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 six months ended 30 June 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
Sales		15,684,283	14,423,055	32,876,374	30,530,248
Cost of sales	13	(14,793,011)	(15,394,051)	(31,262,137)	(31,162,042)
Gross profit / (loss)		891,272	(970,996)	1,614,237	(631,794)
Selling, general and administrative expenses		(918,708)	(906,883)	(1,777,031)	(1,838,490)
Net income from other operating	14	113,249	15,029	278,020	62,026
Operating profit / (loss)		85,813	(1,862,850)	115,226	(2,408,258)
Provision for expected credit losses (charged) / no longer required	8	(32,046)	80,364	(62,982)	37,483
Finance charges		(986,939)	(442,543)	(1,834,920)	(833,825)
Interest income		36,816	1,890	38,325	3,958
Net investment income	15	2,091,192	2,247,131	2,138,730	3,307,492
Group's share of results from associates	5	286,390	135,915	418,286	149,394
Net profit for the period before deductions		1,481,226	159,907	812,665	256,244
Kuwait Foundation for the Advancement of Science		-	(4,748)	-	(5,669)
National Labour Support Tax		-	6,489	-	(12,868)
Zakat		-	2,978	-	(2,396)
Net profit for the period		1,481,226	164,626	812,665	235,311
Attributable to:					
The Parent Company's Shareholders		1,480,787	166,712	812,986	233,677
Non-controlling interests		439	(2,086)	(321)	1,634
Net profit for the period		1,481,226	164,626	812,665	235,311
Basic and diluted earnings per share (fils)	16	2.08	0.24	1.14	0.33

The accompanying notes are an integral part of the 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 Income and Other Comprehensive Income for the six months ended 30 June 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
Net profit for the period		1,481,226	164,626	812,665	235,311
Items of other comprehensive (loss) / income:					
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:					
Group's share of associates' reserves	5	(71,336)	6,580	(135,756)	83,048
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		4,673,419	(9,198,549)	(1,924,531)	(3,763,680)
Total other comprehensive income/(loss) for the period		4,602,083	(9,191,969)	(2,060,287)	(3,680,632)
Total comprehensive income / (loss) for the period		6,083,309	(9,027,343)	(1,247,622)	(3,445,321)
Attributable to:					
The Parent Company's Shareholders		6,077,633	(9,017,691)	(1,244,053)	(3,439,973)
Non-controlling interests		5,676	(9,652)	(3,569)	(5,348)
Total comprehensive income / (loss) for the period		6,083,309	(9,027,343)	(1,247,622)	(3,445,321)

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

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And its Subsidiaries
State of Kuwait

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2023 (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	Sub-total	Non-controlling interests	Total equity
Balance as at 1 January 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	1,702,675	(10,612)	107,854	4,140,643	202,090,408	174,852	202,265,260
Net profit for the period	-	-	-	-	-	-	-	-	-	-	233,677	233,677	1,634	235,311
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(3,756,698)	83,048	-	-	(3,673,650)	(6,982)	(3,680,632)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(3,756,698)	83,048	-	233,677	(3,439,973)	(5,348)	(3,445,321)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(980,263)	-	-	978,867	(1,396)	1,396	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	10,054	10,054	-	10,054
Cash dividends	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 30 June 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(3,034,286)	72,436	107,854	1,798,373	195,094,225	170,900	195,265,125
Balance as at 1 January 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(7,252,092)	(11,220)	107,854	5,165,534	194,159,924	168,041	194,327,965
Net profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	812,986	812,986	(321)	812,665
Other comprehensive loss for the period	-	-	-	-	-	-	-	(1,921,283)	(135,756)	-	-	(2,057,039)	(3,248)	(2,060,287)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(1,921,283)	(135,756)	-	812,986	(1,244,053)	(3,569)	(1,247,622)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(112,892)	-	-	109,827	(3,065)	3,065	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	10,054	10,054	-	10,054
Change in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(96)	(96)
Cash dividends (Note 20)	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance as at 30 June 2023	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(9,286,267)	(146,976)	107,854	2,533,533	189,357,992	167,441	189,525,433

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

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And its Subsidiaries
State of Kuwait

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Cash Flows for the Six Months Ended 30 June 2023 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Six months ended 30 June	
	2023	**2022**
Cash flows from operating activities:		
Net profit for the period	812,665	235,311
Adjustments:		
Depreciation and amortization	1,865,053	2,635,010
Provision for expected credit losses / (no longer required)	62,982	(37,483)
Gains on sale of property, plant and equipment	(2,108)	(37,713)
Net investment income	(2,203,415)	(3,377,455)
Finance charges	1,834,920	833,825
Interest income	(38,325)	(3,958)
Group's share of results from associates	(418,286)	(149,394)
Provision for employees end of service indemnity	150,939	139,747
Net operating profit before working capital changes	2,064,425	237,890
Inventories	679,944	(3,206,276)
Accounts receivable and other debit balances	3,100,191	(2,285,239)
Accounts payable and other credit balances	(695,172)	(50,691)
Net cash generated from / (used in) operating activities	5,149,388	(5,304,316)
Cash flows from investing activities:		
Paid for purchase of property, plant and equipment	(234,164)	(483,846)
Proceeds from sale of property, plant and equipment	3,013	55,824
Paid for purchase of financial assets at fair value through other comprehensive income	(4,175,556)	(12,546,822)
Proceeds from sale of financial assets at fair value through other comprehensive income	4,679,712	4,976,542
Paid for purchase of financial assets at fair value through profit or loss	-	(3,061,607)
Proceeds from sale of financial assets at fair value through profit or loss	-	11,239,298
Dividends income received	2,585,193	1,396,442
Interest income received	38,325	3,958
Net cash generated from investing activities	2,896,523	1,579,789
Cash flows from financing activities:		
Withdrawn from loans, bank facilities and Murabaha	7,000,000	14,000,000
Paid for loans, bank facilities and Murabaha	(4,998,704)	(9,460,125)
Finance charges paid	(1,756,782)	(717,947)
Lease liabilities paid	(596,345)	(557,526)
Dividends payments	(3,557,167)	(26,762)
Change in Non-controlling interests	(96)	-
Net cash (used in) / generated from financing activities	(3,909,094)	3,237,640
Net increase / (decrease) in cash and cash equivalents	4,136,817	(486,887)
Cash and cash equivalents at beginning of the period	8,723,902	11,476,986
Cash and cash equivalents at end of the period (Note 9)	12,860,719	10,990,099

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

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2023
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities

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

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. 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.
7. Producing clinker material in all its different types, selling and exporting inside or outside the State of Kuwait.
8. Importing chemicals 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, Al Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The interim condensed consolidated financial information includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group").

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors on 13 August 2023.

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 2022.

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

2.1 Basis of preparation (Continued)

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 June 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2022.

2.2 Changes in significant accounting policies

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but they do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17: Insurance Contracts
In May 2017, IASB issued IFRS (17) Insurance Contracts, which is a new comprehensive accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

Definition of Accounting Estimates - Amendments to IAS (8)
The amendments to IAS (8) clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information.

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

2.2 Changes in significant accounting policies (Continued)

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

This standard is not expected to have any impact on the Group's interim condensed consolidated financial information, but may affect the disclosures of accounting policies in the Group's consolidated financial statements.

3. Fair value estimation

The fair values of financial assets 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: Valuation techniques whose inputs are not based on observable market data.

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

	Fair value as of				
	30 June 2023	31 December 2022 (Audited)	30 June 2022	Fair value level	Valuation techniques and key inputs
Financial assets at fair value through other comprehensive income:					
Quoted securities	77,564,449	82,208,165	86,736,807	First	Last bid price
Funds and portfolios	11,461,730	10,596,485	10,439,890	Second	Net asset value
Unquoted securities	8,296,151	6,946,367	6,423,220	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

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Net carrying amount at beginning of the period / year	128,937,213	131,497,904	131,497,904
Additions	234,164	793,892	483,846
Disposals	(905)	(22,723)	(18,111)
Depreciation during the period / year	(1,615,690)	(3,331,860)	(2,385,647)
Net carrying amount at end of the period / year	127,554,782	128,937,213	129,577,992

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

5. Investment in associates

The movement of investment in associates are the following:

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Balance at beginning of the period / year	17,252,492	16,967,298	16,967,298
Group's share of results from associates	418,286	647,472	149,394
Group's share of associates' reserves	(135,756)	(608)	83,048
Group's share from the transfer to the retained earnings	10,054	20,108	10,054
Cash dividends received	(381,778)	(381,778)	(381,778)
	17,163,298	17,252,492	16,828,016

6. Financial assets at fair value through other comprehensive income

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Quoted securities	77,564,449	82,208,165	86,736,807
Unquoted securities	8,296,151	6,946,367	6,423,220
Funds and portfolios	11,461,730	10,596,485	10,439,890
	97,322,330	99,751,017	103,599,917

The quoted securities include investments amounting to KD 46,466,010 as at 30 June 2023 in the shares of National Industries Group Holding - K.P.S.C., Which is one of the major shareholders in the Group (KD 47,320,407 as at 31 December 2022, KD 51,117,724 as at 30 June 2022).

7. Inventory

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Raw materials	16,873,415	17,677,687	13,559,236
Finished production	636,289	727,168	543,269
Spare parts	2,079,347	1,864,140	657,657
	19,589,051	20,268,995	14,760,162

8. Accounts receivable and other debit balances

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Receivables against unconditional bank guarantees	1,744,104	1,740,023	2,160,565
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	400,086	958,698	586,817
Related parties (Note 17)	281,110	518,218	320,214
Other trade receivables	15,491,217	16,343,291	15,471,603
Total trade receivables	17,916,517	19,560,230	18,539,199
Other receivables	2,174,966	2,013,975	2,096,606
Advance payments to suppliers	159,679	2,249,915	2,139,655
	20,251,162	23,824,120	22,775,460
Provision for expected credit losses	(6,678,726)	(6,615,744)	(7,440,926)
	13,572,436	17,208,376	15,334,534
Prepaid expenses	372,137	222,154	322,305
Notes receivables	580,893	258,109	259,135
	14,525,466	17,688,639	15,915,974

The movement on the provision for expected credit losses account is as follows:

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Balance at beginning of the period / year	6,615,744	7,478,409	7,478,409
Charged provision / (no longer required) during the period / year	62,982	(862,665)	(37,483)
Balance at end of the period / year	6,678,726	6,615,744	7,440,926

9. Cash and cash equivalents

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Cash on hand and at banks	9,856,626	4,936,429	5,732,105
Cash at investment portfolios	2,004,093	3,787,473	5,257,994
Short-term bank deposits	1,000,000	-	-
	12,860,719	8,723,902	10,990,099

The effective interest rate on short-term bank deposits is 4.5% (31 December 2022: Nil, 30 June 2022: Nil) per annum, and these deposits are contractually matured within 90 days.

10. Treasury shares

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Number of shares (share)	20,330,200	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77	2.77
Cost (KD)	13,546,935	13,546,935	13,546,935
Market value (KD)	3,639,106	4,513,304	4,594,625

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.

11. Loans, bank facilities and Murabaha

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Non-current portion			
Loans	21,212,000	20,826,000	12,800,000
Murabaha	41,541,994	44,149,840	36,402,519
	62,753,994	64,975,840	49,202,519
Current portion			
Loans	4,928,000	2,314,000	5,840,000
Murabaha	8,639,000	7,029,858	13,338,131
	13,567,000	9,343,858	19,178,131
Total loans, bank facilities and Murabaha	76,320,994	74,319,698	68,380,650

The average effective interest rate on loans, bank facilities and Murabaha was 4.25% per annum as at 30 June 2023 (31 December 2022: 3.25% per annum and 30 June 2022: 2.6% per annum).

12. Accounts payable and other credit balances

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Trade payables	11,556,491	13,172,765	12,600,227
Accrued interest and expenses	2,015,195	2,548,225	2,129,372
Notes payable	1,099,015	875,365	934,887
Advance payments from customers	4,929,984	3,678,544	5,191,343
Dividends payable	938,246	930,545	4,470,207
Accrued KFAS	30,150	28,643	5,669
Accrued NLST	-	-	12,868
Accrued Zakat	913	-	2,396
Retention	3,500	3,500	3,500
Other	14,571	14,317	14,317
	20,588,065	21,251,904	25,364,786

13. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2023	**2022**	**2023**	**2022**
Cost of raw materials	12,101,409	12,625,248	25,458,966	25,864,898
Salaries and benefits	1,268,676	1,174,472	2,718,661	2,420,615
Maintenance and spare parts	721,984	832,062	1,658,294	1,306,283
Depreciations and amortizations	356,278	421,084	721,059	844,550
Rent	79,420	82,767	156,766	171,213
Other	265,244	258,418	548,391	554,483
	14,793,011	15,394,051	31,262,137	31,162,042

14. Net income from other operating

	Three months ended 30 June		Six months ended 30 June	
	2023	**2022**	**2023**	**2022**
Net income from investment properties	28,417	22,455	56,002	43,828
Net gain / (loss) from exchange differences	5,183	(60,873)	40,203	(54,242)
Other income	79,649	53,447	181,815	72,440
	113,249	15,029	278,020	62,026

15. Net investment income

	Three months ended 30 June		Six months ended 30 June	
	2023	**2022**	**2023**	**2022**
Financial assets at fair value through other comprehensive income:				
Cash dividends	2,122,986	745,839	2,203,415	1,014,663
Portfolio management fees	(31,794)	(34,216)	(64,685)	(69,963)
	2,091,192	711,623	2,138,730	944,700
Financial assets at fair value through profit or loss:				
Unrealized gain from change in the fair value	-	-	-	39,525
Realized gain from sale	-	1,535,508	-	2,323,267
	-	1,535,508	-	2,362,792
	2,091,192	2,247,131	2,138,730	3,307,492

16. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net earnings 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 per share is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Net profit for the period attributable to shareholders of the Parent Company	1,480,787	166,712	812,986	233,677
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 earnings per share (fils)	2.08	0.24	1.14	0.33

17. 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 June 2023. Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

Following is a summary of significant related party transactions:

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Balances included in the interim condensed consolidated statement of financial position:			
Accounts receivables and other debit balances (Note 8)	281,110	518,218	320,214
Provision for employees end of service indemnity	712,144	658,252	654,693

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
Transactions included in the interim condensed consolidated statement of income:				
Sales	154,937	190,407	310,455	350,309
Committees' fees	46,000	44,750	92,000	89,500
Executive management salaries and benefits	107,545	90,155	210,330	208,963

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

18. Contingent liabilities and capital commitments

	30 June 2023	31 December 2022 (Audited)	30 June 2022
Contingent liabilities			
Letters of guarantee	1,004,544	1,004,544	1,003,225
Capital commitments			
Letters of Credit	373,200	789,767	710,230
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	7,045,192	3,301,906	4,868,691
Property, plant and equipment	726,249	706,664	703,400

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.

19. Segment financial information

The management has grouped the Group's significant operating segments 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 six month period ended 30 June is as follows:

	30 June 2023			30 June 2022		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	33,058,189	2,613,018	35,671,207	30,602,688	3,500,714	34,103,402
Gross (loss) / profit of segments	(3,758)	2,613,018	2,609,260	(2,414,603)	3,500,714	1,086,111
Segments assets	175,268,924	117,260,362	292,529,286	169,227,957	126,456,568	295,684,525
Adjustments:						
Gross segments profit			2,609,260			1,086,111
Finance charges			(1,834,920)			(833,825)
Interest income			38,325			3,958
Profit for the period			812,665			256,244

20. General Assembly of the Parent Company's Shareholders

The Parent Company's General Assembly of Shareholders held on 3 May 2023 approved the consolidated financial statements for the year ended 31 December 2022. It also approved cash dividends of 5 fils per share of the paid share capital after deducting treasury shares to the concerned shareholders as set out in the schedule approved by the Shareholders' General Assembly.