

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 Nine Months Ended 30 September 2022

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And its Subsidiaries
State of Kuwait

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To the Board of Directors of
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 September 2022, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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 nine month period ended 30 September 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 interim condensed 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 2022 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: 2 November 2022

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 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2022	31 December 2021 (Audited)	30 September 2021
Assets				
Non-current assets				
Property, plant and equipment	4	128,464,632	131,497,904	131,483,627
Intangible assets		10	10	10
Investment properties		770,641	770,641	770,641
Investments in associates	5	17,067,410	16,967,298	16,676,455
Financial assets at fair value through other comprehensive income	6	100,706,937	99,793,317	101,259,421
Right-of-use assets	7	3,117,031	3,491,077	3,615,756
		250,126,661	252,520,247	253,805,910
Currents assets				
Inventory	8	16,215,844	11,553,886	12,965,558
Accounts receivable and other debit balances	9	17,758,753	13,593,252	13,504,865
Financial assets at fair value through profit or loss		-	5,814,900	-
Cash and cash equivalents	10	11,687,576	11,476,986	11,797,646
		45,662,173	42,439,024	38,268,069
Total assets		295,788,834	294,959,271	292,073,979
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		(6,017,984)	1,702,675	7,717,884
Group's share in associates' reserves		64,218	(10,612)	(71,209)
Foreign currency translation reserve		107,854	107,854	107,854
Retained earnings / (accumulated losses)		2,479,789	4,140,643	(7,861,375)
Equity attributable to Shareholders of the Parent Company		192,783,725	202,090,408	196,043,002
Non-controlling interests		169,305	174,852	167,668
Total equity		192,953,030	202,265,260	196,210,670
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	13	54,398,715	45,454,617	47,047,392
Provision for employees' end of service indemnity		3,835,225	3,629,392	3,518,788
Lease liabilities	7	2,367,058	2,860,962	2,874,108
		60,600,998	51,944,971	53,440,288
Current liabilities				
Loans, bank facilities and Murabaha	13	19,604,559	18,351,507	20,474,528
Accounts payable and other credit balances	14	22,155,325	21,909,602	21,475,074
Lease liabilities	7	474,922	487,931	473,419
		42,234,806	40,749,040	42,423,021
Total liabilities		102,835,804	92,694,011	95,863,309
Total equity and liabilities		295,788,834	294,959,271	292,073,979

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 Nine Months Ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022	2021	2022	2021
Sales		17,521,323	12,596,428	48,051,571	36,463,502
Cost of sales	15	(18,251,152)	(14,003,381)	(49,413,194)	(36,937,947)
Gross loss		(729,829)	(1,406,953)	(1,361,623)	(474,445)
Selling, general and administrative expenses		(865,690)	(937,390)	(2,704,180)	(2,782,447)
Net other operating income	16	44,410	68,459	106,436	402,171
Operating loss		(1,551,109)	(2,275,884)	(3,959,367)	(2,854,721)
Provision for expected credit losses	9	(40,379)	(30,484)	(2,896)	(53,456)
Finance charges		(593,301)	(423,954)	(1,427,126)	(1,294,020)
Interest income		731	582	4,689	24,914
Net investment profits	17	2,584,053	1,739	5,891,545	810,137
Group's share in associates' business results	5	242,585	308,348	391,979	558,118
Net profit / (loss) for the period before deductions		642,580	(2,419,653)	898,824	(2,809,028)
Kuwait Foundation for the Advancement of Science		5,669	-	-	-
National Labour Support Tax		12,868	-	-	-
Zakat		2,396	-	-	-
Net profit / (loss) for the period		663,513	(2,419,653)	898,824	(2,809,028)
Attributable to:					
The Parent Company's Shareholders		662,888	(2,417,614)	896,565	(2,804,627)
Non-controlling interests		625	(2,039)	2,259	(4,401)
Net profit / (loss) for the period		663,513	(2,419,653)	898,824	(2,809,028)
Basic and diluted earnings / (loss) per share (fils)	18	0.93	(3.39)	1.26	(3.93)

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

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KUWAIT CEMENT COMPANY

Interim Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2022
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022	2021	2022	2021
Net profit / (loss) for the period		663,513	(2,419,653)	898,824	(2,809,028)
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	(8,218)	94,080	74,830	105,000
Group's share of foreign currency translation reserve		-	-	-	177
		(8,218)	94,080	74,830	105,177
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		(2,972,417)	6,750,857	(6,736,097)	22,866,320
Total other comprehensive (loss) / income for the period		(2,980,635)	6,844,937	(6,661,267)	22,971,497
Total comprehensive (loss) / income for the period		(2,317,122)	4,425,284	(5,762,443)	20,162,469
Attributable to:					
The Parent Company's Shareholders		(2,315,527)	4,425,147	(5,755,500)	20,143,458
Non-controlling interests		(1,595)	137	(6,943)	19,011
Total comprehensive (loss) / income for the period		(2,317,122)	4,425,284	(5,762,443)	20,162,469

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 Nine Months Ended 30 September 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	Sub-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	-	-	-	-	-	-	-	-	-	-	(2,804,627)	(2,804,627)	(4,401)	(2,809,028)
Total other comprehensive income 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
Change 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
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	-	-	-	-	-	-	-	-	-	-	896,565	896,565	2,259	898,824
Total other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(6,726,895)	74,830	-	-	(6,652,065)	(9,202)	(6,661,267)
Transferred from investments revaluation reserve	-	-	-	-	-	-	-	(993,764)	-	-	992,368	(1,396)	1,396	-
The Group's share from the transferred to retained earnings in associates	-	-	-	-	-	-	-	-	-	-	15,081	15,081	-	15,081
Cash dividends (Note 22)	-	-	-	-	-	-	-	-	-	-	(3,564,868)	(3,564,868)	-	(3,564,868)
Balance at 30 September 2022	73,330,387	26,675,810	(13,546,935)	441,409	48,270,703	42,048,346	18,930,128	(6,017,984)	64,218	107,854	2,479,789	192,783,725	169,305	192,953,030

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

Interim Condensed Consolidated Statement of Cash Flows for Nine Months ended 30 September 2022 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2022	2021
Cash flows from operating activities			
Net profit / (loss) for the period		898,824	(2,809,028)
Adjustments:			
Depreciation and amortization		4,079,428	5,393,741
Provision for expected credit losses	9	2,896	53,456
Profit on sale of property, plant and equipment		(37,713)	(3,284)
Net investment profits	17	(5,997,252)	(896,092)
Finance charges		1,427,126	1,294,020
Interest income		(4,689)	(24,914)
Group's share in associates' business results	5	(391,979)	(558,118)
Provision for employees' end of service indemnity		205,833	(4,122)
Net operating profit before working capital changes		182,474	2,445,659
Inventory		(4,661,958)	364,775
Accounts receivable and other debit balances		(4,168,397)	2,146,332
Accounts payable and other credit balances		277,125	(552,645)
Net cash (used in) / generated from operating activities		(8,370,756)	4,404,121
Cash flows from investing activities			
Paid for the purchase of property, plant and equipment	4	(690,720)	(294,343)
Proceeds from sale of property, plant and equipment		56,323	5,425
Paid for purchase of financial assets at fair value through other comprehensive income		(12,699,254)	(2,717,923)
Proceeds from sale of financial assets at fair value through other comprehensive income		5,049,539	1,799,300
Paid for purchase of financial assets at fair value through profit or loss		(3,061,607)	-
Proceeds on sale of financial assets at fair value through profit or loss		11,239,298	-
Dividends received		4,016,238	1,277,869
Interest income received		4,689	24,914
Net cash generated from investing activities		3,914,506	95,242
Cash flows from financing activities			
Withdrawn from loans, bank facilities and Murabaha		22,300,000	5,000,000
Paid for loans, bank facilities and Murabaha		(12,137,501)	(10,995,744)
Finance charges paid		(1,333,236)	(1,163,990)
Repayment of lease liabilities		(602,717)	(695,667)
Dividends payments		(3,559,706)	(33,837)
Change in non-controlling interests		-	554
Net cash generated from / (used in) financing activities		4,666,840	(7,888,684)
Net increase / (decrease) in cash and cash equivalents		210,590	(3,389,321)
Cash and cash equivalents at beginning of the period		11,476,986	15,186,967
Cash and cash equivalents at end of the period	10	11,687,576	11,797,646

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 2022
(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. 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.
   - Investment of the Company's funds through:
   - Participating in incorporation of companies of all types and with different purposes.
   - In investment Funds inside and outside the State of Kuwait.
6. Producing clinker material in all its different types, selling and exporting inside or outside the State of Kuwait.
7. 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, 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:

			Percentage of ownership (%)		
Company Name	Principal activity	Country of Incorporation	30 September 2022	31 December 2021 (Audited)	30 September 2021
Shuwaikh Cement Company - K.S.C.C.	Industrial	State of Kuwait	99.250	99.250	99.250
Amwaj International 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

1. Incorporation and activities (Continued)

The financial information prepared by the subsidiary's management was used to prepare interim condensed consolidated financial information for the nine month period ended 30 September 2022. The subsidiaries' total assets were KD 30,918,186 as at 30 September 2022 (31 December 2021: KD 31,566,116 and 30 September 2021: KD 29,588,216), and their net losses were KD 990,565 for the nine month period ended 30 September 2022 (losses of KD 731,627 for the nine month period ended 30 September 2021).

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors on 2 November 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 the period ended 30 September 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 labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

2.2 Changes in significant accounting policies (Continued)

New standards, interpretations, and amendment adopted (Continued)

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract (Continued)
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 and contingent liabilities within the scope of these amendments arisen during the period.

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 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 income.

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.

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				
	30 September 2022	31 December 2021 (Audited)	30 September 2021	Fair value level	Valuation techniques and key inputs
Financial assets at fair value through other comprehensive income:					
Quoted securities	83,913,693	79,325,423	80,937,274	First	Last bid price
Funds and portfolios	10,055,285	12,561,296	12,214,748	Second	Net assets value
Unquoted securities	6,737,959	7,906,598	8,107,399	Three	Based on the revised NBV or on the basis of the last transactions
Financial assets at fair value through profit or loss:					
Quoted securities	-	5,814,900	-	First	Last bid price

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 September 2022	31 December 2021 (Audited)	30 September 2021
Net carrying amount at beginning of the period / year	131,497,904	136,211,120	136,211,120
Additions	690,720	459,559	294,343
Disposals	(18,610)	(2,256)	(2,141)
Depreciation during the period / year	(3,705,382)	(5,170,519)	(5,019,695)
Net carrying amount at end of the period / year	128,464,632	131,497,904	131,483,627

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 2022	31 December 2021 (Audited)	30 September 2021
Kuwait Rocks Co. K.S.C.C. (under liquidation)	State of Kuwait	30.00	-	-	-
Contracting and Marine Services Company - K.S.C.C.	State of Kuwait	33.39	17,067,410	16,967,298	16,676,455
			17,067,410	16,967,298	16,676,455

Movement on investment in associates was as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Balance at beginning of the period / year	16,967,298	16,380,034	16,380,034
Group's share in associates' business results	391,979	783,337	558,118
Group's share of associates' other comprehensive income	74,830	165,597	105,000
The Group's share from the transferred to retained earnings for associates	15,081	20,108	15,081
Cash dividends received	(381,778)	(381,778)	(381,778)
	17,067,410	16,967,298	16,676,455

Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended 30 September 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

6. Financial assets at fair value through other comprehensive income

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Quoted securities	83,913,693	79,325,423	80,937,274
Unquoted securities	6,737,959	7,906,598	8,107,399
Funds and portfolios	10,055,285	12,561,296	12,214,748
	100,706,937	99,793,317	101,259,421

The quoted securities include investments of KD 49,949,318 as of 30 September 2022 in National Industries Group Holding - K.P.S.C. which is one of the major shareholders in the Group (31 December 2021: KD 37,050,881, and 30 September 2021: KD 36,352,928).

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 2022	31 December 2021 (Audited)	30 September 2021
Net carrying value at beginning of the period / year	3,491,077	3,989,802	3,989,802
Amortization charged during the period / year	(374,046)	(498,725)	(374,046)
Net carrying amount at end of the period / year	3,117,031	3,491,077	3,615,756

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

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Lease liabilities - non-current portion	2,367,058	2,860,962	2,874,108
Lease liabilities - Current portion	474,922	487,931	473,419
	2,841,980	3,348,893	3,347,527

7. Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

	30 September 2022	31 December 2021 (Audited)	30 September 2021
As at beginning of the period / year	3,348,893	3,936,569	3,936,569
Lease liabilities paid	(602,717)	(729,122)	(695,667)
Interests of lease liabilities	95,804	141,446	106,625
	2,841,980	3,348,893	3,347,527

Below are the amounts of short term lease contracts:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Expenses relating to short-term leases (stated under production cost)	123,098	96,555	255,295	298,046
Expenses relating to short-term leases (stated under general and administrative expenses)	11,010	11,260	37,000	29,535
	134,108	107,815	292,295	327,581

8. Inventory

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Raw materials	14,726,641	10,304,810	11,871,676
Finished production	705,511	663,034	560,864
Spare parts	783,692	586,042	533,018
	16,215,844	11,553,886	12,965,558

9. Accounts receivable and other debit balances

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Receivables against unconditional bank guarantees	1,790,166	2,536,949	1,962,576
Ministry of Commerce - difference from subsidizing cement and ready made concrete to the public	2,319,795	1,011,370	1,248,171
Related parties (note 19)	603,938	325,385	385,529
Other trade receivables	15,985,632	14,635,883	14,675,557
Total trade receivables	20,699,531	18,509,587	18,271,833
Other receivables	2,126,423	1,984,898	1,935,784
Advance payments to suppliers	1,802,433	105,240	52,086
	24,628,387	20,599,725	20,259,703
Provision for expected credit losses	(7,440,927)	(7,478,409)	(7,342,380)
	17,187,460	13,121,316	12,917,323
Prepaid expenses	317,453	188,067	187,677
Notes receivables	253,840	283,869	399,865
	17,758,753	13,593,252	13,504,865

Movement in provision for expected credit losses account is as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Balance at beginning of the period / year	7,478,409	7,310,882	7,310,882
Charged during the period / year	2,896	189,399	53,456
Written off during the period / year	(40,378)	(21,872)	(21,958)
Balance at end of the period / year	7,440,927	7,478,409	7,342,380

10. Cash and cash equivalents

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Cash on hand and at banks	7,084,668	7,965,024	10,644,755
Cash at investment portfolios	4,602,908	3,511,962	1,152,891
	11,687,576	11,476,986	11,797,646

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 2022, 31 December 2021 and 30 September 2021, each of a nominal value of 100 fils. All shares are cash shares.

12. Treasury shares

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Number of shares (share)	20,330,200	20,330,200	20,330,200
Percentage of issued shares (%)	2.77	2.77	2.77
Market value (KD)	4,208,351	4,614,955	4,919,908

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 2022	31 December 2021 (Audited)	30 September 2021
Non-current portion			
Loans	12,800,000	11,720,000	14,140,000
Murabaha	41,598,715	33,734,617	32,907,392
	54,398,715	45,454,617	47,047,392
Current portion			
Loans	5,840,000	4,840,000	4,340,000
Murabaha	13,764,559	13,511,507	16,134,528
	19,604,559	18,351,507	20,474,528
Total loans, bank facilities and Murabaha	74,003,274	63,806,124	67,521,920

The average effective interest rate on loans, bank facilities and Murabaha was 2.85% as at 30 September 2022 (31 December 2021: 2.4% and 30 September 2021: 2.4%).

14. Accounts payable and other credit balances

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Suppliers	13,416,612	13,049,132	14,184,455
Accrued interest and expenses	2,238,618	2,969,798	2,757,844
Notes payable	1,277,900	703,017	550,703
Clients - advance payments	4,267,116	4,242,220	3,011,370
Dividends payable	937,263	932,101	952,539
Accrued KFAS	-	-	579
Retention	3,500	3,500	3,500
Other	14,316	9,834	14,084
	22,155,325	21,909,602	21,475,074

Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended 30 September 2022

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

15. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Cost of raw materials	15,130,755	10,984,994	40,995,653	29,638,767
Salaries and benefits	1,499,605	897,276	3,920,220	2,621,643
Maintenance and spare parts	992,791	1,239,587	2,299,074	2,279,313
Depreciations and amortizations	442,290	457,679	1,286,840	1,425,909
Rent	84,082	96,555	255,295	298,046
Other	101,629	327,290	656,112	674,269
	18,251,152	14,003,381	49,413,194	36,937,947

16. Net other operating income

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Net income from investment properties	28,052	38,920	71,880	79,103
Net (loss) / gain from exchange differences	(53,365)	(7,919)	(107,607)	8,765
Other income	69,723	37,458	142,163	314,303
	44,410	68,459	106,436	402,171

17. Net investment profits

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Financial assets at fair value through other comprehensive income:				
Cash dividends	2,619,797	33,209	3,634,460	896,092
Portfolio management fees	(35,744)	(31,470)	(105,707)	(85,955)
	2,584,053	1,739	3,528,753	810,137
Financial assets at fair value through profit or loss:				
Change in fair value	-	-	39,525	-
Realized gains	-	-	2,323,267	-
	-	-	2,362,792	-
	2,584,053	1,739	5,891,545	810,137

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

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

Notes to the Interim Condensed Consolidated Financial Information for the Nine Months Ended 30 September 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Net profit / (loss) for the period attributable to shareholders of the Parent Company	662,888	(2,417,614)	896,565	(2,804,627)
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 / (loss) per share (fils)	0.93	(3.39)	1.26	(3.93)

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

Following is a summary of significant related party transactions:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Balances included in the interim condensed consolidated statement of financial position:			
Receivables and other debit balances (Note 9)	603,938	325,385	385,529
Provision for employees' end of service indemnity	658,419	647,364	643,639

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Transactions included in the interim condensed consolidated statement of income:				
Sales	387,801	258,783	738,110	669,841
Committees' fees	44,750	44,750	134,250	134,250
Senior management salaries and benefits	155,875	149,109	364,838	353,842

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

20. Contingent liabilities and capital commitments

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Contingent liabilities			
Letters of guarantee	1,003,225	1,003,225	798,225
Capital commitments			
Letters of Credit	507,257	119,090	135,623
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	8,145,182	4,067,764	5,978,276
Property, plant and equipment	664,232	739,305	750,729

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 and ready – mix cement.
- Investments segment

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

	30 September 2022			30 September 2021		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	48,193,734	6,355,404	54,549,138	36,777,805	1,447,358	38,225,163
Gross (loss) / profit of segments	(4,034,143)	6,355,404	2,321,261	(2,987,280)	1,447,358	(1,539,922)
Segments assets	172,640,938	123,147,896	295,788,834	172,214,571	119,859,408	292,073,979
Adjustments:						
Gross profit / (loss) of segments			2,321,261			(1,539,922)
Finance charges			(1,427,126)			(1,294,020)
Interest income			4,689			24,914
Profit / (loss) for the period			898,824			(2,809,028)

22. General Assembly of the Parent Company's Shareholders

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