

التاريخ: 9 أغسطس 2023

السيد / محمد سعود العصيمي
الرئيس التنفيذي
شركة بورصة الكويت

تحية طيبة وبعد،

الموضوع: افصاح عن معلومات جوهرية


عملاً بأحكام الفصل الرابع من كتاب الإفصاح والشفافية من اللائحة التنفيذية للقانون رقم (7) لسنة 2010 وتعديلاته الصادرة عن هيئة أسواق المال بتاريخ 2015/11/9 بخصوص الإفصاح عن المعلومات الجوهرية.

نود أن نحيطكم علماً بأنه تم انعقاد اجتماع مجلس الإدارة لشركة الكويت للمشاريع الصناعية اليوم الأربعاء الموافق 9 أغسطس 2023 في تمام الساعة الواحدة ظهراً وتم اعتماد ما يلي:

- البيانات المالية المدققة للفترة المالية المنتهية في 30 يونيو 2023.
- استراتيجية الشركة.

مرفق طيه نموذج الإفصاح عن المعلومات الجوهرية

وتفضلوا بقبول فائق الاحترام،


فeyssal يوسف مال الله
الرئيس التنفيذي



نموذج الإفصاح عن المعلومات الجوهرية

	التاريخ
	اسم الشركة المدرجة
	المعلومة الجوهرية
	أثر المعلومة الجوهرية على المركز المالي للشركة

ينم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر، ويستثنى الأثر المالي الناتج عن المناقصات و الممارسات وما يشبهها من عقود.

إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها انعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة، فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.

Company Name	اسم الشركة
Al Kout Industrial Projects	شركة الكوت للمشاريع الصناعية

Select from the list	2023-06-30	اختر من القائمة
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Board of Directors Meeting Date	2023-08-09	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم إرفاق هذه المستندات

التغيير (%)	فترة الستة اشهر المقارنة	فترة الستة اشهر الحالية	البيان
Change (%)	Six Month Comparativ Period	Six Month Current Per	Statement
	2022-06-30	2023-06-30	
-34	5,690,432	3,738,686	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-34	56.4	37.05	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
-3	17,560,294	17,069,385	الموجودات المتداولة Current Assets
-1	40,331,371	39,876,468	إجمالي الموجودات Total Assets
-37	10,057,766	6,324,586	المطلوبات المتداولة Current Liabilities
-28	12,144,979	8,720,785	إجمالي المطلوبات Total Liabilities
11	28,186,392	31,155,683	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
-8	18,559,762	17,111,522	إجمالي الإيرادات التشغيلية Total Operating Revenue
-20	5,734,576	4,583,373	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
-	-	-	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

التغيير (%)	الربع الثاني المقارن	الربع الثاني الحالي	البيان
Change (%)	Second quarter Comparative Period	Second quarter Current Period	Statement
	2022-06-30	2023-06-30	
-47	3,621,627	1,935,461	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-47	35.89	19.18	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
-22	10,781,805	8,395,901	إجمالي الإيرادات التشغيلية Total Operating Revenue
-42	3,681,202	2,133,930	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
The reason for the decrease in net profits compared to the first half is due to the loss of investment in an associate, in addition to lower global product prices.	سبب انخفاض صافي الأرباح مقارنة بالنصف الأول المقارن عائد إلى خسارة الاستثمار في الشركة الزميلة ، بالإضافة إلى انخفاض أسعار المنتجات عالمياً.

Total Revenue realized from dealing with related parties (value, KWD)	-	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
Total Expenditures incurred from dealing with related parties (value, KWD)	169,938	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)

Auditor Opinion		رأي مراقب الحسابات	
1.	Unqualified Opinion	<input checked="" type="checkbox"/>	1. رأي غير متحفظ
2.	Qualified Opinion	<input type="checkbox"/>	2. رأي متحفظ
3.	Disclaimer of Opinion	<input type="checkbox"/>	3. عدم إبداء الرأي
4.	Adverse Opinion	<input type="checkbox"/>	4. رأي معاكس

In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

	نص رأي مراقب الحسابات كما ورد في التقرير	-
	شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي	-
	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات	-
	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات	-

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
-	-	توزيعات نقدية	Cash Dividends
-	-	توزيعات أسهم منحة	Bonus Share
-	-	توزيعات أخرى	Other Dividend
-	-	عدم توزيع أرباح	No Dividends
-	-	زيادة رأس المال	Capital Increase
-	-	تخفيض رأس المال	Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		الرئيس التنفيذي	فيصل يوسف مال الله

**Al Kout Industrial Projects Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 JUNE 2023



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL KOUT INDUSTRIAL PROJECTS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kout Industrial Projects Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2023, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The 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 34: 'Interim Financial Reporting' ("IAS 34"). 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 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, it 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.

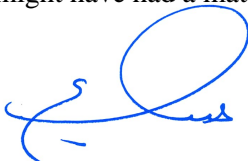
Conclusion

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 IAS 34.

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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN
LICENCE NO. 208-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 June 2023

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
Revenue from contracts with customers	3	8,395,901	10,781,805	17,111,522	18,559,762
Cost of sales and services rendered		(5,339,458)	(5,451,248)	(10,640,608)	(10,346,762)
GROSS PROFIT		3,056,443	5,330,557	6,470,914	8,213,000
Commission income		3,736	21,977	16,445	54,358
Other income		39,850	9,664	79,994	20,633
General and administrative expenses		(791,416)	(898,293)	(1,575,504)	(1,572,986)
Other expenses		(216,188)	(255,071)	(426,635)	(428,293)
Reversal of (allowance for) provisions and impairment loss		41,623	(571,349)	39,459	(617,036)
Net foreign exchange differences		(119)	43,717	(21,300)	64,900
OPERATING PROFIT		2,133,929	3,681,202	4,583,373	5,734,576
Share of results of an associate		(68,862)	7,530	(606,050)	14,699
Changes in fair value of financial assets at fair value through profit or loss		-	116,717	-	263,719
Dividend income		-	62,654	-	62,654
Finance costs		(15,117)	(50,318)	(19,624)	(83,591)
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION		2,049,950	3,817,785	3,957,699	5,992,057
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(20,772)	(44,130)	(45,243)	(65,944)
National Labour Support Tax ("NLST")		(65,436)	(98,881)	(113,407)	(153,327)
Zakat		(20,781)	(45,647)	(45,363)	(67,354)
Directors' remuneration		(7,500)	(7,500)	(15,000)	(15,000)
PROFIT FOR THE PERIOD		1,935,461	3,621,627	3,738,686	5,690,432
BASIC AND DILUTED EARNINGS PER SHARE (EPS)	4	19.18 Fils	35.89 Fils	37.05 Fils	56.40 Fils

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
For the period ended 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	<i>KD</i>	KD	<i>KD</i>
PROFIT FOR THE PERIOD	1,935,461	3,621,627	3,738,686	5,690,432
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	6,185	48,937	6,537	67,294
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	6,185	48,937	6,537	67,294
Other comprehensive income for the period	6,185	48,937	6,537	67,294
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,941,646	3,670,564	3,745,223	5,757,726

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)
As at 30 June 2023

	Note	30 June 2023 KD	(Audited) 31 December 2022 KD	30 June 2022 KD
ASSETS				
Non-current assets				
Property, plant and equipment		14,742,038	14,627,779	14,008,120
Right-of-use assets		404,482	470,046	614,141
Investment in an associate		2,078,369	2,684,419	2,647,605
Goodwill		4,937,402	4,937,402	4,937,402
Prepayments and other receivables		644,792	588,522	563,809
		<u>22,807,083</u>	<u>23,308,168</u>	<u>22,771,077</u>
Current assets				
Financial assets at fair value through profit or loss		-	-	978,835
Inventories		3,397,110	3,144,372	2,726,538
Trade receivables and contract assets		8,874,306	10,221,127	9,860,407
Prepayments and other receivables		2,049,588	1,974,374	2,569,657
Cash and cash equivalents	5	2,748,381	2,875,298	1,424,857
		<u>17,069,385</u>	<u>18,215,171</u>	<u>17,560,294</u>
TOTAL ASSETS		<u><u>39,876,468</u></u>	<u><u>41,523,339</u></u>	<u><u>40,331,371</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		10,090,080	10,090,080	10,090,080
Statutory reserve		5,186,422	5,186,422	5,186,422
Voluntary reserve		5,148,415	5,148,415	5,148,415
Effect of changes in other comprehensive income of an associate		(2,562,823)	(2,562,823)	(2,562,823)
Foreign currency translation reserve		602,404	595,867	603,838
Retained earnings		12,691,185	13,997,539	9,720,460
Total equity		<u>31,155,683</u>	<u>32,455,500</u>	<u>28,186,392</u>
Non-current liabilities				
Employees' end of service benefits		2,098,230	2,086,228	1,984,635
Lease liabilities		297,969	303,907	102,578
		<u>2,396,199</u>	<u>2,390,135</u>	<u>2,087,213</u>
Current liabilities				
Trade payables, contract liabilities and other payables		5,296,209	6,487,886	4,580,786
Lease liabilities		128,377	189,818	536,805
Loans and borrowings		900,000	-	4,940,175
		<u>6,324,586</u>	<u>6,677,704</u>	<u>10,057,766</u>
Total liabilities		<u>8,720,785</u>	<u>9,067,839</u>	<u>12,144,979</u>
TOTAL EQUITY AND LIABILITIES		<u><u>39,876,468</u></u>	<u><u>41,523,339</u></u>	<u><u>40,331,371</u></u>


Essa Khaled Essa Al-Saleh
Chairman


Faisal Youssef Malallah
Chief Executive Officer

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2023

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary Reserve KD</i>	<i>Effect of changes in other comprehensive income of an associate KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2023	10,090,080	5,186,422	5,148,415	(2,562,823)	595,867	13,997,539	32,455,500
Profit for the period	-	-	-	-	-	3,738,686	3,738,686
Other comprehensive income for the period	-	-	-	-	6,537	-	6,537
Total comprehensive income for the period	-	-	-	-	6,537	3,738,686	3,745,223
Cash dividends (Note 10)	-	-	-	-	-	(5,045,040)	(5,045,040)
At 30 June 2023	10,090,080	5,186,422	5,148,415	(2,562,823)	602,404	12,691,185	31,155,683
As at 1 January 2022	10,090,080	5,186,422	5,148,415	(2,562,823)	536,544	8,066,060	26,464,698
Profit for the period	-	-	-	-	-	5,690,432	5,690,432
Other comprehensive income for the period	-	-	-	-	67,294	-	67,294
Total comprehensive income for the period	-	-	-	-	67,294	5,690,432	5,757,726
Cash dividends (Note 10)	-	-	-	-	-	(4,036,032)	(4,036,032)
At 30 June 2022	10,090,080	5,186,422	5,148,415	(2,562,823)	603,838	9,720,460	28,186,392

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2023

	Note	Six months ended 30 June	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit before tax and directors' remuneration		3,957,699	5,992,057
<i>Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:</i>			
Depreciation of property, plant, and equipment		1,326,182	1,131,995
Depreciation of right-of-use assets		122,892	141,674
(Reversal of) allowance for provisions and impairment loss		(39,459)	617,036
Share of results of an associate		606,050	(14,699)
Changes in fair value of financial assets at fair value through profit or loss		-	(263,719)
Provision for employees' end of service benefits		111,153	239,290
Dividend income		-	(62,654)
Interest on loans and borrowings		11,131	71,866
Interest on lease liabilities		8,493	11,725
Gain on derecognition of leases		(495)	-
Interest income		(22,070)	-
		6,081,576	7,864,571
<i>Working capital changes:</i>			
Inventories		(252,738)	(185,994)
Trade receivables and contract assets		1,386,280	8,811
Prepayments and other receivables		(131,484)	(547,361)
Trade payables, contract liabilities and other payables		(1,049,254)	(1,089,815)
Cash flows generated from operations		6,034,380	6,050,212
Taxes paid		(403,106)	(302,113)
Employees' end of service benefits paid		(99,151)	(98,266)
Net cash flows from operating activities		5,532,123	5,649,833
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,436,255)	(2,116,513)
Interest income received		22,070	-
Dividend income received		-	62,654
Net cash flows used in investing activities		(1,414,185)	(2,053,859)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		1,800,000	8,450,000
Repayment of loans and borrowings		(900,000)	(8,161,428)
Finance costs paid		(11,131)	(71,866)
Payment of lease liabilities		(132,705)	(176,334)
Dividends paid		(5,003,370)	(4,036,032)
Net cash flows used in financing activities		(4,247,206)	(3,995,660)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(129,268)	(399,686)
Cash and cash equivalents at 1 January		2,875,298	1,786,166
Net foreign exchange differences		2,351	38,377
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	2,748,381	1,424,857
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to lease liabilities		65,397	113,571
Additions to right-of-use assets		(65,397)	(113,571)
Remeasurement of lease liabilities		-	93,254
Remeasurement of right-of-use assets		-	(93,254)
Derecognition of lease liabilities		(8,564)	-
Derecognition of right-of-use assets		8,069	-
		(495)	-

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Kout Industrial Projects Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 9 August 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved in the annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 16 April 2023.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company head office is located in Hamra Tower, 18th Floor, Abdulaziz Al-Sager Street, Sharq and its registered postal address is P.O. Box 181, Ali Sabah Al Salem 65000, Kuwait.

The principal activities of the Parent Company are, as follows:

- ▶ Import, storage and distribution of cement and other bulk materials; establishing, operating and managing storage silos; acquiring interest in other companies engaged in similar activities and investing surplus funds through portfolio managers in shares of investment and real estate companies.
- ▶ Production of chlorine and salt, steel drums to fill soda solid and other petrochemical products (after approval of Public Authority for Industry).
- ▶ Transport Company’s products inside and outside the State of Kuwait according to Company’s objectives.
- ▶ Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or drawings and any other rights thereto and renting thereof to other companies whether inside or outside Kuwait.
- ▶ Acquisition of movables and properties necessary for the Parent Company to practice its activities pursuant to the limits prescribed by law.
- ▶ Investing surplus funds in portfolios managed by specialised financial companies.

The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad. The Group may also purchase such entities or affiliate them.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain comparative information has been reclassified and represented to conform to classification in the current period. Such reclassification has been made to improve the quality of information presented.

2.2 New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted and methods of computation followed in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the 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 has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

2.2 New standards, interpretations, and amendments adopted by the Group (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new 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. IFRS 17 is based on a general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no 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. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

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

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

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers based on type of sales and services:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Types of goods or services				
Sale of Chlor Alkali	5,407,495	7,306,451	11,423,010	12,221,370
Sales of industrial materials	2,867,225	3,290,067	5,406,953	5,915,229
Blending of chemicals services	12,270	14,186	25,475	47,161
Construction of chlorine dioxide plant for groundwater reservoirs	70,963	160,325	181,805	351,953
Logistic services	37,948	10,776	74,279	24,049
Total revenue from contracts with customers	8,395,901	10,781,805	17,111,522	18,559,762
Geographical markets				
Kuwait	5,276,845	6,501,688	10,287,237	12,043,157
Other MENA	2,861,868	3,390,920	6,476,998	5,291,844
Asia	-	167,961	50,236	281,510
South America and North America	68,061	52,724	68,061	237,642
Others	189,127	668,512	228,990	705,609
Total revenue from contracts with customers	8,395,901	10,781,805	17,111,522	18,559,762
Timing of revenue recognition				
Goods and services transferred at a point in time	8,286,990	10,610,704	16,855,438	18,183,760
Goods and services transferred over time	108,911	171,101	256,084	376,002
Total revenue from contracts with customers	8,395,901	10,781,805	17,111,522	18,559,762

3.2 Contract balances

	<i>30 June</i>		<i>(Audited)</i>	
	<i>2023</i>		<i>31 December</i>	
	<i>2023</i>	2022	<i>2022</i>	<i>30 June</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Trade receivables	8,874,306	10,221,127	9,860,407	
Contract liabilities	174,371	68,433	3,859	

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

4 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
Profit for the period (KD)	1,935,461	3,621,627	3,738,686	5,690,432
Weighted average number of shares outstanding during the period (shares)	100,900,800	100,900,800	100,900,800	100,900,800
Basic and diluted EPS (Fils)	19.18	35.89	37.05	56.40

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

5 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	2023	<i>31 December</i>	<i>30 June</i>
	KD	<i>2022</i>	<i>2022</i>
		KD	KD
Cash on hand	23,201	21,078	29,268
Cash at banks	2,725,180	1,924,520	1,395,589
Cash and bank balances	2,748,381	1,945,598	1,424,857
Term deposit whose original maturity is within 3 months	-	929,700	-
Cash and cash equivalents	2,748,381	2,875,298	1,424,857

The Group has bank overdraft facilities up to KD 2,250,000 (31 December 2022: KD 2,250,000 and 30 June 2022: KD 2,250,000) that is unsecured. Interest would be payable at the CBK discount rate plus 100 basis points (31 December 2022: CBK discount rate plus 100 basis points and 30 June 2022: CBK discount rate plus 100 basis points).

At 30 June 2023, the Group had available KD 2,250,000 (31 December 2022: KD 2,250,000 and 30 June 2022: KD 2,250,000) of undrawn committed borrowing facilities.

6 COMMITMENTS AND CONTINGENCIES

6.1 Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 1,331,229 (31 December 2022: KD 1,530,187 and 30 June 2022: KD 300,350) relating to ongoing projects under construction.

6 COMMITMENTS AND CONTINGENCIES (continued)

6.2 Legal contingency

During the year ended 31 December 2021, the Ministry of Electricity and Water (MEW) in the State of Kuwait has decided to withdraw a certain contract, namely North Az-Zour Chlorine Dioxide Plant Project (“Contract”) for an alleged breach of terms and specifications set forth in the Contract and inability to implement the contractual obligations therein. The Parent Company requested MEW and the Central Tenders Committee to consider the revocation of termination and reinstatement of the Contract.

The Parent Company has filed the following legal cases against MEW:

- On 9 September 2021, the Parent Company filed a Burden of Proof (No. 904-2021) against MEW. During the prior year, the court referred the legal case to the experts’ department to verify the elements of the lawsuit and submit their findings accordingly. During the current period, the experts’ department has issued and submitted their report to the court, and the court hearing has not been scheduled yet. Accordingly, the discovery proceedings on the legal action are still in progress as at the authorisation date of the interim condensed consolidated financial information.
- On 17 October 2021, the Parent Company filed a substantive case (No. 2021/5035) to commence a legal action against MEW to preserve its financial and legal rights. During the prior year, the court has assigned an engineering expert committee to verify the elements of the lawsuit, estimate the progress of work executed by the Parent Company, verify the alleged breaches by either party along with its reasoning, and in case of MEW’s default, provide a full financial estimate of the compensation which will be eligible for the Parent Company from MEW. The experts’ report has been issued, but there is no official final court decision as of the date of issuance of the interim condensed consolidated financial information. Further, the first court hearing session has been conducted on 24 June 2023 and is in favour of the Parent Company and the upcoming court session is scheduled on 15 October 2023. Accordingly, the discovery proceedings on the legal action are still in progress as at the authorisation date of the interim condensed consolidated financial information.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the interim condensed consolidated financial information of the Group as at 30 June 2023.

Other contingencies

At 30 June 2023, the Group’s bankers had outstanding letter of guarantees and credits amounting to KD 7,199,176 (31 December 2022: KD 5,464,507 and 30 June 2022: KD 6,471,152) for the performance of certain contracts from which it is anticipated that no material liabilities will arise.

7 RELATED PARTY DISCLOSURES

The Group’s related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group’s management.

There were no transactions other than those with key management personnel, entered into with related parties during the reporting period.

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

7 RELATED PARTY DISCLOSURES (continued)

Transactions with key management personnel (continued)

	<i>Transaction values for the three months ended 30 June</i>		<i>Transaction values for the six months ended 30 June</i>	
	2023 KD	2022 KD	2023 KD	2022 KD
Salaries and other short-term benefits	71,704	90,831	152,078	179,856
Employees end of service benefits	8,824	12,188	15,860	19,560
	80,528	103,019	167,938	199,416
	<i>Balance outstanding as at</i>			
	<i>(Audited)</i>			
	30 June 2023 KD	31 December 2022 KD	30 June 2022 KD	
Salaries and other short-term benefits	51,812	47,292	49,603	
Employees end of service benefits	94,094	69,126	53,522	
	145,906	116,418	103,125	

The Board of Directors at the meeting held on 12 March 2023 proposed directors' remuneration of KD 119,250 for the year ended 31 December 2022 (31 December 2021: KD 30,000). The remuneration was approved by the shareholders at the AGM held on 16 April 2023.

8 SEGMENT INFORMATION

For management's purposes, the Group's products and services are organised into the following operating segments. The principle activities and services under these segments are as follows:

- ▶ **Chlor Alkali:** Production and sale of chlor alkali products.
- ▶ **Petrochemical products:** Production and sale of petrochemical products.
- ▶ **Trading:** Distribution of industrial materials.
- ▶ **Logistics and Transport:** Logistic and transportation services provided by the Group.
- ▶ **Industrial projects:** Construction of chlorine dioxide plant for groundwater reservoirs.
- ▶ **Investments:** Group's investments in an associate, fair value through profit or loss and goodwill.

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

8 SEGMENT INFORMATION (continued)

a) Segment revenue and results

The following tables present revenue and profit information of the Group's operating segments for the period ended 30 June 2023 and 2022, respectively:

	<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
	<i>Revenue</i>		<i>Results</i>	
Chlor Alkali	11,859,614	12,393,939	5,940,066	7,646,806
Petrochemical products	25,475	47,161	19,669	36,979
Trading	6,209,743	6,434,665	1,529,877	1,479,826
Logistics and transport	1,136,314	1,024,832	6,793	8,090
Industrial projects	181,805	351,953	36,544	42,082
Investments	-	-	(606,050)	341,072
Adjustments and eliminations	(2,301,429)	(1,692,788)	(1,062,035)	(1,000,783)
Consolidated	17,111,522	18,559,762	5,864,864	8,554,072
Commission income			16,445	54,358
Other income			79,994	20,633
Net foreign exchange differences			(21,300)	64,900
Finance costs			(19,624)	(83,591)
Other unallocated amounts			(2,181,693)	(2,919,940)
Profit for the period			3,738,686	5,690,432

	<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
	<i>Purchases of property, plant and equipment</i>		<i>Depreciation of property, plant, and equipment</i>	
Chlor Alkali	1,134,283	2,088,968	1,235,151	1,020,557
Petrochemical products	-	-	531	1,730
Trading	-	27,545	12,200	11,737
Logistics and transport	301,972	-	78,300	97,971
	1,436,255	2,116,513	1,326,182	1,131,995

Al Kout Industrial Projects Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

8 SEGMENT INFORMATION (continued)

b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2023, 31 December 2022 and 30 June 2022, respectively:

	<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
Segment assets			
Chlor Alkali	31,547,037	32,630,532	30,741,397
Petrochemical products	93,900	21,881	22,866
Trading	5,464,861	5,813,928	5,489,561
Logistics and transport	692,301	372,579	451,107
Investments	2,078,369	2,684,419	3,626,440
Total consolidated segment assets	39,876,468	41,523,339	40,331,371

	<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
Segment liabilities			
Chlor Alkali	6,462,879	6,802,173	10,042,174
Petrochemical Products	67,248	136,478	160,623
Trading	1,645,679	1,726,388	1,668,001
Logistics and transport	291,396	296,825	259,624
Industrial projects	174,371	68,433	3,859
Other unallocated amounts	79,212	37,542	10,698
Total consolidated segment liabilities	8,720,785	9,067,839	12,144,979

c) Geographical segments

The geographical analysis of the Group's revenue from external customers has been based on the location of customers from which revenue is derived:

	<i>Six months ended</i> <i>30 June</i>	
	<i>2023</i> <i>KD</i>	<i>2022</i> <i>KD</i>
Kuwait	12,152,062	13,563,376
Other MENA	6,913,602	5,464,413
Asia	50,236	281,510
South America and North America	68,061	237,642
Others	228,990	705,609
Adjustments and eliminations	(2,301,429)	(1,692,788)
Total consolidated segment revenue	17,111,522	18,559,762

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair value hierarchy

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Other financial assets and liabilities

Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

10 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 12 March 2023, proposed a cash dividend of 50% (2021: 40%) of the paid-up share capital (50 fils per share aggregating to KD 5,045,040) for the year ended 31 December 2022 (2021: 40 fils per share aggregating to KD 4,036,032).

The proposed dividend for the year ended 31 December 2022 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) held on 16 April 2023 and subsequently paid.

Dividends payable as at 30 June 2023 amounted to KD 79,212 (31 December 2022: KD 37,542 and 30 June 2022: KD 10,698) and recorded within "Trade payables, contract liabilities and other payables" in the interim condensed consolidated statement of financial position.

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