

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)**  
And review report for the three month period ended 31 March 2020

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)**  
And review report for the three month period ended 31 March 2020

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**Review Report of Interim Condensed Consolidated Financial Information to the Board of Directors  
Kuwait Portland Cement Co. K.P.S.C.  
State of Kuwait**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Portland Cement Co. K.P.S.C. ("The Parent Company") and its subsidiary (together referred to as "the Group") as at 31 March 2020, and the related interim condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the three month period then ended. The preparation and presentation of this interim condensed consolidated financial information is the responsibility of the Parent Company's management in accordance with IAS 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, the condensed consolidated interim financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of Companies' Law No. 1 of 2016, and its executive regulations, as amended or of the Parent Company's memorandum of incorporation and articles of association, as amended, have occurred during the three month period ended 31 March 2020, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



**Faisal Saqer Al Saqer**  
**License No. 172 – "A"**  
**BDO Al Nisf & Partners**

**Kuwait: 13 August 2020**

**Kuwait Portland Cement Co. K.P.S.C.**  
and its subsidiary  
State of Kuwait

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**  
As at 31 March 2020

		(Audited)	
	31 March 2020	31 December 2019	31 March 2019
	KD	KD	KD
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	19,234,480	24,631,232	18,324,222
Property, plant and equipment	4,616,464	4,880,013	6,447,927
	<u>23,850,944</u>	<u>29,511,245</u>	<u>24,772,149</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	19,472,968	25,245,589	24,930,777
Trade and other receivables	5 27,427,385	27,646,371	32,095,184
Inventories	6 5,991,164	6,117,941	6,206,723
Cash and cash equivalents	7 5,303,484	3,934,984	9,493,844
	<u>58,195,001</u>	<u>62,944,885</u>	<u>72,726,528</u>
<b>Total assets</b>	<u>82,045,945</u>	<u>92,456,130</u>	<u>97,498,677</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10,022,196	10,022,196	10,022,196
Statutory reserve	10,022,196	10,022,196	10,022,196
Voluntary reserve	10,022,196	10,022,196	10,022,196
General reserve	2,500,000	2,500,000	2,500,000
Treasury shares reserve	544,943	544,943	544,943
Change in fair value reserve	10,470,591	15,867,343	9,569,212
Retained earnings	22,837,039	25,658,849	32,137,944
<b>Total equity</b>	<u>66,419,161</u>	<u>74,637,723</u>	<u>74,818,687</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other provisions	8 1,647,192	1,617,192	2,184,449
Provision for employees' end of service indemnity	4,830,343	4,746,456	4,460,467
	<u>6,477,535</u>	<u>6,363,648</u>	<u>6,644,916</u>
<b>Current liabilities</b>			
Trade and other payables	9 8,591,689	10,829,842	15,601,625
Dividends payable	558,392	624,917	433,449
	<u>9,150,081</u>	<u>11,454,759</u>	<u>16,035,074</u>
<b>Total liabilities</b>	<u>15,627,616</u>	<u>17,818,407</u>	<u>22,679,990</u>
<b>Total equity and liabilities</b>	<u>82,045,945</u>	<u>92,456,130</u>	<u>97,498,677</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Ali A. Al-Omar  
Chairman



Khalifa Hamoud Al Ghanim  
CEO and Board Member

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Interim condensed consolidated statement of income (unaudited)**  
For the three month period ended 31 March 2020

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
<b>Income</b>		
Sales	19,785,905	26,794,937
Cost of sales	(17,544,664)	(23,791,189)
Gross Profit	2,241,241	3,003,748
Unrealized (loss) / profit on financial assets at fair value through profit or loss	(4,817,255)	2,093,663
Realised profit on sale of financial assets at fair value through profit or loss	435	-
Interest income	346	1,336
Net investment income	-	52,928
Profits/(loss) from foreign exchange	2,416	(95)
Other income	362,565	460,706
<b>Total revenues</b>	<b>(2,210,252)</b>	<b>5,612,286</b>
<b>Expenses and other charges</b>		
General and administrative expenses	(350,560)	(744,278)
Distribution expenses	(165,998)	(521,201)
Other provisions	(30,000)	(40,000)
<b>(Loss) / profit for the period before KFAS, NLST, Zakat and Directors' remuneration</b>	<b>(2,756,810)</b>	<b>4,306,807</b>
Contribution to Kuwait Foundation for the Advancement of Sciences	-	(43,068)
National Labour Support Tax	-	(109,472)
Zakat	-	(43,789)
Board of directors' remuneration	(65,000)	(65,000)
<b>(Loss) / profit for the period</b>	<b>(2,821,810)</b>	<b>4,045,478</b>
<b>Basic (loss) / earnings per share (fils) (Note 10)</b>	<b>(28.16)</b>	<b>40.37</b>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Interim condensed consolidated statement of income and other comprehensive income (unaudited)**  
For the three month period ended 31 March 2020

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
<b>(Loss) / profit for the period</b>	<u>(2,821,810)</u>	<u>4,045,478</u>
<b>Other comprehensive (loss) / income items:</b>		
<i>Items that may not be reclassified subsequently in the interim condensed consolidated statement of income:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	<u>(5,396,752)</u>	<u>2,288,138</u>
Other comprehensive (loss)/income for the period	<u>(5,396,752)</u>	<u>2,288,138</u>
<b>Total other comprehensive (loss)/income for the period</b>	<u>(8,218,562)</u>	<u>6,333,616</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



Kuwait Portland Cement Co. K.P.S.C.  
and its subsidiary  
State of Kuwait

Interim condensed consolidated statement of changes in equity (unaudited)  
For the three month period ended 31 March 2020

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Treasury shares reserve KD	Change of fair value reserve KD	Retained earnings KD	Total equity KD
Balance as at 31 December 2018	10,022,196	10,022,196	10,022,196	2,500,000	544,943	7,281,074	28,092,466	68,485,071
Total comprehensive income for the period	-	-	-	-	-	2,288,138	4,045,478	6,333,616
<b>Balance as at 31 March 2019</b>	<u>10,022,196</u>	<u>10,022,196</u>	<u>10,022,196</u>	<u>2,500,000</u>	<u>544,943</u>	<u>9,569,212</u>	<u>32,137,944</u>	<u>74,818,687</u>
Balance as at 31 December 2019	10,022,196	10,022,196	10,022,196	2,500,000	544,943	15,867,343	25,658,849	74,637,723
Total comprehensive loss for the period	-	-	-	-	-	(5,396,752)	(2,821,810)	(8,218,562)
<b>Balance as at 31 March 2020</b>	<u>10,022,196</u>	<u>10,022,196</u>	<u>10,022,196</u>	<u>2,500,000</u>	<u>544,943</u>	<u>10,470,591</u>	<u>22,837,039</u>	<u>66,419,161</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

**Kuwait Portland Cement Co. K.P.S.C.  
and its subsidiary  
State of Kuwait**

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
For the three month period ended 31 March 2020

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
	KD	KD
<b>Operating activities</b>		
Net (loss)/profit for the period	(2,821,810)	4,045,478
<i>Adjustments to:</i>		
Depreciation	356,983	835,028
Unrealized loss / (profit) on assets at fair value through profit or loss	4,817,255	(2,093,663)
Profit from sale of assets at fair value through profit or loss	(435)	-
Dividend income	-	(52,928)
Other provisions	30,000	40,000
Provision for employees' end of service indemnity	134,539	95,405
	<u>2,516,532</u>	<u>2,869,320</u>
<i>Movements in working capital:</i>		
Trade and other receivables	153,986	(5,509,426)
Inventories	126,777	3,670,586
Trade and other payables	(2,173,985)	(582,081)
<i>Cash from operations</i>	<u>623,310</u>	<u>448,399</u>
Payment of employees' end of service indemnity provision	(50,652)	(11,335)
<i>Net cash from operating activities</i>	<u>572,658</u>	<u>437,064</u>
<b>Investing activities</b>		
Paid for purchase of property, machinery and equipment	(93,434)	(1,179,662)
Financial assets at fair value through profit or loss	955,801	(1,146,358)
Dividend revenues received	-	52,928
<i>Net cash from / (used in) investing activities</i>	<u>862,367</u>	<u>(2,273,092)</u>
<b>Financing activities</b>		
Dividends paid	(66,525)	(15,145)
<i>Net cash used in financing activities</i>	<u>(66,525)</u>	<u>(15,145)</u>
Net increase (decrease) in cash and cash equivalents	1,368,500	(1,851,173)
Cash and cash equivalents at the beginning of the period	3,934,984	11,345,017
<b>Cash and cash equivalents at end of the period (Note 7)</b>	<u>5,303,484</u>	<u>9,493,844</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

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**1. General Information**

Kuwait Portland Cement Company K.P.S.C. ("the Parent Company") was incorporated on 7 July 1976 in Kuwait as per memorandum of incorporation No. 966, Volume 2, and was listed in Boursa Kuwait on 1 April 1995. The latest amendment to the Parent Company's memorandum of incorporation and articles of association was dated 23 April 2019 to add a new article on allowing the Parent Company to practice certain new activities.

The principal activities of the Parent Company are:

- Trading by import & export in bulk cement and packaging of the different types of cement.
- Constructing, operating, leasing, and renting of stores and silos necessary for the supply and distribution of the different types of cement.
- Acquisition of the means of transportation for that purpose.
- Manufacturing and marketing of readymade concrete
- Purchasing and importing raw materials, machines and vehicles related to the Group's purposes.
- Acquisition of movables and real estates related to the Group's purposes.
- Utilizing the financial surpluses of the Parent Company by investing them in portfolios by specialized companies and entities.
- Activity of aggregate import, trade and sale and acquisition of its equipment, means of transportation and crushers.
- Activity related to sand (Quarries) and acquisition of its equipment and means of transportation.

The address of the Parent Company's registered office is P.O. Box, 42191, Shuwaikh -70652, State of Kuwait.

The interim condensed consolidated financial information of Kuwait Portland Cement Company K.S.C. (Public) and its subsidiary (the Group) for the period ended 31 March 2020 was authorized for issue by the Parent Company's board of directors on 13 August 2020.

**2. Basis of preparation**

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial information does not include all the information and disclosures required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

Operating results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2020. For further information, please refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2019.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Group.

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

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**2. Basis of preparation (Continued)**

The accounting policies used in the preparation of these consolidated condensed interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019 as follows.

- IFRS 16: Leases
- Amendments to IFRS 9: Benefits of advance payment with negative compensation
- Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures
- Annual Improvements to IFRSs 2015-2017 Cycle (issued on December 2017):
  - IFRS 3 - Business combinations
  - IFRS 11 - Joint arrangements
  - IAS 23 - Borrowing Costs

**3. Use of judgements and estimates**

In preparation of the interim condensed consolidated financial information, the management made judgments and estimates that may affect the adoption of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

The significant judgements made by management in adoption of the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which were described below.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the group's chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Kuwait Portland Cement Co. K.P.S.C.**  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

**3. Use of judgements and estimates (Continued)**

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further details about the assumptions made in measuring fair value are included in note 13.

**4. Details of the subsidiary**

Name of the subsidiary	Principal activity	Place of Incorporation	Percentage of holding	
			2020	2019
National Company for Aggregate Import & Sale W.L.L	Import and sale of aggregates	State of Kuwait	98%	98%

There are assignment letters from the non-controlling parties regarding their interests in the company in favor of the Parent Company.

**5. Trade and other receivables**

	31 March	(Audited)	31 March
	2020	31 December	2019
	KD	2019	2019
		KD	KD
Trade receivables	30,418,417	30,053,146	35,002,096
Provision for expected credit losses	(3,113,921)	(3,113,921)	(3,113,921)
	27,304,496	26,939,225	31,888,175
Advance payments	33,680	67,839	73,926
Staff receivables	154,209	639,307	133,083
	27,492,385	27,646,371	32,095,184

**6. Inventories**

	31 March	(Audited)	31 March
	2020	31 December	2019
	KD	2019	2019
		KD	KD
Raw materials	568,055	506,978	469,790
Cement	603,570	1,044,128	1,616,863
Steel	3,192,714	2,911,512	3,585,480
Spare Parts	415,240	393,734	262,028
Goods in transit	852,772	149,174	257,279
Cement sacks	71,454	55,116	42,984
Aggregate	315,060	1,085,000	-
	6,018,865	6,145,642	6,234,424
Provision for slow moving inventories	(27,701)	(27,701)	(27,701)
	5,991,164	6,117,941	6,206,723

**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

**7. Cash and cash equivalents**

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Cash on hand	104,444	33,786	477,759
Bank balances	4,140,135	3,797,262	8,976,501
Cash in investment portfolios	1,058,905	103,936	39,584
	<u>5,303,484</u>	<u>3,934,984</u>	<u>9,493,844</u>

**8. Other provisions**

This item represents rental amount estimated by the Parent Company's management for the Group's cement plant located in Shuwaikh Port of KD 1,313,377 and KD 333,815 for gate fees.

There are mutual lawsuits between the Group and other parties regarding these amounts.

**9. Trade and other payables**

	<b>31 March 2020</b>	<b>(Audited) 31 December 2019</b>	<b>31 March 2019</b>
	KD	KD	KD
Trade payables	7,476,303	8,247,565	14,423,750
Accrued expenses	567,853	1,510,675	840,538
Employees' accrued leave pay	542,533	474,954	81,102
Contribution to Kuwait Foundation for the Advancement of Sciences	-	81,728	41,936
National Labour Support Tax	-	173,192	106,642
Zakat	-	81,728	42,657
Board of directors' remuneration	65,000	260,000	65,000
	<u>8,651,689</u>	<u>10,829,842</u>	<u>15,601,625</u>

**10. Basic earnings per share (fils)**

Basic earnings per share are calculated by dividing net profit for the period by the weighted average number of shares:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	<b>2019</b>
(Loss) / profit for the period (KD)	<u>(2,821,810)</u>	<u>4,045,478</u>
Weighted average number of outstanding shares (share)	<u>100,221,960</u>	<u>100,221,960</u>
<b>Basic (loss) / earnings per share (fils)</b>	<u>(28.16)</u>	<u>40.37</u>

**Kuwait Portland Cement Co. K.P.S.C.**  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

**11. Related party transactions**

Related party transactions primarily comprise of subsidiaries, significant shareholders, directors and key management personnel of the Group, and entities of which they are principal owners. All related party transactions are carried out on terms approved by the Group's management.

Related parties transactions included in the interim condensed consolidated financial information were as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
<b>Condensed consolidated statement of income:</b>	<b>2020</b>	<b>2019</b>
	KD	KD
<i>Staff and executive managers:</i>		
Salaries and other benefits	165,677	165,677
Board of directors' remuneration	65,000	65,000

**12. Segment information**

IFRS 8 requires that operating segments to be identified based on the internal reports of Group segments which are regularly reviewed by the chief decision maker so as to evaluate their performance. The Parent Company's management has classified the Group's products and services into the following operational segments according to the IFRS 8: "Operating Segments":

- Cement, steel and aggregate.
- Ready mix.
- Investments.

Below is the analysis of income and profit of segments as disclosed:

	<b>Operating segments</b>		<b>Net (loss)/profit of</b>	
	<b>revenues</b>		<b>operating segments</b>	
	<b>Three months ended</b>		<b>Three months ended</b>	
	<b>31 March</b>		<b>31 March</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	KD	KD	KD	KD
Cement, steel and	15,983,530	22,331,976	1,573,692	2,087,358
Ready mix	3,802,375	4,462,961	667,549	916,390
Total for operations	19,785,905	26,794,937	2,241,241	3,003,748
Investments	-	-	(4,814,058)	2,147,832
Unallocated revenues			362,565	460,706
General and administrative			(350,560)	(744,278)
Other provisions			(30,000)	(40,000)
Distribution expenses			(165,998)	(521,201)
Contribution to Kuwait			-	(43,068)
National Labour Support			-	(109,472)
Zakat			-	(43,789)
Directors' remuneration			(65,000)	(65,000)
Net (loss)/profit for the			<u>(2,821,810)</u>	<u>4,045,478</u>

**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

**12. Segment information (Continued)**

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	As at 31 March	
	2020	2019
	KD	KD
<b>Assets</b>		
Cement, steel and aggregate	20,970,640	32,721,979
Ready mix	22,367,857	21,521,699
Investments	38,707,448	43,254,999
	<u>82,045,945</u>	<u>97,498,677</u>
	As at 31 March	
	2020	2019
	KD	KD
<b>Liabilities</b>		
Cement, steel and aggregate	8,816,521	17,265,750
Ready mix	6,251,871	4,980,791
Unallocated	558,392	433,449
	<u>15,626,784</u>	<u>22,679,990</u>

**13. Fair value measurement**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are supported by observable sources for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

31 March 2020	Level 1	Total
	KD	KD
<i>Financial assets at fair value through profit or loss</i>		
Quoted equities	19,472,968	19,472,968
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	19,234,480	19,234,480

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

**13. Fair value measurement (Continued)**

<b>31 December 2019</b>	<u><b>Level 1</b></u>	<u><b>Total</b></u>
	KD	KD
<i>Financial assets at fair value through profit or loss</i>		
Quoted equities	25,245,589	25,245,589
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	24,631,232	24,631,232
<b>31 March 2019</b>	<u><b>Level 1</b></u>	<u><b>Total</b></u>
	KD	KD
<i>Financial assets at fair value through profit or loss</i>		
Quoted equities	24,930,777	24,930,777
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	18,324,222	18,324,222

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuations with marketability discount provided in the range of 10% to 50%.

**14. Contingent liabilities**

	<u><b>31 March</b></u>	<u><b>(Audited)</b></u>	<u><b>31 March</b></u>
	2020	31 December	2019
	KD	KD	KD
Letters of guarantee	11,611,633	6,261,120	6,261,120

**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**  
For the three month period ended 31 March 2020

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**15. General assembly of shareholders**

On 29 June 2020, the general assembly of shareholders was held and approved the consolidated financial statements for the financial year ended 31 December 2019 and approved distribution of cash dividends at 40% of the share capital (40 fils per share) to the shareholders registered as of the date of holding the general assembly. Further, it approved an amount of KD 260,000 as remuneration to be paid to the Board of Directors for the financial year ended 31 December 2019.

**16. Subsequent events**

As a result of the significant events arising from the spread of the Novel Coronavirus ("COVID-19"), the Group's interim condensed consolidated financial statements has been affected by such events. Consequently, the Group has incurred unrealized loss from financial assets at fair value through other comprehensive income with an amount of KD 5,396,752 and KD 4,817,255 representing unrealized loss from financial assets at fair value through statement of income during the three-month period ended 31 March 2020. The Company's sales have materially declined due to the prevailing situation.