

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

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

**30 JUNE 2021**



**Building a better  
working world**

## 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 2021, 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*

Except as explained in the following paragraph, 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.

### *Basis for Qualified Conclusion*

The Group’s investment in Al Dorra Petroleum Services Company K.S.C. (Closed), an associate accounted for using the equity method, is carried at KD 3,005,852 on the interim condensed consolidated statement of financial position as at 30 June 2021, and the Group’s share of loss of an associate amounting KD 41,167 included in the interim condensed consolidated statement of profit or loss and the Group’s share of other comprehensive income amounting to KD 47,019 included in the interim condensed consolidated statement of comprehensive income for the period then ended are based on management accounts, as reviewed interim condensed consolidated financial information is not available in respect of this associate as at the authorisation date of the Group’s interim condensed consolidated financial information. As a result, we were unable to obtain sufficient appropriate evidence about the carrying amount of the Group’s investment in the associate as at 30 June 2021 and the Group’s share of loss and other comprehensive income for the period then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the *“Basis for Qualified Conclusion”* paragraph of our report, 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.



## **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.**

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, except for the possible effects of the matter described in the *“Basis for Qualified Conclusion”* paragraph above, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, except for the possible effects of the matter described in the *“Basis for Qualified Conclusion”* paragraph above, 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 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, except for the possible effects of the matter described in the *“Basis for Qualified Conclusion”* paragraph above, 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 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

  
BADER A. AL-ABDULJADER  
LICENCE NO. 207-A  
EY  
(AL AIBAN, AL OSAIMI & PARTNERS)

11 August 2021  
Kuwait

**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 2021

Note	Three months ended 30 June		Six months ended 30 June		
	2021 KD	2020 KD	2021 KD	2020 KD	
Revenue from contracts with customers	<b>7,967,980</b>	5,573,235	<b>14,828,822</b>	12,631,224	
Cost of sales and services rendered	<b>(5,541,258)</b>	(4,096,904)	<b>(10,092,675)</b>	(9,088,852)	
<b>GROSS PROFIT</b>	<b>2,426,722</b>	1,476,331	<b>4,736,147</b>	3,542,372	
Commission income	<b>15,062</b>	12,681	<b>24,131</b>	21,725	
Other income	<b>43,507</b>	29,835	<b>61,406</b>	63,009	
General and administrative expenses	<b>(682,325)</b>	(686,905)	<b>(1,367,008)</b>	(1,398,603)	
Other expenses	<b>(130,539)</b>	(151,711)	<b>(256,428)</b>	(332,173)	
Reversal (charge) of allowance for expected credit losses of trade receivables	<b>8,583</b>	(7,256)	<b>45,287</b>	(122,704)	
Net foreign exchange differences	<b>(29,789)</b>	(36,116)	<b>(45,702)</b>	46,334	
<b>OPERATING PROFIT</b>	<b>1,651,221</b>	636,859	<b>3,197,833</b>	1,819,960	
Share of results of an associate	<b>(41,167)</b>	(37,343)	<b>(41,167)</b>	(74,947)	
Changes in fair value of financial assets at FVPL	<b>(139,996)</b>	(158,745)	<b>(240,716)</b>	(256,272)	
Dividend income	-	36,466	-	36,466	
Finance costs	<b>(33,395)</b>	(27,087)	<b>(83,457)</b>	(57,829)	
<b>PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION</b>	<b>1,436,663</b>	450,150	<b>2,832,493</b>	1,467,378	
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")	<b>(13,955)</b>	(4,874)	<b>(27,913)</b>	(15,422)	
National Labour Support Tax ("NLST")	<b>(39,206)</b>	(12,776)	<b>(72,737)</b>	(39,472)	
Zakat	<b>(16,094)</b>	(5,483)	<b>(29,506)</b>	(16,538)	
Directors' remuneration	<b>(2,000)</b>	(16,500)	<b>(7,500)</b>	(33,000)	
<b>PROFIT FOR THE PERIOD</b>	<b>1,365,408</b>	410,517	<b>2,694,837</b>	1,362,946	
<b>BASIC AND DILUTED EARNINGS PER SHARE (EPS)</b>	<b>4</b>	<b>13.53 Fils</b>	4.07 Fils	<b>26.71 Fils</b>	13.51 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 2021

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>1,365,408</b>	410,517	<b>2,694,837</b>	1,362,946
<b>Other comprehensive (loss) income</b>				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(9,443)	(5,385)	(10,761)	36,907
<b>Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods</b>	<b>(9,443)</b>	(5,385)	<b>(10,761)</b>	36,907
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive income (loss) of an associate	47,019	(40,283)	47,019	(67,139)
<b>Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods</b>	<b>47,019</b>	(40,283)	<b>47,019</b>	(67,139)
<b>Other comprehensive income (loss) for the period</b>	<b>37,576</b>	(45,668)	<b>36,258</b>	(30,232)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,402,984</b>	364,849	<b>2,731,095</b>	1,332,714

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 2021

	30 June 2021 KD	(Audited) 31 December 2020 KD	30 June 2020 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,987,667	12,526,112	16,889,274
Right-of-use assets	437,242	509,282	568,293
Investment in an associate	3,005,852	3,000,000	6,148,734
Goodwill	4,937,402	4,937,402	4,937,402
	<hr/>	<hr/>	<hr/>
	20,368,163	20,972,796	28,543,703
<b>Current assets</b>			
Financial assets at fair value through profit or loss	743,189	983,905	1,003,522
Inventories	4,064,973	3,081,292	3,601,691
Trade receivables and contract assets	8,734,397	10,210,654	7,719,894
Prepayments and other receivables	1,871,563	1,565,029	1,256,766
Cash and bank balances	3,405,772	861,759	651,270
	<hr/>	<hr/>	<hr/>
	18,819,894	16,702,639	14,233,143
<b>TOTAL ASSETS</b>	<b>39,188,057</b>	<b>37,675,435</b>	<b>42,776,846</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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)	(2,609,842)	(2,662,273)
Foreign currency translation reserve	535,117	545,878	582,552
Retained earnings	5,779,085	5,102,264	8,929,645
	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>24,176,296</b>	<b>23,463,217</b>	<b>27,274,841</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	1,953,272	1,876,304	2,395,883
Lease liabilities	234,708	304,208	361,593
	<hr/>	<hr/>	<hr/>
	2,187,980	2,180,512	2,757,476
<b>Current liabilities</b>			
Trade payables, contract liabilities and other payables	7,125,555	4,790,736	10,272,122
Lease liabilities	232,162	233,963	225,836
Bank overdrafts	-	1,159,620	2,246,571
Loans and borrowings	5,466,064	5,847,387	-
	<hr/>	<hr/>	<hr/>
	12,823,781	12,031,706	12,744,529
<b>Total liabilities</b>	<b>15,011,761</b>	<b>14,212,218</b>	<b>15,502,005</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,188,057</b>	<b>37,675,435</b>	<b>42,776,846</b>



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 2021

	<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>
<b>As at 1 January 2021</b>	<b>10,090,080</b>	<b>5,186,422</b>	<b>5,148,415</b>	<b>(2,609,842)</b>	<b>545,878</b>	<b>5,102,264</b>	<b>23,463,217</b>
Profit for the period	-	-	-	-	-	2,694,837	2,694,837
Other comprehensive income (loss) for the period	-	-	-	47,019	(10,761)	-	36,258
Total comprehensive income (loss) for the period	-	-	-	47,019	(10,761)	2,694,837	2,731,095
Cash dividends (Note 9)	-	-	-	-	-	(2,018,016)	(2,018,016)
<b>At 30 June 2021</b>	<b>10,090,080</b>	<b>5,186,422</b>	<b>5,148,415</b>	<b>(2,562,823)</b>	<b>535,117</b>	<b>5,779,085</b>	<b>24,176,296</b>
As at 1 January 2020	10,090,080	5,186,422	5,148,415	(2,595,134)	545,645	12,611,739	30,987,167
Profit for the period	-	-	-	-	-	1,362,946	1,362,946
Other comprehensive (loss) income for the period	-	-	-	(67,139)	36,907	-	(30,232)
Total comprehensive (loss) income for the period	-	-	-	(67,139)	36,907	1,362,946	1,332,714
Cash dividends (Note 9)	-	-	-	-	-	(5,045,040)	(5,045,040)
<b>At 30 June 2020</b>	<b>10,090,080</b>	<b>5,186,422</b>	<b>5,148,415</b>	<b>(2,662,273)</b>	<b>582,552</b>	<b>8,929,645</b>	<b>27,274,841</b>

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 2021

	<i>Six months ended 30 June</i>	
	<b>2021 KD</b>	<b>2020 KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax and directors' remuneration	2,832,493	1,467,378
<i>Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:</i>		
Depreciation of property, plant, and equipment	1,274,627	1,636,869
Depreciation of right-of-use assets	158,329	132,571
Gain on sale of property, plant and equipment	-	(8,400)
(Reversal) charge of allowance for expected credit losses of trade receivables	(45,287)	122,704
Share of results of an associate	41,167	74,947
Changes in fair value of financial assets at fair value through profit or loss	240,716	256,272
Dividend income	-	(36,466)
Provision for employees' end of service benefits	223,423	126,952
Interest on debts and borrowings	75,235	46,999
Interest on lease liabilities	8,222	10,830
	<b>4,808,925</b>	3,830,656
<i>Working capital changes:</i>		
Inventories	(985,457)	(852,230)
Trade receivables and contract assets	1,512,108	(545,069)
Prepayments and other receivables	(306,534)	127,391
Accounts payable and accruals	202,595	(768,815)
	<b>5,231,637</b>	1,791,933
Cash flows generated from operations	(146,455)	(14,612)
<b>Net cash flows from operating activities</b>	<b>5,085,182</b>	1,777,321
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(753,139)	(959,368)
Dividend income received	-	36,466
Proceeds from disposal of property, plant and equipment	-	8,400
<b>Net cash flows used in investing activities</b>	<b>(753,139)</b>	(914,502)
<b>FINANCING ACTIVITIES</b>		
Repayment of borrowings	(381,323)	(1,500,000)
Finance costs paid	(75,235)	(46,999)
Payment of principal portion of lease liabilities	(165,812)	(133,904)
<b>Net cash flows used in financing activities</b>	<b>(622,370)</b>	(1,680,903)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as at 1 January	3,709,673	(818,084)
Net foreign exchange differences	(297,861)	(761,524)
	<b>(6,040)</b>	(15,693)
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<b>3,405,772</b>	(1,595,301)
<b>Non-cash items excluded from the interim condensed consolidated statement of cash flows:</b>		
Additions to lease liabilities	86,289	143,249
Additions to right-of-use assets	(86,289)	(143,249)
	<b>-</b>	<b>-</b>

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 2021

### 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 2021 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 10 August 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved in the Annual General Assembly Meeting (AGM) of the shareholders of the Parent Company held on 24 June 2021.

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, 18<sup>th</sup> Floor, Abdulaziz Al-Sager street, Sharq and its registered postal address is PO Box 10277, Shuaiba 65453, 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 2021 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 doubt 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 do 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 2020.

The interim condensed consolidated financial information provide 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 2020, except for the adoption of new standards effective as of 1 January 2021. 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 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

# 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 2021

## 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)

#### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – Phase 2*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of risk component.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

## 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:

	Three months ended 30 June		Six months ended 30 June	
	2021 KD	2020 KD	2021 KD	2020 KD
<b>Types of goods or services</b>				
Sale of Chlor Alkai	<b>4,546,070</b>	3,082,605	<b>8,845,753</b>	7,266,221
Sales of industrial materials	<b>2,284,387</b>	2,356,865	<b>4,540,283</b>	5,076,759
Blending of chemicals services	<b>15,256</b>	11,851	<b>36,974</b>	20,326
Construction of chlorine dioxide plant for groundwater reservoirs	<b>771,822</b>	110,924	<b>1,040,437</b>	204,790
Logistic services	<b>350,445</b>	10,990	<b>365,375</b>	63,128
<b>Total revenue from contracts with customers</b>	<b>7,967,980</b>	5,573,235	<b>14,828,822</b>	12,631,224
<b>Geographical markets</b>				
Kuwait	<b>5,821,286</b>	4,303,176	<b>10,355,947</b>	8,813,045
Other MENA	<b>1,554,436</b>	928,968	<b>3,100,204</b>	3,155,168
Asia	<b>106,730</b>	35,630	<b>337,674</b>	67,445
South and North America	<b>120,780</b>	-	<b>163,393</b>	-
Others	<b>364,748</b>	305,461	<b>871,604</b>	595,566
<b>Total revenue from contracts with customers</b>	<b>7,967,980</b>	5,573,235	<b>14,828,822</b>	12,631,224
<b>Timing of revenue recognition</b>				
Goods and services transferred at a point in time	<b>6,944,955</b>	5,276,596	<b>13,587,766</b>	12,093,098
Goods and services transferred over time	<b>1,023,025</b>	296,639	<b>1,241,056</b>	538,126
<b>Total revenue from contracts with customers</b>	<b>7,967,980</b>	5,573,235	<b>14,828,822</b>	12,631,224

# 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 2021

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

#### 3.2 Contract balances

	(Audited)		
	30 June 2021 KD	31 December 2020 KD	30 June 2020 KD
Trade receivables	8,273,278	9,617,069	7,719,894
Contract assets	461,119	593,585	-
Contract liabilities	316,075	-	-

The significant increase in contract liabilities in 2021 was mainly due to the advances received from a sub-contractor during the period relating to a project in progress for which performance obligations are partially satisfied. Management expects that 8% of the transaction price allocated to unsatisfied performance obligations as of 30 June 2021 will be recognised as revenue by the end of the financial year. The amount disclosed above does not include variable consideration which is constrained.

### 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.

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Profit for the period (KD)	1,365,408	410,517	2,694,837	1,362,946
Weighted average number of shares outstanding during the period (shares)	100,900,800	100,900,800	100,900,800	100,900,800
<b>Basic and diluted EPS (Fils)</b>	<b>13.53</b>	<b>4.07</b>	<b>26.71</b>	<b>13.51</b>

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

### 5 COMMITMENTS AND CONTINGENCIES

#### Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 314,763 (31 December 2020: KD 100,217 and 30 June 2020: KD 120,553) relating to ongoing projects under construction.

#### Contingent liabilities

At 30 June 2021, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 6,910,299 (31 December 2020: KD 5,780,834 and 30 June 2020: KD 5,823,435) for the performance of certain contracts for which it is anticipated that no material liabilities will arise.

# 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 2021

#### 6 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.

	<i>Transaction values for the period ended</i>			
	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Salaries and other short-term benefits	<b>59,609</b>	97,912	<b>123,292</b>	195,059
Employees end of service benefits	<b>4,017</b>	8,137	<b>10,127</b>	16,281
	<b>63,626</b>	106,049	<b>133,419</b>	211,340
<hr/>				
	<i>Balance outstanding as at</i>			
	<i>(Audited)</i>			
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2020</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>	
Salaries and other short-term benefits	<b>27,278</b>	31,433	34,896	
Employees end of service benefits	<b>19,904</b>	30,881	277,776	
	<b>47,182</b>	62,314	312,672	

The Board of Directors at the meeting held on 29 April 2021 proposed directors' remuneration of KD 12,000 for the year ended 31 December 2020. The remuneration was approved by the shareholders at the AGM held on 24 June 2021.

#### 7 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 2021

#### 7 SEGMENT INFORMATION (continued)

##### a) Segment revenue and results

The following tables present revenue and profit information of the Group's operating segments for the six months ended 30 June 2021 and 2020, respectively:

	Six months ended 30 June		Six months ended 30 June	
	2021 KD	2020 KD	2021 KD	2020 KD
	Revenue		Results	
Chlor Alkali	<b>9,027,367</b>	7,369,960	<b>4,215,347</b>	3,081,531
Petrochemical products	<b>36,974</b>	20,326	<b>26,278</b>	9,083
Trading	<b>5,016,063</b>	5,637,822	<b>1,210,815</b>	1,382,833
Logistics and transport	<b>1,295,665</b>	1,024,417	<b>18,701</b>	995
Industrial projects	<b>1,040,430</b>	204,790	<b>195,295</b>	29,219
Investments	-	-	(281,883)	(294,753)
Adjustments and eliminations	<b>(1,587,677)</b>	(1,626,091)	<b>(930,290)</b>	(961,289)
Consolidated	<b>14,828,822</b>	12,631,224	<b>4,454,263</b>	3,247,619
Commission income			<b>24,131</b>	21,725
Other income			<b>61,406</b>	63,009
Finance costs			(83,457)	(57,829)
Other unallocated amounts			<b>(1,761,506)</b>	(1,911,578)
Profit for the period			<b>2,694,837</b>	1,362,946

	Six months ended 30 June		Six months ended 30 June	
	2021 KD	2020 KD	2021 KD	2020 KD
	Purchases of property, plant and equipment		Depreciation of property, plant, and equipment	
Chlor Alkali	<b>741,430</b>	907,413	<b>1,149,489</b>	1,481,340
Trading	<b>11,709</b>	29,186	<b>10,787</b>	24,234
Logistics and transport	-	22,769	<b>114,351</b>	131,295
	<b>753,139</b>	959,368	<b>1,274,627</b>	1,636,869

##### b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2021, 31 December 2020 and 30 June 2020, respectively:

	(Audited)		
	30 June 2021 KD	31 December 2020 KD	30 June 2020 KD
	Segment assets		
Chlor Alkali	<b>30,088,784</b>	29,243,397	29,999,430
Petrochemical products	<b>103,579</b>	31,526	320,452
Trading	<b>4,017,847</b>	3,381,793	4,366,718
Logistics and transport	<b>767,687</b>	842,728	937,990
Industrial projects	<b>461,119</b>	192,086	-
Investments	<b>3,749,041</b>	3,983,905	7,152,256
<b>Total consolidated segment assets</b>	<b>39,188,057</b>	37,675,435	42,776,846

# 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 2021

#### 7 SEGMENT INFORMATION (continued)

##### b) Segment assets and liabilities (continued)

	(Audited)		
	30 June 2021 KD	31 December 2020 KD	30 June 2020 KD
<b>Segment liabilities</b>			
Chlor Alkali	<b>10,444,287</b>	11,896,005	8,150,230
Petrochemical Products	<b>128,610</b>	482,214	492,467
Trading	<b>1,681,072</b>	1,439,062	1,504,800
Logistics and transport	<b>419,339</b>	390,575	305,113
Industrial projects	<b>316,075</b>	-	-
Other unallocated amounts*	<b>2,022,378</b>	4,362	5,049,395
<b>Total consolidated segment liabilities</b>	<b>15,011,761</b>	<b>14,212,218</b>	<b>15,502,005</b>

\* This mainly represent dividends payable to equity holders of the Parent Company.

##### 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:

	Six months ended 30 June	
	2021 KD	2020 KD
Kuwait	<b>11,762,017</b>	10,335,398
Other MENA	<b>3,281,811</b>	3,258,906
Asia	<b>337,674</b>	67,445
South and North America	<b>163,393</b>	-
Others	<b>871,604</b>	595,566
Adjustments and eliminations	<b>(1,587,677)</b>	(1,626,091)
<b>Total consolidated segment revenue</b>	<b>14,828,822</b>	<b>12,631,224</b>

#### 8 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

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.

## 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

## 9 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 29 April 2021, proposed a cash dividend of 20% (2019: 50%) of the paid-up share capital (20 fils per share aggregating to KD 2,018,016) for the year ended 31 December 2020 (2019: 50 fils per share aggregating to KD 5,045,040).

The proposed dividend for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) on 24 June 2021 and are recognised as a liability as at 30 June 2021.

Dividends payable as at 30 June 2021 amounted to KD 2,022,378 (31 December 2020: KD 4,362 and 30 June 2020: KD 5,049,395) and recorded within “accounts payable and accruals” in the interim condensed consolidated statement of financial position.

## 10 IMPACT OF COVID-19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group’s annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not experienced any further significant adverse effect on its operations during the six months ended June 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

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