

**Hilal Cement Company K.S.C.P.
and Subsidiaries**

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

31 MARCH 2021



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF HILAL CEMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Hilal Cement Company K.S.C.P. (the “Parent Company”) and subsidiaries (collectively, the “Group”) as at 31 March 2021, and the related interim condensed consolidated statement of comprehensive income and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the 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 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.

Emphasis of Matter

We draw attention to Note 4 to the interim condensed consolidated financial information which describes the lawsuit filed against the Parent Company by Kuwait Ports Authority which is pending the final verdict. Our conclusion is not modified in respect of this matter.

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 three-month period ended 31 March 2021 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 three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



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

16 May 2021
Kuwait

Hilal Cement Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Note</i>	2021	2020
	KD	KD
Revenue from contracts with customers	3,595,370	4,482,731
Cost of sales	(3,426,439)	(3,972,547)
GROSS PROFIT	168,931	510,184
Other income	30,397	38,700
Other expenses	(382,262)	(380,699)
Reversal of (allowance for) expected credit losses of trade receivables	134,844	(32,100)
Impairment of goodwill	-	(831,761)
Net foreign exchange differences	737	(3,823)
OPERATING LOSS	(47,353)	(699,499)
Finance costs	(27,977)	(29,564)
LOSS BEFORE PROVISION FOR TAX AND DIRECTORS' REMUNERATION	(75,330)	(729,063)
National Labour Support Tax (NLST)	(3,052)	(1,098)
Zakat	(599)	(215)
Directors' remuneration	(5,202)	(6,550)
LOSS FOR THE PERIOD	(84,183)	(736,926)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(84,183)	(736,926)
Attributable to:		
Equity holders of the Parent Company	(44,823)	(805,941)
Non-controlling interests	(39,360)	69,015
	(84,183)	(736,926)
BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	(0.4) Fils	(7.9) Fils
	3	

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

Hilal Cement Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

	Notes	31 March 2021 KD	(Audited) 31 December 2020 KD	31 March 2020 KD
ASSETS				
Non-current assets				
Property, plant and equipment	4	2,351,654	2,546,972	3,142,554
Right-of-use assets		1,203,431	1,268,459	1,458,682
Goodwill		1,047,470	1,047,470	1,273,179
Term deposits	5	36,000	36,000	36,000
		<u>4,638,555</u>	<u>4,898,901</u>	<u>5,910,415</u>
Current assets				
Inventories		1,404,255	1,025,488	1,020,207
Accounts receivable and prepayments		3,827,556	3,816,053	5,107,322
Cash and short-term deposits	5	6,216,695	6,346,842	7,215,047
		<u>11,448,506</u>	<u>11,188,383</u>	<u>13,342,576</u>
TOTAL ASSETS		<u>16,087,061</u>	<u>16,087,284</u>	<u>19,252,991</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	6	10,146,213	10,146,213	10,146,213
Statutory reserve		-	-	2,096,776
Voluntary reserve		-	-	574,844
Accumulated losses		(67,288)	(22,465)	(1,996,570)
Equity attributable to the equity holders of the Parent Company		<u>10,078,925</u>	<u>10,123,748</u>	<u>10,821,263</u>
Non-controlling interests		247,952	287,312	707,068
Total equity		<u>10,326,877</u>	<u>10,411,060</u>	<u>11,528,331</u>
Non-current liabilities				
Lease liabilities		853,057	951,040	1,068,625
Loan from a related party	7	1,082,900	1,082,900	1,082,900
Employees' end of service benefits		807,838	802,996	818,446
		<u>2,743,795</u>	<u>2,836,936</u>	<u>2,969,971</u>
Current liabilities				
Lease liabilities		215,042	185,650	171,381
Loan from a related party	7	-	-	500,000
Accounts payable and accruals		2,801,347	2,653,638	4,083,308
		<u>3,016,389</u>	<u>2,839,288</u>	<u>4,754,689</u>
Total liabilities		<u>5,760,184</u>	<u>5,676,224</u>	<u>7,724,660</u>
TOTAL EQUITY AND LIABILITIES		<u>16,087,061</u>	<u>16,087,284</u>	<u>19,252,991</u>


 Basel Saud Abdulaziz Al-Zamel
 Chairman

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

Hilal Cement Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

	<i>Attributable to equity holders of the Parent Company</i>				<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Accumulated losses KD</i>			
As at 1 January 2021 (Audited)	10,146,213	-	-	(22,465)	10,123,748	287,312	10,411,060
Loss for the period	-	-	-	(44,823)	(44,823)	(39,360)	(84,183)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(44,823)	(44,823)	(39,360)	(84,183)
At 31 March 2021	10,146,213	-	-	(67,288)	10,078,925	247,952	10,326,877
As at 1 January 2020 (Audited)	10,146,213	2,096,776	574,844	(1,190,629)	11,627,204	638,053	12,265,257
(Loss) profit for the period	-	-	-	(805,941)	(805,941)	69,015	(736,926)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss) income for the period	-	-	-	(805,941)	(805,941)	69,015	(736,926)
At 31 March 2020	10,146,213	2,096,776	574,844	(1,996,570)	10,821,263	707,068	11,528,331

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

Hilal Cement Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the three months ended 31 March 2021

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Note</i>	2021	2020
	KD	KD
OPERATING ACTIVITIES		
Loss before tax and director's remuneration for the period	(75,330)	(729,063)
<i>Adjustments to reconcile loss before tax and director's remuneration to net cash flows:</i>		
Interest income	(15,237)	(36,758)
Depreciation of property, plant and equipment	195,318	206,935
Depreciation of right-of-use assets	65,028	69,887
Allowance for expected credit losses of trade receivables	(134,844)	32,100
Impairment of goodwill	-	831,761
Provision for employees' end of service benefits	20,148	16,350
Interest on debt and borrowings	14,131	29,564
Interest on lease liabilities	13,846	7,201
	83,060	427,977
<i>Working capital changes:</i>		
Inventories	(378,767)	104,125
Accounts receivable and prepayments	123,187	180,094
Accounts payable and accruals	124,725	(779,562)
Cash flows used in operations	(47,795)	(67,366)
Employees' end of service benefits paid	(15,306)	(7,704)
Net cash flows used in operating activities	(63,101)	(75,070)
INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	-	(1,932)
Interest income received	15,391	39,333
Net movement in term deposits	-	24,000
Net cash flows from investing activities	15,391	61,401
FINANCING ACTIVITIES		
Finance costs paid	-	(41,390)
Payment of principal portion of lease liabilities	(82,437)	(82,025)
Net cash flows used in financing activities	(82,437)	(123,415)
NET DECREASE IN CASH AND SHORT-TERM DEPOSITS	(130,147)	(137,084)
Cash and short-term deposits at 1 January	6,346,842	7,352,131
CASH AND SHORT-TERM DEPOSITS AT 31 MARCH	5 6,216,695	7,215,047
Non-cash items excluded from the interim condensed consolidated statement of cash flows:		
Additions to right-of-use assets	-	(813,551)
Additions to lease liabilities	-	813,551

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

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Hilal Cement Company K.S.C.P. (the “Parent Company”) and Subsidiaries (collectively, the “Group”) for the three months ended 31 March 2021 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 11 May 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Parent Company’s shareholders at the annual general assembly meeting (“AGM”) held on 3 May 2021. No dividends were declared by the Parent Company.

The Parent Company was established as a Kuwaiti Shareholding Company on 19 January 1984 and is listed in Boursa Kuwait. The principal activities of the Parent Company are 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.

The head office of the Parent Company is located in Marzouk Tower, 19th floor, Building 3, Al-Qibla, Block 14 and its registered postal address is P.O. Box 20732, 13068, Safat, Kuwait.

The Parent Company was a subsidiary of Suez Cement Company S.A.E., a Company registered in Egypt which is a subsidiary of Heidelberg Cement AG (the “Ultimate Parent Company”). On 24 January 2021, Suez Cement Company S.A.E. sold its entire interest in the Group to Silver Share Real Estate Company W.L.L., (the “New Ultimate Parent Company”) a private limited liability company registered and domiciled in Kuwait.

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group, for the three months ended 31 March 2021 has been prepared in accordance with IAS 34, *Interim Financial Reporting* (“IAS 34”). The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The management considers 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 does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those 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.

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 interest 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 a 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.

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

3 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the loss for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the Parent Company 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 loss per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
Loss for the period attributable to the equity holders of the Parent Company (KD)	(44,823)	(805,941)
Weighted average number of shares outstanding during the period (shares)	101,462,130	101,462,130
Basic and diluted EPS	(0.4) Fils	(7.9) Fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

4 PROPERTY, PLANT AND EQUIPMENT

On 29 January 2009, the Parent Company received a notice from Kuwait Port Authority (KPA) to vacate the premises of KPA and remove the barge with a carrying value of KD 803,404 (31 December 2020: KD 873,675; 31 March 2020: KD 1,084,490) owned by the Parent Company which is moored alongside the berth owned by KPA. A verdict was issued by the Court of First Instance on 8 May 2014 in favour of the Parent Company and KPA has filed an appeal in the 'Court of Appeal'. On 16 April 2017, a verdict was issued against the Parent Company and the Parent Company has filed an appeal in the 'Court of Cassation'.

Further, the Parent Company received a notice from KPA on 23 October 2014 requesting on the increase in rental charges for which the Group recognised a provision. On 29 April 2020, the Parent Company entered into a new lease agreement with KPA for a 10 years lease term.

Although the new agreement was signed with KPA, the final verdict from the Court of Cassation is still pending as at the authorisation date of these interim condensed consolidated financial information. However, after taking appropriate legal advice, the management believes that a favourable outcome is probable and no significant liability is expected to arise.

5 CASH AND SHORT-TERM DEPOSITS

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash at bank and in hand	816,695	796,842	1,534,795
Short-term deposits	5,400,000	5,550,000	5,680,252
Cash and short-term deposits	6,216,695	6,346,842	7,215,047

Short term deposits are placed for varying periods of one month to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Restricted deposits of KD 36,000 (31 December 2020: KD 36,000; 31 March 2020: KD 36,000) are placed with a local financial institution and have original maturities of more than three months from the date of placement. Restricted deposits are not available for use in the Group's day-to-day operations and earn interest at an average effective interest rate of 1.7% (31 December 2020: 2.2%; 31 March 2020: 2.5%) per annum.

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

6 SHARE CAPITAL

	<i>31 March</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>31 March</i> <i>2020</i> <i>KD</i>
Authorised, issued and paid up capital consists of 101,462,130 shares of 100 fils each (paid in cash)	10,146,213	10,146,213	10,146,213

The Board of Directors in their meeting held on 9 March 2021 proposed a reduction in the Parent Company's authorised, issued and paid-up capital from KD 10,146,213 to KD 5,000,000 by way of cash distribution to the shareholders. This proposal has been approved by the shareholders at the extraordinary general assembly meeting (EGM) held on 3 May 2021 and will be reflected in the interim condensed consolidated financial information in the forthcoming reporting period upon completion of all legal and regulatory proceedings in this respect.

7 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2021 and 2020, as well as balances with related parties as at 31 March 2021, 31 December 2020 and 31 March 2020:

Interim condensed consolidated statement of profit or loss:

	<i>Three months ended 31 March</i>			
	<i>Ultimate Parent</i> <i>Company</i> <i>KD</i>	<i>Other related</i> <i>parties</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Cost of goods sold	-	-	-	694,223
Administrative expenses	-	1,473	1,473	1,809
Finance costs	-	13,535	13,535	17,838

Interim condensed consolidated statement of financial position:

<i>As at 31 March 2021</i>	<i>Associate*</i> <i>KD</i>	<i>Ultimate</i> <i>Parent</i> <i>Company</i> <i>KD</i>	<i>Other related</i> <i>parties</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Accounts receivable and prepayments - Receivables from a related party*	15,228	-	-	15,228
Accounts payable and accruals - Payables to related parties	-	-	67,680	67,680
Loan from related parties	-	-	1,082,900	1,082,900

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

7 RELATED PARTY DISCLOSURES (continued)

<i>As at 31 December 2020 (Audited)</i>	<i>Associate* KD</i>	<i>Ultimate Parent Company KD</i>	<i>Other related parties KD</i>	<i>Total KD</i>
Accounts receivable and prepayments				
- Receivables from a related party*	15,228	-	-	15,228
Accounts payable and accruals				
- Payables to related parties	-	18,856	54,144	73,000
Loan from related parties	-	-	1,082,900	1,082,900
<i>As at 31 March 2020</i>	<i>Associate* KD</i>	<i>Ultimate Parent Company KD</i>	<i>Other related parties KD</i>	<i>Total KD</i>
Accounts receivable and prepayments				
- Receivables from a related party*	15,228	-	-	15,228
Accounts payable and accruals				
- Payables to related parties	-	-	80,725	80,725
Loan from related parties	-	500,000	1,082,900	1,582,900

* This represents receivables from an associate. The outstanding balance has no specified repayment terms and is repayable on demand. The investment in associate has been fully impaired in prior periods.

Loan from a related party amounting to KD 1,082,900 (31 December 2020: KD 1,082,900; 31 March 2020: KD 1,082,900) carries an effective interest rate of 5% per annum (31 December 2020 and 31 March 2020: 5% per annum) and is expected to be settled more than twelve months after the reporting period.

Loan from a related party which amounted to KD 500,000 as at 31 March 2020 which carried an effective interest rate of 4.4% p.a was settled during the prior year.

Compensation of 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 related to key management personnel were, as follows:

	<i>Three months ended 31 March</i>		<i>Balance outstanding as at 31 March</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
Salaries and short-term benefits	40,793	53,679	23,666	17,258
Employees end of service benefits	2,390	2,518	254,279	233,636
	43,183	56,197	277,945	250,894

On 3 May 2021, the shareholders of the Parent Company approved directors' remuneration of KD 9,000 for the year ended 31 December 2020. Accordingly, the unused amounts of KD 13,600 have been reversed during the current interim period and recognised as other income in the interim condensed consolidated statement of profit or loss for the period then ended.

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

8 CONTINGENCIES

As at 31 March 2021, the Group provided guarantees in the ordinary course of the business amounting to KD 66,318 (31 December 2020: KD 66,318; 31 March 2020: KD 156,000). No material liabilities are expected to arise.

9 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services and has two reportable operating segments i.e. trading materials and manufacturing materials. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment. The segment performance is evaluated based on operating loss or profit.

The following table presents revenue and profit information for the Group's operating segments for the three months ended 31 March 2021 and 31 March 2020, respectively:

	<i>Trading units KD</i>	<i>Manufacturing units KD</i>	<i>Total KD</i>	<i>Adjustments and eliminations KD</i>	<i>Consolidated KD</i>
<i>Three months ended 31 March 2021</i>					
Revenue					
External customers	1,303,050	2,292,320	3,595,370	-	3,595,370
Inter-segment	471,011	-	471,011	(471,011)	-
Intra-segment	-	551,686	551,686	(551,686)	-
Total revenue	1,774,061	2,844,006	4,618,067	(1,022,697)	3,595,370
Expenses					
Cost of inventories recognised as an expense	(1,556,542)	(2,161,493)	(3,718,035)	1,022,697	(2,695,338)
Depreciation expense on property, plant and equipment	(105,868)	(89,450)	(195,318)	-	(195,318)
Depreciation expense on Right of use assets	(32,620)	(32,408)	(65,028)	-	(65,028)
Segment results	4,996	(80,326)	(75,330)	-	(75,330)
<i>Three months ended 31 March 2020</i>					
Segment revenue					
External customer	1,526,385	2,956,346	4,482,731	-	4,482,731
Inter-segment	760,362	-	760,362	(760,362)	-
Intra-segment	-	719,966	719,966	(719,966)	-
Total revenue	2,286,747	3,676,312	5,963,059	(1,480,328)	4,482,731
Segment expenses					
Cost of inventories recognised as an expense	(1,968,957)	(2,735,709)	(4,704,666)	1,480,328	(3,224,338)
Depreciation expense on property, plant and equipment	(106,407)	(100,528)	(206,935)	-	(206,935)
Depreciation expense of Right of use assets	(37,480)	(32,407)	(69,887)	-	(69,887)
Impairment of goodwill	(831,761)	-	(831,761)	-	(831,761)
Segment results	(869,908)	140,845	(729,063)	-	(729,063)

Hilal Cement Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

9 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2021, 31 December 2020 and 31 March 2020, respectively:

	<i>Trading units KD</i>	<i>Manufacturing units KD</i>	<i>Total KD</i>	<i>Adjustments and eliminations KD</i>	<i>Consolidated KD</i>
<i>At 31 March 2021</i>					
Segment assets	<u>16,648,235</u>	<u>12,400,682</u>	<u>29,048,917</u>	<u>(12,961,856)</u>	<u>16,087,061</u>
Segment liabilities	<u>1,571,921</u>	<u>9,174,394</u>	<u>10,746,315</u>	<u>(4,986,131)</u>	<u>5,760,184</u>
<i>At 31 December 2020 (Audited)</i>					
Segment assets	<u>16,557,286</u>	<u>12,267,764</u>	<u>28,825,050</u>	<u>(12,737,766)</u>	<u>16,087,284</u>
Segment liabilities	<u>1,477,115</u>	<u>8,961,150</u>	<u>10,438,265</u>	<u>(4,762,041)</u>	<u>5,676,224</u>
<i>At 31 March 2020</i>					
Segment assets	<u>17,500,010</u>	<u>14,057,730</u>	<u>31,557,740</u>	<u>(12,304,749)</u>	<u>19,252,991</u>
Segment liabilities	<u>2,384,920</u>	<u>9,894,473</u>	<u>12,279,393</u>	<u>(4,554,733)</u>	<u>7,724,660</u>

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 yet experienced any further significant adverse effects on its operations during the three months ended March 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 financial position and the related impact on a regular basis.