



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Kuwait Cement Company K.P.S.C.
and its subsidiaries
State of Kuwait

Interim condensed consolidated financial information (unaudited)
With report on review for the nine months ended
30 September 2016



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**Kuwait Cement Company K.P.S.C.
State of Kuwait**

Independent auditors' review report to the board of directors

Report on interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.P.S.C. ("The Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standards 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 condensed consolidated interim 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 Requirement

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any contravention during the nine month period ended 30 September 2016, of the Commercial Companies' Law No. 1 of 2016 and its executive regulations, or the Parent Company's memorandum and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.



Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 9 November 2016



Ali Mohammed Kohari
License No. 156 "A"
Member of Prime Global
Al-Salhia Office - Certified Accountant

Interim condensed consolidated statement of financial position
As at 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	30 September 2016	31 December 2015 (audited)	30 September 2015
Assets				
Non-current assets				
Property, plant and equipment	3	162,657,381	164,491,549	163,855,013
Intangible assets		126,492	103,167	276,976
Investment Properties		824,672	842,680	848,684
Investments in an associates	4	15,591,809	15,516,911	15,321,745
Available for sale investments	5	46,547,260	49,694,984	53,408,463
		<u>225,747,614</u>	<u>230,649,291</u>	<u>233,710,881</u>
Current assets				
Inventories	6	17,725,409	14,990,160	17,147,152
Receivables and other debit balances	7	28,807,179	23,267,525	23,142,835
Investments at fair value through statement of income	8	9,290,111	7,994,181	7,831,932
Cash and cash equivalents	9	11,535,932	16,477,096	17,934,341
		<u>67,358,631</u>	<u>62,728,962</u>	<u>66,056,260</u>
Total assets		<u>293,106,245</u>	<u>293,378,253</u>	<u>299,767,141</u>
Equity and liabilities				
Equity				
Share capital	10	73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	11	(13,497,645)	(13,497,645)	(13,497,645)
Gains on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		43,144,613	43,144,613	41,126,696
Voluntary reserve		38,182,124	38,182,124	36,164,207
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(31,902,352)	(28,694,013)	(25,082,626)
Group's share in associates' reserves		(447,573)	(525,360)	(577,097)
Group's share in foreign currency translation reserve		94,413	120,851	96,003
Retained earnings		28,960,595	28,015,883	29,057,908
Total equity		<u>183,916,092</u>	<u>186,128,370</u>	<u>186,669,363</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	58,932,032	60,577,621	66,045,931
Provision for employees' end of service indemnity		2,557,847	2,405,374	2,418,258
		<u>61,489,879</u>	<u>62,982,995</u>	<u>68,464,189</u>
Current liabilities				
Loans, bank facilities and murabaha	12	23,415,484	22,554,814	22,813,177
Creditors & Other Credit Balances	13	24,284,790	21,712,074	21,820,412
		<u>47,700,274</u>	<u>44,266,888</u>	<u>44,633,589</u>
Total liabilities		<u>109,190,153</u>	<u>107,249,883</u>	<u>113,097,778</u>
Total equity and liabilities		<u>293,106,245</u>	<u>293,378,253</u>	<u>299,767,141</u>

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


Rashed Abdulaziz Al-Rashed
Chairman


Sulaiman Khalid Al-Ghunaim
Vice Chairman

**Interim condensed consolidated statement of income
For the nine month period ended 30 September 2016 (Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
Sales		20,708,272	18,559,747	72,380,763	69,533,694
Cost of sales	14	(15,959,050)	(13,774,902)	(53,643,395)	(49,342,900)
Gross profit		4,749,222	4,784,845	18,737,368	20,190,794
Other operating income/(expenses)	15	30,414	71,831	251,091	(585,457)
Selling, general and administrative expenses		(1,231,720)	(1,052,573)	(3,571,986)	(3,404,154)
Operating profit		3,547,916	3,804,103	15,416,473	16,201,183
Provision for doubtful debts		(3,012)	(38,240)	(182,042)	(165,670)
Finance charges		(714,676)	(738,314)	(2,174,085)	(2,026,294)
Interest income		6,392	1,823	16,995	30,727
Net profits/(losses) from investments	16	280,002	(357,613)	2,429,215	2,991,183
Group's share of associates results	4	94,616	29,309	378,890	(6,373)
Net profit before deductions		3,211,238	2,701,068	15,885,446	17,024,756
Kuwait Foundation for Advancement of Sciences		(33,923)	(28,728)	(147,083)	(158,922)
National Labour Support Tax (NLST)		(76,438)	(69,657)	(333,095)	(359,145)
Zakat		(21,454)	(19,552)	(93,493)	(100,805)
Board of directors' remuneration		(35,000)	(35,000)	(105,000)	(105,000)
Net profit for the Period		3,044,423	2,548,131	15,206,775	16,300,884
Earnings per share - Fils	17	4.26	3.57	21.32	22.86

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

**Interim condensed consolidated statement of comprehensive income
For the nine month period ended 30 September 2016 (Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Net profit for the Period	3,044,423	2,548,131	15,206,775	16,300,884
Other comprehensive losses items				
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Available for sale investments:				
Net unrealized losses from available for sale investments	(27,892)	(6,326,184)	(3,533,700)	(10,790,583)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments	2,173	-	325,361	-
	(25,719)	(6,326,184)	(3,208,339)	(10,790,583)
Investments in associates:				
Group's share in associates' reserves	2,468	17,577	77,787	115,647
Differences of translation of financial statement with foreign currency:				
Group's share in foreign currency translation reserve	43	603	(26,438)	63,501
Total other comprehensive loss items for the period	(23,208)	(6,308,004)	(3,156,990)	(10,611,435)
Total comprehensive income/(loss) for the period	3,021,215	(3,759,873)	12,049,785	5,689,449

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

Interim condensed consolidated statement of changes in equity
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Treasury shares	Profits on sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,292,043)	(692,744)	32,502	25,592,880	193,815,770
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	16,300,884	16,300,884
Total other comprehensive (loss)/income items	-	-	-	-	-	-	-	(10,790,583)	115,647	63,501	-	(10,611,435)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 September 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(25,082,626)	(577,097)	96,003	29,057,908	186,669,363
Balance at 1 January 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(28,694,013)	(525,360)	120,851	28,015,883	186,128,370
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	15,206,775	15,206,775
Total other comprehensive (losses)/income items for the period	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends (note 18)	-	-	-	-	-	-	-	(3,208,339)	77,787	(26,438)	-	(3,156,990)
Balance at 30 September 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(31,902,352)	(447,573)	94,413	28,960,595	183,916,092

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

Interim condensed consolidated statement of cash flows
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended 30 September	
		2016	2015
Cash flows generated from operating activities			
Net profit for the Period		15,206,775	16,300,884
Adjustments:			
Depreciation and amortization		5,485,946	3,264,017
Provision for doubtful debts		182,042	165,670
Net gains from investments	16	(2,507,085)	(3,073,598)
Finance charges		2,174,085	2,026,294
Interest income		(16,995)	(30,727)
Group's share of associates results	4	(378,890)	6,373
Provision for employees' end of service indemnity		152,473	162,354
Net operating profit before working capital changes		20,298,351	18,821,267
Inventories		(2,735,249)	(1,006,475)
Receivables and other debit balances		(5,721,696)	1,002,124
Investments at fair value through statement of income		(1,077,335)	1,160,559
Creditors & Other Credit Balances		2,407,110	(401,687)
Net cash generated from operating activities		13,171,181	19,575,788
Cash Flow from Investing Activities			
Paid for the acquisition of property, plant and equipment		(3,696,598)	(5,137,836)
Proceeds from sale of property, plant and equipment		62,624	23,011
Paid for purchase of intangible assets		(33,909)	(10,560)
Paid for purchase of available sale investments		(952,345)	(227,840)
Proceeds from sale of available for sale investments		577,917	379,103
Deposits with financial institutions		(3,979)	-
Dividend received		2,984,082	3,406,100
Interest income received		16,995	30,727
Net cash used in investment activities		(1,045,213)	(1,537,295)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		9,620,319	10,472,247
Paid for bank loans, facilities and murabaha		(10,301,788)	(11,394,305)
Dividend payments		(14,253,932)	(12,752,903)
Finance charges paid		(2,135,710)	(2,177,887)
Net cash used in financing activities		(17,071,111)	(15,852,848)
Net (decrease)/increase in cash and cash equivalents		(4,945,143)	2,185,645
cash and cash equivalents at beginning of the period		15,948,137	15,748,696
Cash and cash equivalents at the end of the period	9	11,002,994	17,934,341

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

**Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)**

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Kuwait Cement Company K.P.S.C. "the Parent Company" is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company's shares were listed on Kuwait Stock Exchange on 29 September 1984.

The Parent Company's objectives are as follows:

1. Establishing a project for the production of ordinary cement, sulphate resisting portland cement and portland cement for industrial purposes and all kinds of cement at large.
2. Construction of factories and laboratories needed for achieving company's objectives.
3. Dealing in all types of products, materials, tools and machinery relating to the company's activity and transferring them locally or abroad.
4. Participating or having interest in any aspect in other companies conducting similar activities or which may assist the company in achieving its objectives in Kuwait or abroad. The company may as well acquire such companies or affiliate them. The company may also participate in incorporation of real estate companies.
5. Utilize the financial surpluses of the Company by investing and developing them locally and globally in financial and real estate portfolios and invest the Company's funds by participating in incorporation of companies of all types and with different purposes and in investment funds, inside Kuwait or abroad, to be managed by specialized companies and entities.

The Parent Company is located in Kuwait and the address of its head office is Al - Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

The condensed consolidated interim financial information includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group").

Name of the company :	Legal entity	Principal activity	Country of incorporation	% of ownership		
				30 September 2016	31 December 2015	30 September 2015
Shuwaikh Cement Company	K.S.C.C.	Industrial	Kuwait	99.250	99.250	99.250
Amwaj Real Estate Company	K.S.C.C.	Real Estate	Kuwait	96.000	96.000	96.000
Kuwait Cement Ready-mix Company	K.S.C.C.	Industrial	Kuwait	99.844	99.844	99.844

The financial information prepared by the subsidiary's management was used to prepare condensed consolidated interim financial information for the nine month period ended 30 September 2016. The total assets of subsidiaries amounted to KD 30,090,093 as at 30 September 2016 (31 December 2015: KD 27,470,471 and 30 September 2015: 27,705,820) and net profits amounted to KD 1,147,899 for the nine month period ended 30 September 2016 (30 September 2015: KD 1,132,542). The Companies' Law was issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the official gazette on 1 February 2016, and cancelled Decree Companies Law No. 25 of 2012 as amended. This Law shall be applicable as of 26 November 2012. The executive regulations of this law has been issued and published in the Official Gazette on 17 July 2016.

The consolidated financial statements of the company for the year ended 31 December 2015 were authorized for issue by the shareholders general assembly on 2 May 2016.

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of director's on 9 November 2016.

Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

2. Significant accounting policies

2.1 Basis of preparation

The condensed consolidated interim financial information is prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the nine month period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the financial year ended 31 December 2015 except for the adoption of certain number of new and amended IFRS that have become effective and applicable to the Group.

a) New standards, interpretations and amendments effective from 1 January 2016

Certain new and amended standards have been effective for the current period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 – Equity method in separate financial statements
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations
- IFRS 14 – Regulatory Deferral Accounts
- Annual Improvements to IFRSs 2012–2014 Cycle

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 Financial Instruments

The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and recognition of financial instruments from IAS 39.

Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

b) Standards and interpretations issued but not effective (continued)

IFRS 9 Financial Instruments (continued)

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 – Revenue from contract with customers

The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the following existing standard and interpretation upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue – Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2.2 Fair value estimation

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

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

Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Fair value estimation (Continued)

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

Financial assets	Fair value as of				Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
	30 September 2016	31 December 2015 (audited)	30 September 2015	Fair value level			
<i>Available for sale investments:</i>							
<i>Quoted shares</i>	42,158,706	45,437,748	49,003,134	First	Last bid price Net asset value	N/A	N/A
<i>Foreign Funds Investments at fair value through statement of income:</i>							
	730,068	918,875	1,159,157	Second		N/A	N/A
					Based on the latest available financial statements or on the basis of the last transaction		
<i>Local shares</i>	1,102,492	1,150,770	1,150,790	Third	Net asset value	N/A	N/A
<i>Local Funds</i>	303,769	313,044	316,781	Second	Net asset value	N/A	N/A
<i>Foreign investments</i>	7,883,850	6,530,367	6,364,361	Second	Net asset value	N/A	N/A

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. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize 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.

Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

3. Property, plant and equipment

	30 September 2016	31 December 2015 (audited)	30 September 2015
Net carrying value at beginning of period/year	164,491,549	161,395,528	161,395,528
Additions	3,696,598	6,879,697	5,137,836
Disposals	(62,624)	(47,305)	(23,011)
Foreign currency translation differences	(10,788)	30,151	24,618
Depreciation for the period / year	(5,457,354)	(3,766,522)	(2,679,958)
Net carrying value at end of period/year	<u>162,657,381</u>	<u>164,491,549</u>	<u>163,855,013</u>

During the period, the new furnace to produce clinker was completed and the final acceptance was done. Therefore, the Parent Company's management has transferred the full value of the project cost from projects in progress to property, plant and equipment and started accounting for depreciation in accordance with the useful lives estimated for each item separately. This has resulted in charging depreciation of KD 2,574,805 during the period.

All property, plant and equipment located on land leased from the state owned under lease for a term of five years ending in 2019.

4. Investments in an associates

Name of the associate	Country of incorporation	Voting capital and ownership interest %	Carrying amount		
			30 September 2016	31 December 2015 (audited)	30 September 2015
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.P.S.C.	Kuwait	33.39	15,591,809	15,516,911	15,321,745
			<u>15,591,809</u>	<u>15,516,911</u>	<u>15,321,745</u>

Movement on investment in associates was as follows:

	30 September 2016	31 December 2015 (audited)	30 September 2015
Balance at beginning of the period/year	15,516,911	15,594,249	15,594,249
Group's share of associates results	378,890	137,055	(6,373)
Group's share in associates' reserves	77,787	167,384	115,647
Cash dividends received	(381,779)	(381,777)	(381,778)
Balance at end of the period/year	<u>15,591,809</u>	<u>15,516,911</u>	<u>15,321,745</u>

The Group's share in results of associate companies are recognized based on the interim condensed consolidated financial information (unaudited) for the period ended 30 June 2016.

5. Available for sale investments

	30 September 2016	31 December 2015 (audited)	30 September 2015
Quoted shares	42,158,706	45,437,748	49,003,134
Unquoted equities	3,658,486	3,338,361	3,246,172
Foreign Funds	730,068	918,875	1,159,157
	<u>46,547,260</u>	<u>49,694,984</u>	<u>53,408,463</u>

Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

5. Available for sale investments (Continued)

The fair value of available for sale investments was determined based on valuation levels mentioned in note (2.2).

The quoted investments included, investments amounted to KD 15,468,899 as at 30 September 2016 in the shares of National Industries Company K.P.S.C. one of the major shareholders in the Company (31 December 2015: KD 16,055,136 and 30 September 2015: KD 19,213,524).

Unquoted investments were stated at cost less impairment, if any, since their fair values could not be reliably determined and there have not been active markets for such investments. The available information for these investments did not indicate the existence of any impairment in value.

Available for sale investments include investments amounting to KD 415,172 as at 30 September 2016 (31 December 2015: KD 605,278, and 30 September 2015: KD 1,159,157) valued based on recent available valuation reports from investment managers during the period as no reports were available for these investments as at the date of financial information.

6. Inventories

	30 September 2016	31 December 2015 (audited)	30 September 2015
Raw materials	16,889,617	14,326,495	16,632,628
Finished goods	835,792	663,665	514,524
	<u>17,725,409</u>	<u>14,990,160</u>	<u>17,147,152</u>

7. Receivables and other debit balances

	30 September 2016	31 December 2015 (audited)	30 September 2015
Amounts under collection at banks	572,137	762,489	665,514
Receivables against unconditional bank guarantees	3,939,487	3,147,107	3,357,499
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	7,372,057	6,875,853	4,834,196
Related parties (note 19)	1,535,607	1,378,136	1,602,791
Other trade receivables	14,661,356	10,811,193	11,061,707
Total trade receivables	28,080,644	22,974,778	21,521,707
Other receivables	1,371,831	1,463,030	1,485,198
	29,452,475	24,437,808	23,006,905
Provision for doubtful debts	(3,039,508)	(2,810,307)	(2,719,623)
	26,412,967	21,627,501	20,287,282
Prepaid expenses	421,280	281,819	580,391
Notes receivables	1,972,932	1,358,205	2,275,162
	<u>28,807,179</u>	<u>23,267,525</u>	<u>23,142,835</u>

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(All amounts are in Kuwaiti Dinars)

8. Investments at fair value through statement of income

	30 September 2016	31 December 2015 (audited)	30 September 2015
Local investments	1,406,261	1,463,814	1,467,571
Foreign investments	7,883,850	6,530,367	6,364,361
	<u>9,290,111</u>	<u>7,994,181</u>	<u>7,831,932</u>

Quoted investments were valued according to valuation bases set out in note (2.2). Foreign investment was evaluated based on the latest available reports from the investment managers during the period.

9. Cash and cash equivalents

	30 September 2016	31 December 2015 (audited)	30 September 2015
Cash on hand and at bank	6,368,870	9,427,601	7,542,307
Cash at investment portfolios	3,236,638	5,078,189	4,953,472
Bank deposits	1,930,424	1,971,306	5,438,562
	<u>11,535,932</u>	<u>16,477,096</u>	<u>17,934,341</u>
Less: deposits for more than three months	<u>(532,938)</u>	<u>(528,959)</u>	-
Cash and cash equivalents	<u>11,002,994</u>	<u>15,948,137</u>	<u>17,934,341</u>

The average effective annual interest rate on term deposits was 0.500% as at 30 September 2016 (31 December 2015: 0.500% and 30 September 2015: 0.625%).

10. Share capital

The Company's authorized, issued, and paid capital is KD 73,330,387 divided into 733,303,870 shares as at 30 September 2016 and 31 December 2015 and 30 September 2015, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	30 September 2016	31 December 2015 (audited)	30 September 2015
Number of shares (Nos)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.75
Market value (KD)	7,373,266	7,979,288	7,171,259

The Parent Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

Notes to the interim condensed consolidated financial information
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(All amounts are in Kuwaiti Dinars)

12. Loans, bank facilities and murabaha

	30 September 2016	31 December 2015 (audited)	30 September 2015
Non-current portion			
Loans and borrowings	18,117,000	27,505,386	32,012,489
Murabaha	40,815,032	33,072,235	34,033,442
	<u>58,932,032</u>	<u>60,577,621</u>	<u>66,045,931</u>
Current portion			
Loans and borrowings	8,810,000	10,658,000	13,485,364
Murabaha	14,605,484	11,896,814	9,327,813
	<u>23,415,484</u>	<u>22,554,814</u>	<u>22,813,177</u>
Total loans, bank facilities and murabaha	<u>82,347,516</u>	<u>83,132,435</u>	<u>88,859,108</u>

The effective annual interest rate on loans, bank facilities and murabaha was 3.250% as at 30 September 2016 (31 December 2015: 3.125% and 30 September 2015: 3.125%).

Certain loans are secured by the whole official location and extensions of the Parent Company's factory with book value of which amounting to KD 14,192,836 as of 30 September 2016 (31 December 2015: KD 15,219,446 and 30 September 2015: KD 15,561,649).

One of the main borrowings, bank facilities and murabaha covenants is that the Group will not distribute dividends if the ratio of current assets to current liabilities decreases less than (1.5:1) and not to pledge movable and non-movable funds to others before obtaining written approval from the bank. The loans and murabaha covenants also state that the ratio of net debts to operating profit not be more than (1:8) and the ratio of operating profit to interests not be less than (1:2) and the ratio of net debts to equity increases not be more than (1:0.8) and the ratio of liabilities to equity not be more than (1:1.3).

13. Payables and other credit balances

	30 September 2016	31 December 2015 (audited)	30 September 2015
Suppliers	16,679,961	13,797,229	13,656,273
Retentions	1,614,325	2,027,364	2,027,364
Accrued interest and expenses	2,593,560	2,562,812	2,336,178
Notes payables	657,184	676,375	1,067,309
Clients - advance payments	1,023,297	1,026,258	1,246,249
payable cash dividends	697,780	689,649	698,176
Kuwait Foundation for Advancement of Sciences	349,288	192,981	163,256
National Labour Support Tax (NLST)	333,095	440,724	359,145
Zakat	100,272	116,591	106,407
Other	236,028	182,091	160,055
	<u>24,284,790</u>	<u>21,712,074</u>	<u>21,820,412</u>

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For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

14. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Raw material	13,619,145	11,158,232	45,332,511	41,581,954
Change in finished goods	(348,074)	(107,852)	(245,351)	(63,564)
Salaries and benefits	974,731	795,116	2,915,073	2,256,737
Maintenance and spare parts	920,804	971,693	3,169,264	3,147,570
Depreciation & amortization	414,877	670,996	1,178,843	1,551,337
Other	377,567	286,717	1,293,055	868,866
	<u>15,959,050</u>	<u>13,774,902</u>	<u>53,643,395</u>	<u>49,342,900</u>

15. Other operating income/(expenses)

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Net income from investment properties	29,647	26,848	77,868	86,448
Net (losses)/ from exchange differences	(10,964)	(17,465)	118,543	(801,605)
Other income	11,731	62,448	54,680	129,700
	<u>30,414</u>	<u>71,831</u>	<u>251,091</u>	<u>(585,457)</u>

16. Net profits/(losses) from investments

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Investments at fair value through statement of income:				
Unrealized profits/ (losses)	224,378	(389,142)	218,595	70,345
Cash dividends	3,954	25,845	15,445	37,335
	<u>228,332</u>	<u>(363,297)</u>	<u>234,040</u>	<u>107,680</u>
Available for sale investments:				
Impairment	-	-	-	(21,069)
Unrealized profits/ (losses)	12,176	-	(313,813)	-
Cash dividends	65,498	26,338	2,586,858	2,986,987
Portfolio management fees	(26,004)	(20,654)	(77,870)	(82,415)
	<u>51,670</u>	<u>5,684</u>	<u>2,195,175</u>	<u>2,883,503</u>
	<u>280,002</u>	<u>(357,613)</u>	<u>2,429,215</u>	<u>2,991,183</u>

17. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding for issued capital during the period taking into account treasury shares. The calculation of earnings per share is as follows:

**Notes to the interim condensed consolidated financial information
For the nine month period ended 30 September 2016 (Unaudited)**

(All amounts are in Kuwaiti Dinars)

17. Earnings per share (Continued)

	Three months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Net profit for the Period	3,044,423	2,548,131	15,206,775	16,300,884
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141	713,103,141	713,103,141
Earnings per share - Fils	4.26	3.57	21.32	22.86

18. Dividends

On 2 May 2016, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2015, and approved cash dividends of 20 fils per share of the paid share capital after deducting treasury shares for 2015 (2014: 18 fils).

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the period ended 30 September 2016. Balances and transactions between the Company and its subsidiaries, which are related parties of the Parent Company, have been eliminated on consolidation and are not disclosed in this note.

Following is a summary of significant related party transactions and outstanding balances:

	30 September	31 December	30 September
	2016	2015 (audited)	2015
Condensed Consolidated interim statement of financial position			
Receivables and other debit balances (Note 7)	1,535,607	1,378,136	1,602,791
Provision for employees' end of service indemnity	482,191	475,347	475,069
	For the three months ended 30 September	For the nine months ended 30 September	
	2016	2015	2016
			2015
Interim condensed consolidated statement of income			
Sales	662,039	813,308	2,596,075
Key management benefits			
Executive committees fees	30,000	30,000	90,000
Salaries and other benefits	170,460	172,313	511,650

The transactions with related parties are subject to approval of the shareholders at the general assembly.

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For the nine month period ended 30 September 2016 (Unaudited)

(All amounts are in Kuwaiti Dinars)

20. Contingent liabilities and capital commitments

	30 September 2016	31 December 2015 (audited)	30 September 2015
Contingent liabilities			
Letters of guarantee	416,133	416,133	440,681
Capital commitments			
Letters of Credit	252,421	160,529	149,837
Uncalled subscription relating to investments in funds	321,972	321,972	-
Contracts for importing raw materials	8,784,756	16,175,612	321,972
Projects in Progress	138,730	1,498,448	11,771,531

There is a dispute between the company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while company's management has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the prior period, a ruling was issued for the release of all the Parent Company's financial obligations towards the supplier. The dispute with the supplier has not been resolved yet and the Parent Company's management believes that the provisions provided are sufficient against all the obligations that might result from this dispute.

21. Segment financial information

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

The primary segments information as follows:

Operating Segments

The Group has determined the following two major business segments for internal reporting purposes:

- Manufacturing sector which includes production and sale cement & ready – mix cement.
- Investments sector.

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

	2016			2015		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	72,435,443	2,885,973	75,321,416	69,663,394	3,071,258	72,734,652
Total segments profit	15,156,563	2,885,973	18,042,536	15,949,065	3,071,258	19,020,323
Segments assets	217,615,755	75,490,490	293,106,245	217,402,845	82,364,296	299,767,141
Adjustments:						
Gross segments profit			18,042,536			19,020,323
Finance charges			(2,174,085)			(2,026,294)
Interest income			16,995			30,727
Net segments profit before deductions			15,885,446			17,024,756