



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)
And the review report for the six months ended 30 June 2017



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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 June 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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

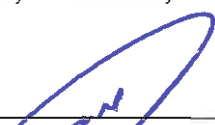
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 six month period ended 30 June 2017, of the Commercial Companies' Law No. 1 of 2016 and its executive regulations, or the Parent Company's memorandum of incorporation and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.


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License No. 172 "A"
BDO Al Nisf & Partners


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

Kuwait: 9 August 2017




Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2017

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2017	31 December 2016 (Audited)	30 June 2016
Assets				
Non-current assets				
Property, plant and equipment	3	160,114,920	161,937,752	163,787,616
Intangible assets		114,871	132,915	121,736
Investment Properties		806,663	818,668	830,675
Investments in associates	4	15,967,158	15,709,730	15,495,721
Available for sale investments	5	45,836,043	50,408,038	46,514,783
		<u>222,839,655</u>	<u>229,007,103</u>	<u>226,750,531</u>
Current assets				
Inventories	6	20,298,940	16,367,871	16,931,879
Receivables and other debit balances	7	36,321,329	33,902,954	25,364,541
Investments at fair value through statement of income	8	8,403,184	8,154,235	7,988,399
Cash and cash equivalents	9	12,810,312	12,956,415	12,411,451
		<u>77,833,765</u>	<u>71,381,475</u>	<u>62,696,270</u>
Total assets		<u>300,673,420</u>	<u>300,388,578</u>	<u>289,446,801</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)
Profits on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		45,193,637	45,193,637	43,144,613
Voluntary reserve		40,231,148	40,231,148	38,182,124
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(32,400,813)	(29,287,828)	(31,876,633)
Group's share in associates' reserves		(315,512)	(410,163)	(450,041)
Group's share in foreign currency translation reserve		116,137	117,162	94,370
Retained earnings		24,861,161	29,141,885	25,916,172
Equity attributable to equity holders of the Parent Company		<u>183,570,030</u>	<u>190,870,113</u>	<u>180,894,877</u>
Non-controlling interests		137,975	136,184	-
Total equity		<u>183,708,005</u>	<u>191,006,297</u>	<u>180,894,877</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	63,230,786	60,115,957	58,109,813
Provision for employees end of services benefits		2,742,211	2,591,433	2,507,833
		<u>65,972,997</u>	<u>62,707,390</u>	<u>60,617,646</u>
Current liabilities				
Loans, bank facilities and murabaha	12	23,006,480	22,181,196	24,612,149
Payables and other credit balances	13	27,985,938	24,493,695	23,322,129
		<u>50,992,418</u>	<u>46,674,891</u>	<u>47,934,278</u>
Total liabilities		<u>116,965,415</u>	<u>109,382,281</u>	<u>108,551,924</u>
Total equity and liabilities		<u>300,673,420</u>	<u>300,388,578</u>	<u>289,446,801</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 (Unaudited)
For the six month period ended 30 June 2017

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2017	2016	2017	2016
Sales		22,857,513	25,304,788	49,265,393	51,672,491
Cost of sales	14	(17,894,275)	(18,068,348)	(38,773,266)	(37,684,345)
Gross profit		4,963,238	7,236,440	10,492,127	13,988,146
Other operating income	15	109,262	98,087	472,182	220,677
Selling, general and administrative expenses		(1,032,364)	(1,227,404)	(2,463,850)	(2,340,266)
Operating profit		4,040,136	6,107,123	8,500,459	11,868,557
Provision for doubtful debts		(47,093)	(47,093)	(94,186)	(179,030)
Finance charges		(877,390)	(817,648)	(1,613,839)	(1,459,409)
Interest income		15,740	8,811	22,888	10,603
Net gains on investments	16	1,303,254	1,891,991	3,532,597	2,149,213
Group's share of associates results	4	178,678	89,429	162,777	284,274
Net profit before deductions		4,613,325	7,232,613	10,510,696	12,674,208
Contribution to Kuwait Foundation for the Advancement of Sciences		(41,177)	(66,236)	(92,444)	(113,160)
National Labour Support Tax (NLST)		(102,361)	(133,225)	(240,951)	(256,657)
Zakat		(40,944)	(37,394)	(96,380)	(72,039)
Board of directors' remuneration		(47,500)	(35,000)	(95,000)	(70,000)
Net profit for the period		4,381,343	6,960,758	9,985,921	12,162,352
Attributable to:					
Shareholders of the Parent Company		4,379,916	6,960,758	9,981,339	12,162,352
Non-controlling interests		1,427	-	4,582	-
Net profit for the period		4,381,343	6,960,758	9,985,921	12,162,352
Basic and diluted earnings per share (fils)	17	6.14	9.76	14.00	17.06

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



Note	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Net profit for the Period	4,381,343	6,960,758	9,985,921	12,162,352
Other comprehensive (loss)/income items:				
<i>Items that may be reclassified subsequently in the interim condensed consolidated statement of income:</i>				
<i>Available for sale investments:</i>				
Net unrealized losses from available for sale investments	(3,355,876)	(3,191,065)	(1,360,393)	(3,505,808)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments	(479,590)	58,275	(1,754,421)	323,188
	(3,835,466)	(3,132,790)	(3,114,814)	(3,182,620)
<i>Investments in associates:</i>				
Group's share in associates' reserves	44,423	33,255	94,651	75,319
<i>Differences of translation of financial statement with foreign currency:</i>				
Group's share in foreign currency translation reserve	(273)	(186)	(1,025)	(26,481)
Total other comprehensive loss items for the period	(3,791,316)	(3,099,721)	(3,021,188)	(3,133,782)
Total comprehensive income for the period	590,027	3,861,037	6,964,733	9,028,570
Attributable to:				
Shareholders of the Parent Company	592,099	3,861,037	6,961,980	9,028,570
Non-controlling interests	(2,072)	-	2,753	-
Total comprehensive income for the period	590,027	3,861,037	6,964,733	9,028,570

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

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



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

**Interim consolidated statement of changes in equity (Unaudited)
for the six month period ended 30 June 2017**

(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 foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
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	-	186,128,370
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	12,162,352	12,162,352	-	12,162,352
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(3,182,620)	75,319	(26,481)	-	(3,133,782)	-	(3,133,782)
Cash dividends (note 18)	-	-	-	-	-	-	-	(31,876,633)	(450,041)	94,370	(14,262,063)	(14,262,063)	-	(14,262,063)
Balance at 30 June 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(31,876,633)	(450,041)	94,370	25,916,172	180,894,877	-	180,894,877
Balance at 1 January 2017	73,330,387	26,675,810	(13,497,645)	445,592	45,193,637	40,231,148	18,930,128	(29,287,828)	(410,163)	117,162	29,141,885	190,870,113	136,184	191,006,297
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	9,981,339	9,981,339	4,582	9,985,921
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(3,112,985)	94,651	(1,025)	-	(3,019,359)	(1,829)	(3,021,188)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(14,262,063)	(14,262,063)	-	(14,262,063)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(962)	(962)
Balance at 30 June 2017	73,330,387	26,675,810	(13,497,645)	445,592	45,193,637	40,231,148	18,930,128	(32,400,813)	(315,512)	116,137	24,861,161	183,570,030	137,975	183,708,005

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



Interim condensed consolidated statement of cash flows (Unaudited)
for the six month period ended 30 June 2017

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2017	2016
Cash flows generated from operating activities			
Net profit for the Period		9,985,921	12,162,352
Adjustments:			
Depreciation and amortization		4,337,508	3,558,870
Net gains on investments	16	(3,588,776)	(2,201,079)
Finance charges		1,613,839	1,459,409
Interest income		(22,888)	(10,603)
Provision for doubtful debts		94,186	179,030
Group's share of associates results	4	(162,777)	(284,274)
Provision for employees end of services benefits		150,778	102,459
Net operating profit before working capital changes		12,407,791	14,966,164
Inventories		(3,931,069)	(1,941,719)
Receivables and other debit balances		(2,512,561)	(2,276,046)
Investments at fair value through statement of income		425,755	-
Payables and other credit balances		3,295,427	1,440,839
Net cash generated from operating activities		9,685,343	12,189,238
Cash Flows from Investing Activities			
Paid for the acquisition of property, plant and equipment	3	(2,553,489)	(2,908,295)
Proceeds from disposal of property, plant and equipment	3	68,862	62,626
Paid for purchase of intangible assets		-	(27,159)
Paid for purchase of available sale investments		(852,684)	(740,245)
Proceeds from sale of available for sale investments		4,247,381	411,837
Deposits with financial institutions		-	(3,979)
Dividend received		976,556	2,913,634
Interest income received		22,888	10,603
Net cash generated from/(used in) investing activities		1,909,514	(280,978)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		12,257,568	9,499,004
Paid for bank loans, facilities and murabaha		(8,339,924)	(9,806,026)
Dividend payments		(14,066,457)	(14,211,453)
Finance charges paid		(1,591,185)	(1,459,409)
Net change in non-controlling interests		(962)	-
Net cash used in financing activities		(11,740,960)	(15,977,884)
Net decrease in cash and cash equivalents		(146,103)	(4,069,624)
Cash and cash equivalents at beginning of the period		12,956,415	15,948,137
Cash and cash equivalents at the end of the period	9	12,810,312	11,878,513

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



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. Utilizing the financial surpluses of the Company by investing and developing them locally and globally in financial and real estate portfolios and investing the Company's funds by participating in incorporation of companies of all types and with different purposes and in investment funds, inside the State of Kuwait or abroad, to be managed by specialized companies and entities.

The Parent Company's headquarters is located at 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 June 2017	31 December 2016 (Audited)	30 June 2016
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 six month period ended 30 June 2017. The subsidiaries' total assets amounted to KD 36,095,436 as at 30 June 2017 (31 December 2016: KD 34,849,059 and 30 June 2016: KD 29,847,556), and their net profits amounted to KD 1,103,543 for the six month period ended 30 June 2017 (the six month period ended 30 June 2016: KD 1,073,971).

The consolidated financial statements for the year ended 31 December 2016 were approved by the shareholders general assembly on 26 April 2017.

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors on 9 August 2017.



2. Significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated 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 (IFRSs).

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 six month period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2016.

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 2016 except for the adoption of certain number of new and amended IFRSs that have become effective and applicable to the Group.

a) New standards, interpretations and amendments effective from 1 January 2017

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 7 Statement of cash flows: Disclosure initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that the Group needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The amendments require entities to apply them retrospectively. However on initial application thereof, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity as appropriate) without allocating the change between opening retained earnings and other components of equity.

It is required that in case such relief is applied, this fact must be disclosed.



Annual improvements 2014-2016 Cycle

Amendments to IFRS 12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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.

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			Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
	30 June 2017	31 December 2016 (audited)	30 June 2016				
Available for sale investments:							
Quoted shares	40,854,386	46,366,700	42,236,410	First	Last bid price	None	None
Foreign Funds	601,527	711,048	896,831	Second	Net asset value	None	None
Investments at fair value through statement of income:							
Local shares					Based on the latest available financial statements or on the basis of the last transaction		
Local Funds	688,254	1,106,442	1,152,050	Third		None	None
	336,592	317,655	303,180	Second	Net asset value	None	None
Foreign investments	7,478,338	6,730,138	6,533,169	Second	Net asset value	None	None



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.

3. Property, plant and equipment

	<u>30 June 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 June 2016</u>
Net carrying value at beginning of the period/year	161,937,752	164,491,549	164,491,549
Additions	2,553,489	5,010,951	2,908,295
Disposals - net	(68,862)	(75,575)	(62,626)
Foreign currency translation differences	-	(998)	(11,327)
Depreciation of the period/year	<u>(4,307,459)</u>	<u>(7,488,175)</u>	<u>(3,538,275)</u>
Net carrying value at end of the period/year	<u>160,114,920</u>	<u>161,937,752</u>	<u>163,787,616</u>

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 associates

Name of the associate	Country of incorporation	Voting capital and ownership interest %	Carrying value		
			<u>30 June 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 June 2016</u>
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.P.S.C.	Kuwait	33.39	<u>15,967,158</u>	<u>15,709,730</u>	<u>15,495,721</u>
			<u>15,967,158</u>	<u>15,709,730</u>	<u>15,495,721</u>



Movement on investment in associates was as follows:

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Balance at beginning of the period/year	15,709,730	15,516,911	15,516,911
Group's share of associates results	162,777	459,400	284,274
Group's share in associates' reserves	94,651	115,197	75,319
Cash dividends received	-	(381,778)	(380,783)
Balance at end of the period/year	<u>15,967,158</u>	<u>15,709,730</u>	<u>15,495,721</u>

The Group's share in results of associate companies are recognized based on the condensed consolidated financial information (unaudited) for the period ended 31 March 2017.

5. Available for sale investments

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Quoted shares	40,854,386	46,366,700	42,236,410
Unquoted equities	4,380,130	3,330,290	3,381,542
Foreign Funds	601,527	711,048	896,831
	<u>45,836,043</u>	<u>50,408,038</u>	<u>46,514,783</u>

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

The quoted investments include investments at KD 15,333,207 as at 30 June 2017 in the shares of National Industries Group Holding K.P.S.C., which is one of the major shareholders in the Group (31 December 2016: KD 16,554,435, and 30 June 2016: KD 15,468,899).

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 at KD 1,445,376 as at 30 June 2017 (31 December 2016: KD 264,372, and 30 June 2016: KD 896,892) 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 June 2017	31 December 2016 (Audited)	30 June 2016
Raw materials	19,453,310	15,764,481	16,444,159
Finished goods	845,630	603,390	487,720
	<u>20,298,940</u>	<u>16,367,871</u>	<u>16,931,879</u>



7. Receivables and other debit balances

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Amounts under collection at banks	587,652	380,143	353,081
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	4,157,546	4,147,517	3,482,648
Related parties (note 19)	7,467,569	10,310,043	5,519,168
Other trade receivables	1,482,934	1,566,634	1,227,495
Total trade receivables	21,861,690	17,096,046	14,128,670
Other receivables	35,557,391	33,500,383	24,711,062
Provision for doubtful debts	1,751,623	1,454,123	1,372,600
Prepaid expenses	37,309,014	34,954,506	26,083,662
Notes receivables	(3,192,450)	(3,098,264)	(2,978,523)
	34,116,564	31,856,242	23,105,139
	643,764	314,098	489,360
	1,561,001	1,732,614	1,770,042
	<u>36,321,329</u>	<u>33,902,954</u>	<u>25,364,541</u>

8. Investments at fair value through statement of income

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Local investments	1,024,846	1,424,097	1,455,230
Foreign investments	7,378,338	6,730,138	6,533,169
	<u>8,403,184</u>	<u>8,154,235</u>	<u>7,988,399</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 June 2017	31 December 2016 (Audited)	30 June 2016
Cash on hand and at bank	3,945,841	7,725,495	6,320,188
Cash at investment portfolios	7,444,685	3,280,105	4,160,136
Bank deposits	1,419,786	1,950,815	1,931,127
Deposits for more than three months	12,810,312	12,956,415	12,411,451
Cash and cash equivalents	-	-	(532,938)
	<u>12,810,312</u>	<u>12,956,415</u>	<u>11,878,513</u>

The average effective annual interest rate on bank deposits was 0.750% as at 30 June 2017 (31 December 2016: 0.750% and 30 June 2016: 0.500%).



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 June 2017 and 31 December 2016 and 30 June 2016, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Number of shares (share)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.75
Market value (KD)	9,494,342	8,282,299	7,777,281

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.

12. Loans, bank facilities and Murabaha

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Non-current portion			
Loans	28,383,905	28,245,337	21,055,527
Murabaha	34,846,881	31,870,620	37,054,286
	<u>63,230,786</u>	<u>60,115,957</u>	<u>58,109,813</u>
Current portion			
Loans	11,638,000	9,038,000	12,048,000
Murabaha	11,368,480	13,143,196	12,564,149
	<u>23,006,480</u>	<u>22,181,196</u>	<u>24,612,149</u>
Total loans, bank facilities and murabaha	<u><u>86,237,266</u></u>	<u><u>82,297,153</u></u>	<u><u>82,721,962</u></u>

The effective annual interest rate on loans, bank facilities and murabaha was 3.500% as at 30 June 2017 (31 December 2016: 3.215% and 30 June 2016: 3.250%).

Certain loans are secured by the whole official location and extensions of the Company's factory with book value of KD 13,166,226 as at 30 June 2017 (31 December 2016: KD 13,850,632 and 30 June 2016: KD 14,535,039).

One of the main loans, 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 (1-1.5) 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 June 2017	31 December 2016 (Audited)	30 June 2016
Suppliers	21,641,054	17,197,934	16,043,550
Retentions	567,201	1,006,452	1,614,325
Accrued interest and expenses	1,915,278	2,778,274	2,092,261
Notes payables	1,543,938	974,327	976,175
Clients - advance payments	802,620	1,013,489	986,166
Payable cash dividends	867,534	671,927	740,259
Contribution to Kuwait Foundation for the Advancement of Sciences	288,523	192,244	315,943
National Labour Support Tax (NLST)	240,951	451,911	256,655
Zakat	106,026	194,334	78,874
Other	12,813	12,803	217,921
	<u>27,985,938</u>	<u>24,493,695</u>	<u>23,322,129</u>

14. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Raw material	14,764,682	15,135,085	32,654,017	31,713,366
Change in finished goods	(155,585)	98,248	(242,240)	102,723
Salaries and benefits	1,173,040	1,017,653	2,360,773	1,940,342
Maintenance and spare parts	1,109,378	926,969	1,953,036	2,248,460
Depreciation & amortization	612,195	410,276	1,214,767	763,966
Other	390,565	480,117	832,913	915,488
	<u>17,894,275</u>	<u>18,068,348</u>	<u>38,773,266</u>	<u>37,684,345</u>

15. Other operating income

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Net income from investment properties	26,974	22,657	53,129	48,221
Net profits from exchange differences	58,947	75,733	26,015	129,507
Other revenues / (expenses)	23,341	(303)	393,038	42,949
	<u>109,262</u>	<u>98,087</u>	<u>472,182</u>	<u>220,677</u>

Other revenues item includes an amount of KD 355,000 representing the financial effects resulted from approval of the shareholders general assembly for the year end 31 December 2016 held on 26 April 2017.



16. Net gains on investments

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Investments at fair value through statement of income:				
Unrealised gains /(losses)	391,471	14,335	665,568	(5,783)
Cash dividends	15,709	68,157	15,709	68,157
Realized gains	9,136	-	9,136	-
	<u>416,316</u>	<u>82,492</u>	<u>690,413</u>	<u>62,374</u>
Available for sale investments:				
Impairment	(16,366)	-	(19,719)	-
Realized profits/(losses)	442,489	(57,309)	1,957,235	(325,989)
Cash dividends	489,827	1,893,175	960,847	2,464,694
Portfolio management fees	(29,012)	(26,367)	(56,179)	(51,866)
	<u>886,938</u>	<u>1,809,499</u>	<u>2,842,184</u>	<u>2,086,839</u>
	<u>1,303,254</u>	<u>1,891,991</u>	<u>3,532,597</u>	<u>2,149,213</u>

17. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period, attributable to shareholders of the Parent Company, by the weighted average number of ordinary shares outstanding for issued capital during the period taking into account treasury shares. The calculation of basic and diluted earnings per share is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Net profit for the period attributable to equity holders of the Parent Company	<u>4,379,916</u>	<u>6,960,758</u>	<u>9,981,339</u>	<u>12,162,352</u>
Weighted average number of outstanding shares during the period (shares)	<u>713,103,141</u>	<u>713,103,141</u>	<u>713,103,141</u>	<u>713,103,141</u>
Basic and diluted earning per share (fils)	<u>6.14</u>	<u>9.76</u>	<u>14.00</u>	<u>17.06</u>

18. Dividends

On 26 April 2017, the General Assembly of shareholders approved cash dividends of 20 fils per share of the paid share capital after deducting treasury shares for 2016 (2015: 20 fils). Further, it approved the amendment to sequence of the eighth item to be the seventh and its text will be as follows "approval of KD 190,000 as a board of directors' remuneration and KD 120,000 for their membership in board committees).



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 ordinary course of business, all related party significant transactions during the period ended 30 June 2017 are carried out at terms approved by the Group's management. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
Transactions				
Sales	736,876	864,231	1,475,457	1,934,036
Board of directors' remuneration	47,500	136,250	95,000	272,500
Committees' fees	30,000	30,000	60,000	60,000
Executive management salaries and benefits	151,400	150,122	308,165	300,214
		30 June 2017	31 December 2016 (Audited)	30 June 2016
Balances				
Receivables and other debit balances (Note 7)		1,482,934	1,566,634	1,227,495
Provision for employees end of services benefits		488,468	487,377	475,896

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

20. Contingent liabilities and capital commitments

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Contingent liabilities			
Letters of guarantee	424,383	424,383	416,133
Capital commitments			
Letters of Credit	2,116,010	176,807	14,715
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for supplying raw materials	11,383,486	17,053,668	7,697,889
Property, plant and equipment	739,293	86,912	107,210

There is a dispute between the Parent 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 previous period, a judgment 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 six month period ended 30 June is as follows:

	2017			2016		
	<u>Manufacturing sector</u>	<u>Investment sector</u>	<u>Total</u>	<u>Manufacturing sector</u>	<u>Investment sector</u>	<u>Total</u>
Segments revenues	<u>49,658,431</u>	<u>3,748,503</u>	<u>53,406,934</u>	<u>51,715,440</u>	<u>2,481,708</u>	<u>54,197,148</u>
Gross segments profit	<u>8,353,144</u>	<u>3,748,503</u>	<u>12,101,647</u>	<u>11,641,306</u>	<u>2,481,708</u>	<u>14,123,014</u>
Segments assets	<u>222,215,687</u>	<u>78,457,733</u>	<u>300,673,420</u>	<u>214,457,088</u>	<u>74,989,713</u>	<u>289,446,801</u>
Adjustments						
Gross segments profit			12,101,647			14,123,014
Finance charges			(1,613,839)			(1,459,409)
Interest income			<u>22,888</u>			<u>10,603</u>
Net segments profit before deductions			<u>10,510,696</u>			<u>12,674,208</u>