



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 on for the nine months ended 30 September 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 September 2017, 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

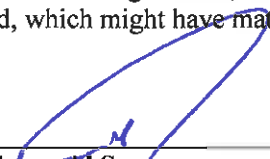
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons 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 has come to our attention indicating any contravention during the nine month period ended 30 September 2017, of the 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.


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

Kuwait: 8 November 2017


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



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

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2017	31 December 2016 (Audited)	30 September 2016
Assets				
Non-current assets				
Property, plant and equipment	3	159,291,577	161,937,752	162,657,381
Intangible assets		105,697	132,915	126,492
Investment Properties		800,659	818,668	824,672
Investments in associates	4	16,286,759	15,709,730	15,591,809
Available for sale investments	5	54,300,532	50,408,038	46,547,260
		<u>230,785,224</u>	<u>229,007,103</u>	<u>225,747,614</u>
Current assets				
Inventories	6	20,247,846	16,367,871	17,725,409
Receivables and other debit balances	7	30,878,810	33,902,954	28,807,179
Investments at fair value through statement of income	8	8,583,976	8,154,235	9,290,111
Cash and cash equivalents	9	19,250,675	12,956,415	11,535,932
		<u>78,961,307</u>	<u>71,381,475</u>	<u>67,358,631</u>
Total assets		<u><u>309,746,531</u></u>	<u><u>300,388,578</u></u>	<u><u>293,106,245</u></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		(24,155,390)	(29,287,828)	(31,902,352)
Group's share in associates' reserves		(293,997)	(410,163)	(447,573)
Group's share in foreign currency exchange reserve		91,765	117,162	94,413
Retained earnings		27,133,474	29,141,885	28,960,595
Equity attributable to equity holders of the Parent Company		<u>194,084,909</u>	<u>190,870,113</u>	<u>183,916,092</u>
Non-controlling interests		146,381	136,184	-
Total equity		<u><u>194,231,290</u></u>	<u><u>191,006,297</u></u>	<u><u>183,916,092</u></u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	61,436,747	60,115,957	58,932,032
Provision for employees end of services benefits		2,832,113	2,591,433	2,557,847
		<u>64,268,860</u>	<u>62,707,390</u>	<u>61,489,879</u>
Current liabilities				
Loans, bank facilities and murabaha	12	27,152,305	22,181,196	23,415,484
Payables and other credit balances	13	24,094,076	24,493,695	24,284,790
		<u>51,246,381</u>	<u>46,674,891</u>	<u>47,700,274</u>
Total liabilities		<u><u>115,515,241</u></u>	<u><u>109,382,281</u></u>	<u><u>109,190,153</u></u>
Total equity and liabilities		<u><u>309,746,531</u></u>	<u><u>300,388,578</u></u>	<u><u>293,106,245</u></u>

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

Rashed Abdulaziz Al-Rashed
Chairman



Interim condensed consolidated statement of income (Unaudited)
For the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017	2016	2017	2016
Sales		20,939,161	20,708,272	70,204,554	72,380,763
Cost of sales	14	(17,159,620)	(15,959,050)	(55,932,886)	(53,643,395)
Gross profit		3,779,541	4,749,222	14,271,668	18,737,368
Other operating income	15	90,511	30,414	562,693	251,091
Selling, general and administrative expenses		(1,050,879)	(1,231,720)	(3,514,729)	(3,571,986)
Operating profit		2,819,173	3,547,916	11,319,632	15,416,473
Provision for doubtful debts		(47,093)	(3,012)	(141,279)	(182,042)
Finance charges		(879,932)	(714,676)	(2,493,771)	(2,174,085)
Interest income		9,555	6,392	32,443	16,995
Net gain on investment	16	218,651	280,002	3,751,248	2,429,215
Group's share of business results from associates	4	298,086	94,616	460,863	378,890
Net profit before deductions		2,418,440	3,211,238	12,929,136	15,885,446
Contribution to Kuwait Foundation for the Advancement of Sciences		(20,834)	(33,923)	(113,278)	(147,083)
National Labour Support Tax		(55,378)	(76,438)	(296,329)	(333,095)
Zakat		(22,151)	(21,454)	(118,531)	(93,493)
Board of directors' remuneration		(47,500)	(35,000)	(142,500)	(105,000)
Net profit for the period		2,272,577	3,044,423	12,258,498	15,206,775
Attributable to:					
Shareholders of the Parent Company		2,272,313	3,044,423	12,253,652	15,206,775
Non-controlling interests		264	-	4,846	-
Net profit for the period		2,272,577	3,044,423	12,258,498	15,206,775
Basic and diluted earnings per share (fils)	17	3.18	4.26	17.18	21.32

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



(All amounts are in Kuwaiti Dinars)

Note	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net profit for the Period	2,272,577	3,044,423	12,258,498	15,206,775
Other comprehensive income/(loss) 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 profits/(losses) from available for sale investments	8,253,750	(27,892)	6,893,495	(3,533,700)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments	-	2,173	(1,754,559)	325,361
	8,253,750	(25,719)	5,138,936	(3,208,339)
<i>Investments in associates:</i>				
Group's share in associates' reserves	4 21,515	2,468	116,166	77,787
<i>Differences of translation of financial statement with foreign currency:</i>				
Group's share in foreign currency exchange reserve	(24,557)	43	(25,582)	(26,438)
Total other comprehensive income/(loss) items for the period	8,250,708	(23,208)	5,229,520	(3,156,990)
Total comprehensive income for the period	10,523,285	3,021,215	17,488,018	12,049,785
Attributable to:				
Shareholders of the Parent Company	10,514,879	3,021,215	17,476,859	12,049,785
Non-controlling interests	8,406	-	11,159	-
Total comprehensive income for the period	10,523,285	3,021,215	17,488,018	12,049,785

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



Interim condensed consolidated statement of changes in equity (Unaudited)
for the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinars)

	Equity attributable to equity holders of the Parent Company										Non-controlling interests	Total equity	
	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 exchange reserve			Retained earnings
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	-	-	-	-	-	-	-	-	-	-	15,206,775	15,206,775	15,206,775
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(3,208,339)	77,787	(26,438)	-	(3,156,990)	(3,156,990)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(14,262,063)	(14,262,063)	(14,262,063)
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	183,916,092
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	190,870,113
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	12,253,652	12,253,652	12,253,652
Total other comprehensive income/(loss) items for the period	-	-	-	-	-	-	-	5,132,438	116,166	(25,397)	-	5,223,207	5,223,207
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(14,262,063)	(14,262,063)	(14,262,063)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(962)	(962)
Balance at 30 September 2017	73,330,387	26,675,810	(13,497,645)	445,592	45,193,637	40,231,148	18,930,128	(24,155,390)	(293,997)	91,765	27,133,474	194,084,909	194,231,290

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



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

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2017	2016
Cash flows generated from operating activities			
Net profit for the Period		12,258,498	15,206,775
Adjustments:			
Depreciation and amortization		6,720,779	5,485,946
Provision for doubtful debts		141,279	182,042
Losses on sale of property, plant and equipment		33,344	-
Net gain on investments	16	(3,822,572)	(2,507,085)
Finance charges		2,493,771	2,174,085
Interest income		(32,443)	(16,995)
Group's share of associates results	4	(460,863)	(378,890)
Provision for employees end of services benefits		240,680	152,473
Net operating profit before working capital changes		17,572,473	20,298,351
Inventories		(3,879,975)	(2,735,249)
Receivables and other debit balances		2,882,865	(5,721,696)
Investments at fair value through statement of income		425,756	(1,077,335)
Payables and other credit balances		(703,456)	2,407,110
Net cash generated from operating activities		16,297,663	13,171,181
Cash flows from investing activities			
Paid for the acquisition of property, plant and equipment	3	(4,135,998)	(3,696,598)
Proceeds from sale of property, plant and equipment		65,865	62,624
Paid for purchase of intangible assets		-	(33,909)
Paid for purchase of available sale investments		(1,060,389)	(952,345)
Proceeds from sale of available for sale investments		4,247,381	577,917
Deposits with financial institutions		-	(3,979)
Dividend received		1,026,340	2,984,082
Interest income received		32,443	16,995
Net cash generated from/(used in) investing activities		175,642	(1,045,213)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		15,144,294	9,620,319
Paid for bank loans, facilities and murabaha		(8,829,924)	(10,301,788)
Dividend payments		(14,191,910)	(14,253,932)
Finance charges paid		(2,300,543)	(2,135,710)
Net change in non-controlling interests		(962)	-
Net cash used in financing activities		(10,179,045)	(17,071,111)
Net increase / (decrease) in cash and cash equivalents		6,294,260	(4,945,143)
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	19,250,675	11,002,994

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	Percentage of ownership (%)		
				30 September 2017	31 December 2016 (Audited)	30 September 2016
Shuwaikh Cement Company	K.S.C.C.	Industrial	Kuwait	99.250	99.250	99.250
Amwaj International 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 2017. The subsidiaries total assets amounted to KD 37,856,446 as at 30 September 2017 (31 December 2016: KD 34,849,059 and 30 September 2016: KD 30,090,093) and net profits amounted to KD 1,140,433 for the nine month period ended 30 September 2017 (30 September 2016: KD 1,147,899).

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 the Parent Company's board of directors on 8 November 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 nine month period ended 30 September 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.

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 does not have to change its accounting policies or make retrospective adjustments as a result of adoption of 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 – 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 the 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 September 2017	31 December 2016 (Audited)	30 September 2016				
Available for sale investments:							
Quoted shares	49,013,631	46,366,700	42,158,706	First	Last bid price	None	None
Foreign Funds	609,523	711,048	730,068	Second	Net asset value	None	None
Investments at fair value through statement of income:							
Local shares	688,161	1,106,442	1,102,492	Third	Based on the latest available financial statements or on the basis of the last transaction	None	None
Local Funds	364,587	317,655	303,769	Second	Net asset value	None	None
Foreign investments	7,531,228	6,730,138	7,883,850	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 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
Net carrying value at beginning of the period/year	161,937,752	164,491,549	164,491,549
Additions	4,135,998	5,010,951	3,696,598
Disposals - net	(99,209)	(75,575)	(62,624)
Foreign currency exchange differences	(7,412)	(998)	(10,788)
Depreciation for the period / year	<u>(6,675,552)</u>	<u>(7,488,175)</u>	<u>(5,457,354)</u>
Net carrying value at end of the period/year	<u>159,291,577</u>	<u>161,937,752</u>	<u>162,657,381</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 as at:		
			<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 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>16,286,759</u>	<u>15,709,730</u>	<u>15,591,809</u>
			<u>16,286,759</u>	<u>15,709,730</u>	<u>15,591,809</u>

Movement on investment in associates was as follows:

	<u>30 September 2017</u>	<u>31 December 2016 (Audited)</u>	<u>30 September 2016</u>
Balance at beginning of the period/year	15,709,730	15,516,911	15,516,911
Group's share of associates results	460,863	459,400	378,890
Group's share in associates' reserves	116,166	115,197	77,787
Cash dividends received	-	(381,778)	(381,779)
Balance at end of the period/year	<u>16,286,759</u>	<u>15,709,730</u>	<u>15,591,809</u>

The Group's share in results of associate companies is recognized based on the condensed consolidated financial information (unaudited) for the period ended 30 June 2017.



5. Available for sale investments

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Quoted shares	49,013,631	46,366,700	42,158,706
Unquoted equities	4,677,378	3,330,290	3,658,486
Foreign Funds	609,523	711,048	730,068
	<u>54,300,532</u>	<u>50,408,038</u>	<u>46,547,260</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 of KD 20,896,582 as at 30 September 2017 in 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 September 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 of KD 609,523 as at 30 September 2017 (31 December 2016: KD 264,372 and 30 September 2016: KD 415,172) 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 2017	31 December 2016 (Audited)	30 September 2016
Raw materials	19,377,722	15,764,481	16,889,617
Finished goods	870,124	603,390	835,792
	<u>20,247,846</u>	<u>16,367,871</u>	<u>17,725,409</u>

7. Receivables and other debit balances

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Amounts under collection at banks	603,329	380,143	572,137
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	4,293,149	4,147,517	3,939,487
Related parties (note 19)	4,168,834	10,310,043	7,372,057
Other trade receivables	756,824	1,566,634	1,535,607
Total trade receivables	<u>20,537,556</u>	<u>17,096,046</u>	<u>14,661,356</u>
Other receivables	30,359,692	33,500,383	28,080,644
Provision for doubtful debts	1,708,372	1,454,123	1,371,831
	<u>32,068,064</u>	<u>34,954,506</u>	<u>29,452,475</u>
	<u>(3,239,543)</u>	<u>(3,098,264)</u>	<u>(3,039,508)</u>
	<u>28,828,521</u>	<u>31,856,242</u>	<u>26,412,967</u>
Prepaid expenses	539,115	314,098	421,280
Notes receivables	1,511,174	1,732,614	1,972,932
	<u>30,878,810</u>	<u>33,902,954</u>	<u>28,807,179</u>



8. Investments at fair value through statement of income

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Local investments	1,052,748	1,424,097	1,406,261
Foreign investments	7,531,228	6,730,138	7,883,850
	<u>8,583,976</u>	<u>8,154,235</u>	<u>9,290,111</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 2017	31 December 2016 (Audited)	30 September 2016
Cash on hand and at bank	9,623,378	7,725,495	6,368,870
Cash at investment portfolios	7,345,658	3,280,105	3,236,638
Bank deposits	2,281,639	1,950,815	1,930,424
	<u>19,250,675</u>	<u>12,956,415</u>	<u>11,535,932</u>
Deposits for more than three months	-	-	(532,938)
Cash and cash equivalents	<u>19,250,675</u>	<u>12,956,415</u>	<u>11,002,994</u>

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

10. Share capital

The Company's authorized, issued, and fully paid share capital is KD 73,330,387 divided into 733,303,870 shares as at 30 September 2017, 31 December 2016 and 30 September 2016, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	30 September 2017	31 December 2016 (Audited)	30 September 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)	9,272,135	8,282,299	7,373,266

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 September 2017	31 December 2016 (Audited)	30 September 2016
Non-current portion			
Loans	28,383,905	28,245,337	18,117,000
Murabaha	33,052,842	31,870,620	40,815,032
	<u>61,436,747</u>	<u>60,115,957</u>	<u>58,932,032</u>
Current portion			
Loans	14,393,808	9,038,000	8,810,000
Murabaha	12,758,497	13,143,196	14,605,484
	<u>27,152,305</u>	<u>22,181,196</u>	<u>23,415,484</u>
Total loans, bank facilities and murabaha	<u>88,589,052</u>	<u>82,297,153</u>	<u>82,347,516</u>

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

Certain loans are secured by the whole official location and extensions of the Company's factory with book value of KD 12,824,022 as at 30 September 2017 (31 December 2016: KD 13,850,632 and 30 September 2016: KD 14,192,836).

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 September 2017	31 December 2016 (Audited)	30 September 2016
Suppliers	16,696,628	17,197,934	16,679,961
Retentions	567,201	1,006,452	1,614,325
Accrued interest and expenses	2,546,307	2,778,274	2,593,560
Notes payables	1,964,696	974,327	657,184
Clients - advance payments	829,507	1,013,489	1,023,297
payable cash dividends	742,080	671,927	697,780
Contribution to Kuwait Foundation for the Advancement of Sciences	309,466	192,244	349,288
National Labour Support Tax	296,329	451,911	333,095
Zakat	129,061	194,334	100,272
Other	12,801	12,803	236,028
	<u>24,094,076</u>	<u>24,493,695</u>	<u>24,284,790</u>



Notes to the interim condensed consolidated financial information (Unaudited)
for the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

14. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Raw material	13,861,793	13,619,145	46,515,810	45,332,511
Change in finished goods	(24,494)	(348,074)	(266,734)	(245,351)
Salaries and benefits	1,186,056	974,731	3,546,829	2,915,073
Maintenance and spare parts	1,144,418	920,804	3,097,454	3,169,264
Depreciation & amortization	642,871	414,877	1,857,638	1,178,843
Other	348,976	377,567	1,181,889	1,293,055
	<u>17,159,620</u>	<u>15,959,050</u>	<u>55,932,886</u>	<u>53,643,395</u>

15. Other operating income

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net income from investment properties	29,176	29,647	82,305	77,868
Net profit / (loss) from exchange differences	39,321	(10,964)	65,336	118,543
Other revenues	22,014	11,731	415,052	54,680
	<u>90,511</u>	<u>30,414</u>	<u>562,693</u>	<u>251,091</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 investment profits

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Investments at fair value through statement of income:				
Unrealised gains	180,793	224,378	846,361	218,595
Cash dividends	18,392	3,954	34,101	15,445
Realized gains	-	-	9,136	-
	<u>199,185</u>	<u>228,332</u>	<u>889,598</u>	<u>234,040</u>
Available for sale investments:				
Impairment	-	-	(19,719)	-
Realized profits/(losses)	3,219	12,176	1,960,454	(313,813)
Cash dividends	31,392	65,498	992,239	2,586,858
Portfolio management fees	(15,145)	(26,004)	(71,324)	(77,870)
	<u>19,466</u>	<u>51,670</u>	<u>2,861,650</u>	<u>2,195,175</u>
	<u>218,651</u>	<u>280,002</u>	<u>3,751,248</u>	<u>2,429,215</u>



Notes to the interim condensed consolidated financial information (Unaudited)
for the nine month period ended 30 September 2017

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net profit for the period attributable to shareholders of the Parent Company	2,272,313	3,044,423	12,253,652	15,206,775
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141	713,103,141	713,103,141
Basic and diluted earning per share (fils)	3.18	4.26	17.18	21.32

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 September 2017 were carried out with approval of 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:

	For the three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Transactions				
Sales	553,157	662,039	2,028,614	2,596,075
Board of Directors' remuneration	47,500	35,000	142,500	105,000
Committees' fees	30,000	30,000	90,000	90,000
Executive management services and benefits	154,140	150,154	462,305	450,368

	30 September	31 December	30 September
	2017	2016 (Audited)	2016
Balances			
Receivables and other debit balances (Note 7)	756,824	1,566,634	1,535,607
Provision for employees end of services benefits	489,023	487,377	482,191

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



20. Contingent liabilities and capital commitments

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Contingent liabilities			
Letters of guarantee	424,383	424,383	416,133
Capital commitments			
Letters of Credit	2,199,364	176,807	252,421
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	6,677,833	17,053,668	8,784,756
Projects under Progress	673,475	86,912	138,730

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 nine month period ended 30 September is as follows:

	2017			2016		
	Manufacturing sector	Investment sector	Total	Manufacturing sector	Investment sector	Total
Segments revenues	70,619,607	4,294,416	74,914,023	72,435,443	2,885,973	75,321,416
Gross segments profit	11,096,048	4,294,416	15,390,464	15,156,563	2,885,973	18,042,536
Segments assets	222,428,947	87,317,584	309,746,531	217,615,755	75,490,490	293,106,245
Adjustments						
Gross segments profit			15,390,464			18,042,536
Finance charges			(2,493,771)			(2,174,085)
Interest income			32,443			16,995
Net segments profit before deductions			<u>12,929,136</u>			<u>15,885,446</u>