شـــركـــة اســـمـــنـــت الـــكـــويـــت
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 2013

شـركـة اسـمـنـت الـكـويـت
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 2013

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KUWAIT CEMENT COMPANY

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Interim condensed consolidated financial information (unaudited)
and the review report for the six months ended 30 June 2013

Contents

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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 Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2013, 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 preparation and presentation of this interim condensed consolidated financial information is the responsibility of the Company's management in accordance with International Accounting Standard No.(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 interim condensed consolidated 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
Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. To the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Company's Articles of Association have occurred during the period ended 30 June 2013 that might have had a material effect on the business of the Group or on its consolidated financial position.

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

Bader Abdullah Al-Wazzan
Licence No. 62 "A"
Deloitte & Touche
Al Wazzan & Co.

Kuwait: 6 August 2013

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position
As at 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	30 June 2013	31 December 2012 (audited)	30 June 2012
Assets				
Non-current assets				
Property, plant and equipment	3	147,412,164	136,284,797	126,400,288
Intangible assets		876,024	871,487	885,958
Investment properties		914,267	937,827	973,168
Investments in associates	4	14,656,403	14,679,545	15,253,452
Available for sale investments	5	72,620,401	71,446,765	67,697,007
		236,479,259	224,220,421	211,209,873
Current assets				
Inventories	6	24,383,995	25,679,118	23,115,707
Debitors and other debit balances	7	17,754,351	15,035,629	14,158,585
Investments at fair value through profit or loss	8	9,986,055	9,662,680	9,089,044
Cash on hand and with financial institutions	9	19,087,106	11,606,936	9,064,789
		71,211,507	61,984,363	55,428,125
Total assets		307,690,766	286,204,784	266,637,998
Equity and liabilities				
Equity				
Share capital	10	68,866,798	63,765,554	63,765,554
Share premium	10	16,632,735	5,154,935	5,154,935
Treasury shares	11	(13,497,645)	(13,487,906)	(13,487,906)
Gain from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		37,512,173	37,512,173	35,962,809
Voluntary reserve		32,549,684	32,549,684	31,000,320
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(8,677,623)	(12,922,638)	(17,217,095)
Group's share in associates' reserves		(872,434)	(750,335)	(764,071)
Group's share in foreign currency translation reserve		(18,858)	-	-
Retained earnings		21,976,210	20,437,498	17,591,837
Total equity		173,846,760	151,634,685	141,382,103
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	12	100,634,507	105,294,172	78,067,641
Provision for employees' end of service indemnity		1,901,695	1,836,865	1,770,183
		102,536,202	107,131,037	79,837,824
Current liabilities				
Loans, bank facilities and Murabaha	12	16,119,024	7,004,522	21,526,381
Payable and other credit balances	13	15,188,780	20,434,540	23,891,690
		31,307,804	27,439,062	45,418,071
Total equity and liabilities		307,690,766	286,204,784	266,637,998

The accompanying notes on pages from 6 to 18 form an integral part of this interim condensed consolidated financial information.

Rashed Abdulaziz Al-Rashed
Chairman and Managing Director

Sulaiman Khalid Al-Ghunaim
Vice Chairman

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

شـركـة اسـمـنـت الـكـويـت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2013	Six months ended 30 June 2012
Sales		17,994,870	15,140,611	36,313,264	32,537,816
Cost of sales	14	(13,181,620)	(11,094,197)	(26,218,413)	(23,414,842)
Gross profit		4,813,250	4,046,414	10,094,851	9,122,974
Other operating income	15	360,871	353,368	579,765	574,453
Selling, general and administrative expenses		(815,866)	(772,604)	(1,664,387)	(1,568,050)
Operating profit		4,358,255	3,627,178	9,010,229	8,129,377
Financing charges		(4,345)	(113,210)	(108,619)	(151,520)
Interest income		12,035	47,612	26,180	69,672
Net gains from investments	16	1,431,233	286,775	1,903,599	665,844
Group's share of associates results	4	199,435	23,860	445,240	513,190
Net profit before deductions		5,996,613	3,872,215	11,276,629	9,226,563
Contribution to Kuwait Foundation for the Advancement of Sciences		(53,148)	(36,557)	(99,826)	(83,058)
National Labor Support tax		(121,385)	(70,034)	(238,791)	(183,746)
Zakat		(34,070)	(19,657)	(67,024)	(51,574)
Board of directors' remuneration		(35,000)	(35,000)	(70,000)	(70,000)
Net profit for the period		5,753,010	3,710,967	10,800,988	8,838,185
Earnings per share (fils)	17	8.83	5.91	16.77	13.98

The accompanying notes on pages from 6 to 18 form an integral part of this interim condensed consolidated financial information.

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

شـركـة اسـمـنـت الـكـويـت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of comprehensive income
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Three months ended 30 June		Six months ended 30 June	
	2013	**2012**	**2013**	**2012**
Net profit for the period	5,753,010	3,710,967	10,800,988	8,838,185
Other comprehensive income items				
Items that may be reclassified subsequently to the statement of income:				
Net unrealised profits/(losses) from available for sale investments	2,911,201	(5,141,095)	4,211,772	(6,683,678)
Transferred to statement of income from sale of available for sale investments	(352,502)	(14,316)	(352,502)	(14,316)
Impairment of available for sale investments	84,707	504,849	385,745	886,179
Group's share of associates' reserves	10,983	450	(122,099)	37,687
Foreign currency translation reserve	(18,858)	-	(18,858)	-
Total other comprehensive income items	2,635,531	(4,650,112)	4,104,058	(5,774,128)
Total comprehensive income/(loss) for the period	8,388,541	(939,145)	14,905,046	3,064,057

The accompanying notes on pages from 6 to 18 form an integral part of this interim condensed consolidated financial information.

Kuwait Cement Company K.P.S.C.
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شركة اسمنت الكويت
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Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gain from 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 equity
Balance at 1 January 2012	63,765,554	5,154,935	(13,487,906)	445,592	35,962,809	31,000,320	18,930,128	(11,405,280)	(801,758)	-	18,015,924	147,580,318
Net profit for the period	-	-	-	-	-	-	-	-	-	-	8,838,185	8,838,185
Other comprehensive income items												
Net unrealised losses from available for sale investments	-	-	-	-	-	-	-	(6,683,676)	-	-	-	(6,683,676)
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	-	-	(14,318)	-	-	-	(14,318)
Impairment of available for sale investments	-	-	-	-	-	-	-	886,179	-	-	-	886,179
Group's share of associates' reserves (note 4)	-	-	-	-	-	-	-	-	37,687	-	-	37,687
Total other comprehensive income items	-	-	-	-	-	-	-	(5,811,815)	37,687	-	-	(5,774,128)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(9,262,272)	(9,262,272)
Balance at 30 June 2012	63,765,554	5,154,935	(13,487,906)	445,592	35,962,809	31,000,320	18,930,128	(17,217,095)	(764,071)	-	17,591,837	141,382,103
Balance at 1 January 2013	63,765,554	5,154,935	(13,487,906)	445,592	37,512,173	32,549,684	18,930,128	(12,922,638)	(750,335)	-	20,437,498	151,634,685
Net profit for the period	-	-	-	-	-	-	-	-	-	-	10,800,988	10,800,988
Other comprehensive income items												
Net unrealised profits from available for sale investments	-	-	-	-	-	-	-	4,211,772	-	-	-	4,211,772
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	-	-	(352,502)	-	-	-	(352,502)
Impairment of available for sale investments	-	-	-	-	-	-	-	385,745	-	-	-	385,745
Group's share of associates' reserves (note 4)	-	-	-	-	-	-	-	-	(122,099)	-	-	(122,099)
Group's share in foreign currency translation reserve	-	-	-	-	-	-	-	-	-	(18,858)	-	(18,858)
Total other comprehensive income items	-	-	-	-	-	-	-	4,245,015	(122,099)	(18,858)	-	4,104,058
Purchase of treasury shares	-	-	(9,739)	-	-	-	-	-	-	-	-	(9,739)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(9,262,276)	(9,262,276)
Share capital increase (note 10)	5,101,244	11,477,800	-	-	-	-	-	-	-	-	-	16,579,044
Balance at 30 June 2013	68,866,798	16,632,735	(13,497,645)	445,592	37,512,173	32,549,684	18,930,128	(8,677,623)	(872,434)	(18,858)	21,976,210	173,846,760

The accompanying notes on pages from 6 to 18 form an integral part of this interim condensed consolidated financial information.

Kuwait Cement Company K.P.S.C.
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شركة اسمنت الكويت
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Interim condensed consolidated statement of cash flows
For the six months ended 30 June 2013
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
Cash flows from operating activities			
Net profit for the period		10,800,988	8,838,185
Adjustments:			
Depreciation and amortisation		1,157,000	998,126
Provision for doubtful debts	7	17,736	6,253
Net gain on investments	16	(1,979,710)	(749,766)
Financing charges		108,619	151,520
Interest income		(26,180)	(69,672)
Group's share of associates' results	4	(445,240)	(513,190)
Provision for employees' end of service indemnity		64,830	59,247
Net operating profit before working capital changes		9,698,043	8,720,703
Inventories		1,295,123	(4,910,551)
Debitors and other debit balances		(2,736,458)	(442,848)
Investments at fair value through profit or loss		98,843	(3,859)
Payable and other credit balances		(3,497,694)	4,129,639
Net cash generated from operating activities		4,857,857	7,493,084
Cash flows from investing activities			
Paid to purchase of property, plant and equipment		(11,967,511)	(12,615,141)
Paid to purchase of intangible assets		(30,140)	-
Paid to purchase of available for sale investments		(512,075)	(212,129)
Proceeds from sale of available for sale investments		3,784,340	297,201
Dividends received		1,702,889	1,312,114
Interest income received		26,180	69,672
Net cash used in investing activities		(6,996,317)	(11,148,283)
Cash flows from financing activity			
Dividend paid		(9,183,443)	(9,116,150)
Net movement on loans, bank facilities and Murabaha		4,454,837	7,821,997
Purchase of treasury shares		(9,739)	-
Finance charges paid		(2,222,069)	(2,197,007)
Capital increase	10	5,101,244	-
Share premium	10	11,477,800	-
Net cash generated from/(used in) financing activities		9,618,630	(3,491,160)
Net increase/(decrease) in cash and cash equivalents		7,480,170	(7,146,359)
Cash and cash equivalents at beginning of the period		11,226,936	16,211,148
Cash and cash equivalents at end of the period	9	18,707,106	9,064,789

The accompanying notes on pages from 6 to 18 form an integral part of this interim condensed consolidated financial information.

1. Incorporation and activities

Kuwait Cement Company K.P.S.C. "The Company" is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The Company's shares were listed on the Kuwait Stock Exchange on 29 June 1984. The main objectives of the Group are producing various kinds of cement products, trading in all cement products, materials and machines which are related to the operation. Moreover, manufacturing and selling prefabricated concrete and import of all raw materials of concrete manufacturing and the utilisation of the surplus available in the financial and real estate portfolios managed by specialised companies.

The 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 Company and its subsidiaries (together referred to as "the Group").

Company name	Legal entity	Activity	Country of incorporation	% of ownership
Shuwaikh Cement Company	K.S.C.C	Industrial	Kuwait	99.250
Amwaj Real Estate Company	K.S.C.C	Real Estate	Kuwait	96.000
Kuwait Cement Ready-mix Company	K.S.C.C	Industrial	Kuwait	99.844

The Company used the financial information prepared by the subsidiary's management to prepare this interim condensed consolidated financial information for the six month period ended 30 June 2013. The total assets of subsidiaries' amounted to KD 21,052,112, as at 30 June 2013 (31 December 2012: KD 17,458,697, 30 June 2012: KD 15,098,584) and total net profits amounted to KD 848,879, for the six months ended 30 June 2013 (30 June 2012: KD 108,808 for the six month period ended 30 June 2012).

On 26 November 2012, the Companies Law No. 25 of 2012 has been issued and published in the official gazette on 29 November 2012 to replace the Commercial Companies Law No. 15 of 1960. Subsequently on 28 March 2013, the Companies' Law has been amended by virtue of Law Decree No. 97 of 2013 ("Decree .("

In accordance with article No. (2) and (3) of the Decree, the executive regulations that will be issued by the Minister of Commerce and Industry will determine the basis and rules to be applied by the Company to adjust its status according to the Companies' Law, as amended.

The accompanying interim condensed consolidated financial information was authorised for issue by Company's board of director's on 6 August 2013.

2. Significant accounting policies

Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2012.

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 year ended 31 December 2012 except for the adoption of the amended IFRS that have become effective from 1 January 2013:

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Group does not have any assets with these characteristics so there has been no effect on the interim condensed consolidated financial information.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements
The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the interim condensed consolidated financial information.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. The Group will disclose additional disclosure in the annual consolidated financial statements of the Group.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The Group expects that certain amounts disclosed in the financial statements as a result of application of this standard shall be affected in addition to more extensive disclosures. The adoption of this standard has resulted in an additional disclosure in the interim condensed consolidated financial information (note 22). The Group will disclose additional disclosure in the annual consolidated financial statements of the Group.

IAS 1: Presentation of Financial Statements

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Group's financial position or performance. The application of the amendment did not result in an impact on the interim condensed consolidated statements of comprehensive income.

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the consolidated financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of consolidated financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed consolidated financial information do not include a third balance sheet.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment.

IAS 19 Employee Benefits (Revised 2011)
The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in define benefit obligations and plan assets. The amendments require recognition of changes in defined benefit obligations and fair value changes of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

In case of the Group, the transition to IAS 19R had no impact on the Group's consolidated financial position or performance.

3. Property, plant and equipment

	30 June 2013	31 December 2012 (audited)	30 June 2012
Net book value at beginning of period/year	136,284,797	110,895,225	110,895,225
Additions	12,211,656	27,362,703	16,464,730
Foreign currency translation differences	23,548	(5,620)	1,312
Depreciation for the period/year	(1,107,837)	(1,967,511)	(960,979)
Net book value at end of the period/year	147,412,164	136,284,797	126,400,288

The main projects under progress represent in construction a new kiln for the production of clinker. The total estimated value of the project is KD 119,512,513, while the total cost of the completed work amounted to KD 112,387,069 as at 30 June 2013 (31 December 2012: KD 102,943,355, 30 June 2012: KD 91,652,614).

All property, plant and equipment are built on lands leased from Government Property Management for 5 years ended 2014.

Borrowing costs capitalised on projects in progress amounted to KD 1,735,047 for the six month period ended 30 June 2013 (KD 4,043,799 for the year ended 31 December 2012, KD 2,089,652 for the six months ended 30 June 2012).

4. Investments in associates

			Book value		
	Country of incorporation	Percentage of holdings %	30 June 2013	31 December 2012 (audited)	30 June 2012
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	410,092
Marine Contracting and Services Co. K.S.C.C	Kuwait	33.39	14,656,403	14,679,545	14,843,360
			14,656,403	14,679,545	15,253,452

The following is the movement of investment in associate's balances:

	30 June 2013	**31 December 2012 (audited)**	**30 June 2012**
Balance at beginning of the period/year	14,679,545	14,702,575	14,702,575
Group's share of associates results	445,240	(74,453)	513,190
Group's share of associates' reserves	(122,099)	51,423	37,687
Cash dividends received	(346,283)	-	-
Balance at end of the period/year	14,656,403	14,679,545	15,253,452

The Group's share of results in associate companies are recognised based on interim condensed financial information (unaudited) for the period ended 31 March 2013.

5. Available for sale investments

	30 June 2013	**31 December 2012 (audited)**	**30 June 2012**
Quoted shares	66,131,233	64,440,307	59,858,827
Unquoted shares	3,656,071	3,932,124	4,755,100
Foreign funds	2,833,097	3,074,334	3,083,080
	72,620,401	71,446,765	67,697,007

The quoted investments include investments amounting to KD 31,082,544 as at 30 June 2013 in the shares of National Industries Group Holding K.P.S.C., which is one of the major shareholders in the Group (KD 26,570,562 as at 31 December 2012, KD 24,044,568 as at 30 June 2012).

Unquoted investments were stated at cost 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 1,988,818 as at 30 June 2013 (KD 2,617,055 as at 31 December 2012, KD 2,908,430 as at 30 June 2012) 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.

Available for sale investments include investments pledged against loans, bank facilities and Murabaha amounting to KD 2,070,800 as at 30 June 2013 (KD 1,770,200 as at 31 December 2012 and KD 1,670,000 as at 30 June 2012) (note 12).

Impairment of certain quoted available for sale investments was recognised at KD 385,745 as at 30 June 2013 (KD 886,179 as at 30 June 2012) as a result the significant decrease of their value. This impairment was recognised in the interim condensed consolidated statement of income for the current period.

6. Inventories

	30 June 2013	31 December 2012 (audited)	30 June 2012
Raw materials	23,823,313	25,243,961	22,792,224
Finished goods	560,682	435,157	323,483
	24,383,995	25,679,118	23,115,707

7. Debitors and other debit balances

	30 June 2013	31 December 2012 (audited)	30 June 2012
Amounts under collection at banks	711,802	1,251,900	1,432,578
Receivables against unconditional bank guarantees	4,010,991	3,774,544	3,801,203
Ministry of Commerce – difference from subsidising cement to the public	2,226,251	2,091,144	2,214,681
Related parties (note 19)	2,093,276	1,386,449	2,128,062
Other trade receivables	8,797,969	6,831,770	5,312,938
Total trade receivables	17,840,289	15,335,807	14,889,462
Other debtors	445,923	325,354	364,615
	18,286,212	15,661,161	15,254,077
Provision for doubtful debts	(1,938,666)	(1,920,930)	(1,880,986)
	16,347,546	13,740,231	13,373,091
Prepaid expenses	575,575	307,645	457,522
Notes receivable	831,230	987,753	327,972
	17,754,351	15,035,629	14,158,585

8. Investments at fair value through profit or loss

	30 June 2013	31 December 2012 (audited)	30 June 2012
Local quoted investments	1,542,286	1,617,016	1,793,879
Foreign investments	8,443,769	8,045,664	7,295,165
	9,986,055	9,662,680	9,089,044

Quoted investments were evaluation according to the latest purchase order. Foreign investment was evaluated based on the latest available reports from the investment managers during the period.

9. Cash on hand and with financial institutions

	30 June 2013	31 December 2012 (audited)	30 June 2012
Cash on hand and at banks	13,268,340	4,937,920	2,958,225
Cash at investment portfolios	1,169,956	1,044,160	709,447
Deposits placed with banks	4,648,810	5,185,470	5,135,618
Cheques under collection	-	439,386	261,499
	19,087,106	11,606,936	9,064,789
Less: deposits for more than three months	(380,000)	(380,000)	-
Cash and cash equivalents	18,707,106	11,226,936	9,064,789

The average effective interest rate on bank deposits was 0.825 % as at 30 June 2013 (1.25% as at 31 December 2012, 1.6% as at 30 June 2012).

10. Share capital

On 17 April 2011, the Extra-ordinary General Assembly has decided to increase share capital by 15% with a nominal value of 100 fils per share and a share premium of 225 fils per share. On 25 September 2012, Amiri decree was issued approving the capital increase. Other approvals from the concerned authorities are obtained. The Board of Directors called for the increase of share capital to be on two installments. During the current period, the first installment has been fully subscribed amounting to 51,012,443 shares at nominal value of KD 5,101,244 and share premium of KD 11,477,800.

The Company's issued and paid capital is KD 68,866,798 distributed into 688,667,982 shares as at 30 June 2013 (KD 63,765,554 distributed into 637,655,540 shares as at 31 December 2012 and as at 30 June 2012) each of a nominal value of 100 fils.

11. Treasury shares

	30 June 2013	31 December 2012 (audited)	30 June 2012
Number of shares - share	20,200,729	20,170,729	20,170,729
Percentage to issued shares (%)	2.93	3.16	3.16
Market value (KD)	6,767,244	8,875,121	7,866,584

12. Loans, bank facilities and Murabaha

	30 June 2013	31 December 2012 (audited)	30 June 2012
Current portion			
Bank facilities	-	8,839	1,895,478
Loans	11,119,024	4,329,016	19,630,903
Murabaha	5,000,000	2,666,667	-
	16,119,024	7,004,522	21,526,381
Non-current portion			
Loans	55,887,840	62,171,299	78,067,641
Murabaha	44,746,667	43,122,873	-
	100,634,507	105,294,172	78,067,641
Total loans, bank facilities and murabaha	116,753,531	112,298,694	99,594,022

The average effective interest rate on the loans, bank facilities and Murabaha was 3.75% as at 30 June 2013 (4 % as at 31 December 2012 and 4% as at 30 June 2012).

Certain loans are guaranteed by the fully commercial shop of the factory and its extensions with book value amounting to KD 18,641,479 as at 30 June 2013 (KD 19,325,886 as at 31 December 2012, KD 20,010,293 as at 30 June 2012). The loans are also guaranteed by available for sale investments amounting to KD 2,070,800 as at 30 June 2013 (KD 1,770,200 as at 31 December 2012, KD 1,670,000 as at 30 June 2012) (note 5).

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 (1:1.5) 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 2013	31 December 2012 (audited)	30 June 2012
Suppliers	6,885,774	10,153,965	9,122,416
Retention payable	3,657,524	3,098,211	2,546,048
Accrued interest and expenses	1,804,782	2,573,573	1,843,955
Notes payable	601,255	428,740	198,726
Clients - advance payments	996,636	1,074,407	868,961
Dividends payable	582,549	503,716	611,691
Deferred letter of credits for purchase equipment	238,163	1,932,453	7,919,340
Contribution to Kuwait Foundation for the Advancement of Sciences	99,826	140,728	230,875
National Labor Support tax	238,791	336,023	183,746
Zakat	67,024	94,315	51,574
Other	16,456	98,409	314,358
	15,188,780	20,434,540	23,891,690

14. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Raw material	10,666,875	8,980,146	21,929,327	19,912,387
Change in finished goods	(24,268)	230,964	(125,525)	205,785
Salaries and benefits	998,810	693,157	1,966,561	1,335,415
Lease rentals	15,907	44,072	36,776	53,125
Supplies and maintenance	810,739	790,670	1,517,467	1,354,476
Others	713,557	355,188	893,807	553,654
	13,181,620	11,094,197	26,218,413	23,414,842

15. Other operating income

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Net income from investment properties	22,511	(599)	57,607	808
Profits/(losses) from exchange differences	107,480	78,717	(67,736)	95,851
Other income	230,880	275,250	589,894	477,794
	360,871	353,368	579,765	574,453

16. Net gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Investments at fair value through profit or loss:				
Unrealised gain/ (loss)	68,037	(160,604)	390,715	311,982
Realised gains	-	-	31,503	-
Cash dividends	57,545	-	71,552	-
	125,582	(160,604)	493,770	311,982
Available for sale investments:				
Impairment	(84,707)	(504,849)	(385,745)	(886,179)
Realised gains	526,499	-	586,631	11,849
Cash dividends	901,262	1,003,575	1,285,054	1,312,114
Portfolio management fees	(37,403)	(51,347)	(76,111)	(83,922)
	1,305,651	447,379	1,409,829	353,862
	1,431,233	286,775	1,903,599	665,844

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. Earnings per share is calculated as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Net profit for the period	5,753,010	3,710,967	10,800,988	8,838,185
Weighted average number of outstanding shares during the period (shares)	651,418,281	627,779,715	644,185,949	632,301,366
Earnings per share (fils)	8.83	5.91	16.77	13.98

Earnings per share are calculated by considering the capital increase for the current and comparative period (note 10).

18. Dividends

On 1 May 2013, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2012, and approved distributing cash dividends at 15 fils per share after deducting treasury shares (2011: 15 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 June 2013. 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.

The following is a summary of significant related party balances and transactions:

	30 June 2013	31 December 2012 (audited)	30 June 2012
Consolidated statement of financial position:			
Trade and other receivables	2,093,276	1,386,449	2,128,062
Provision for employees' end of service indemnity	485,210	484,318	483,494

	For the three months ended 30 June		For the six months ended 30 June	
	2013	2012	2013	2012
Interim condensed consolidated statement of income:				
Sales	900,691	1,230,087	2,093,318	2,614,541
Key management benefits				
Executive committees fees	30,000	30,000	60,000	60,000
Salaries and other benefits	171,900	171,900	343,800	343,800

20. Contingent liabilities and capital commitments

	30 June 2013	31 December 2012 (audited)	30 June 2012
Contingent liabilities			
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Letters of credit	1,091,936	3,388,048	10,032,891
Uncalled subscription relating to available for sale investments	183,431	183,431	183,431
Uncalled subscription relating to investments in funds	369,948	369,948	369,948
Contracts for importing raw materials	18,446,283	4,953,794	12,222,032
Projects in progress	7,125,444	9,988,612	15,250,280

21. Segment financial information

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:

	2013			2012		
	Manufacturing sector	Investment sector	Total	Manufacturing sector	Investment sector	Total
Segments revenues	36,893,029	2,348,839	39,241,868	33,015,610	1,179,842	34,195,452
Total segments profit	9,010,229	2,348,839	11,359,068	8,128,569	1,179,842	9,308,411
Segments assets	208,343,684	99,347,082	307,690,766	172,915,880	93,722,118	266,637,998
Adjustments:						
Total segments profit			11,359,068			9,308,411
Financing charges			(108,619)			(151,520)
Interest income			26,180			69,672
Total segments profit before deductions			11,276,629			9,226,563

22. Fair value measurements

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 supported by observable sources for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

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:

30 June 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments			
Quoted shares	66,131,233	-	66,131,233
Foreign funds	-	2,833,097	2,833,097
Total	66,131,233	2,833,097	68,964,330
Investments at fair value through profit or loss			
Local quoted investments	1,542,286	-	1,542,286
Foreign investments	-	8,443,769	8,443,769
Total	1,542,286	8,443,769	9,986,055

31 December 2012	**Level 1**	**Level 2**	**Total**
Available for sale investments			
Quoted shares	64,440,307	-	64,440,307
Foreign funds	-	3,074,334	3,074,334
Total	64,440,307	3,074,334	67,514,641
Investments at fair value through profit or loss			
Local quoted investments	1,617,016	-	1,617,016
Foreign investments	-	8,045,664	8,045,664
Total	1,617,016	8,045,664	9,662,680

30 June 2012	Level 1	Level 2	Total
Available for sale investments			
Quoted shares	59,858,827	-	59,858,827
Foreign funds	-	3,083,080	3,083,080
Total	59,858,827	3,083,080	62,941,907
Investments at fair value through profit or loss			
Local quoted investments	1,793,879	-	1,793,879
Foreign investments	-	7,295,165	7,295,165
Total	1,793,879	7,295,165	9,089,044

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 maximise 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.