



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

Interim condensed consolidated financial information (unaudited)
With report on review for the three months ended 31 March 2015



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Kuwait Cement Company K.S.C.P.
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.S.C.P. ("The Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent Company's management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 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 three month period ended 31 March 2015, of the Companies Law No. 25 of 2012, as amended, and its executive regulation, or the Parent Company's Memorandum and Articles of Association, as amended, which might have materially affected the Group's activities or its consolidated financial position, except for what was mentioned in note (1) to this interim condensed consolidated financial information regarding the procedures which should be completed in order to comply with the requirements of the Companies' law No. 25 of 2012, as amended and its executive regulation.



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

Kuwait, 13 May 2015



Qais M. Al Nisf
Licence No. 38A
BDO Al Nisf & Partners

Interim condensed consolidated statement of financial position as at 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2015	31 December 2014 (audited)	31 March 2014
Assets				
Non-current assets				
Property, plant and equipment	3	161,534,539	161,395,528	156,440,082
Intangible assets		819,548	832,467	843,407
Investment properties		860,689	866,692	878,926
Investments in associates	4	15,557,877	15,594,249	15,137,316
Available for sale investments	5	63,527,568	64,371,378	75,198,154
		<u>242,300,221</u>	<u>243,060,314</u>	<u>248,497,885</u>
Current assets				
Inventories	6	15,221,113	16,140,677	15,434,633
Debtors and other debit balances	7	26,200,008	24,310,629	24,585,516
Investments at fair value through profit or loss	8	8,314,046	8,922,146	9,489,665
Cash and cash equivalent	9	22,094,934	15,748,696	23,406,745
		<u>71,830,101</u>	<u>65,122,148</u>	<u>72,916,559</u>
Total assets		<u>314,130,322</u>	<u>308,182,462</u>	<u>321,414,444</u>
Equity and liabilities				
Equity				
Share Capital	10	73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	11	(13,497,645)	(13,497,645)	(13,497,645)
Gains from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		41,126,696	41,126,696	39,309,913
Voluntary reserve		36,164,207	36,164,207	34,347,424
General reserve		18,930,128	18,930,128	18,930,128
Change in fair value reserve		(14,997,243)	(14,292,043)	(5,439,956)
Group's share in associates' reserves		(610,636)	(692,744)	(741,227)
Group's share in foreign currency translation reserve		93,911	32,502	(53,574)
Retained earnings		31,933,552	25,592,880	29,982,427
Total equity		<u>199,594,759</u>	<u>193,815,770</u>	<u>203,289,279</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	12	67,447,732	71,772,564	84,002,493
Provision for employees' end of service indemnity		2,312,548	2,255,904	2,003,855
		<u>69,760,280</u>	<u>74,028,468</u>	<u>86,006,348</u>
Current liabilities				
Loans, bank facilities and Murabaha	12	21,789,071	17,220,436	14,087,935
Payables and other credit balances	13	22,986,212	23,117,788	18,030,882
		<u>44,775,283</u>	<u>40,338,224</u>	<u>32,118,817</u>
Total liabilities		<u>114,535,563</u>	<u>114,366,692</u>	<u>118,125,165</u>
Total equity and liabilities		<u>314,130,322</u>	<u>308,182,462</u>	<u>321,414,444</u>

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



Rashed Abdulaziz Al-Rashed
Chairman and Managing Director

Sulaiman Khalid Al-Ghunaim
Vice Chairman

Interim condensed consolidated statement of income for the three month period ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2015	2014
Sales		25,735,077	20,340,094
Cost of sales	14	(17,187,678)	(14,408,881)
Gross profit		8,547,399	5,931,213
Other operating (expenses)/income	15	(580,266)	708,023
Selling, general and administrative expenses		(1,288,019)	(1,060,747)
Operating profit		6,679,114	5,578,489
Provision for doubtful debts		(65,300)	(10,777)
Financing charges		(666,261)	(685,873)
Interest income		19,439	4,699
Net gain from investments	16	783,821	460,428
Group's share of associates results	4	(118,480)	135,645
Net profit before deductions		6,632,333	5,482,611
Contribution to Kuwait Foundation for Advancement of Sciences		(57,333)	(48,053)
National Labor Support Tax		(155,642)	(122,530)
Zakat		(43,686)	(34,391)
Board of directors' remuneration		(35,000)	(35,000)
Net profit for the period		6,340,672	5,242,637
Earnings per share (fils)	17	8.89	7.35

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

Interim condensed consolidated statement of comprehensive income
for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended	
	31 March	
	2015	2014
Net profit for the period	6,340,672	5,242,637
Other comprehensive income items:		
<i>Items that may be reclassified subsequently to the interim condensed statement of income:</i>		
<i>Available for sale investments:</i>		
Net unrealized (losses)/ profits from available for sale investments	(705,200)	3,929,920
<i>Investments in associates:</i>		
Group's share in associates' reserves	82,108	(28,172)
<i>Differences of translation of financial statement with foreign currency:</i>		
Group's share in foreign currency translation reserve	61,409	(2,019)
Total other comprehensive (losses)/ income items for the period	(561,683)	3,899,729
Total comprehensive income for the period	5,778,989	9,142,366

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

Interim condensed consolidated statement of changes in equity for the three month period ended 31 March 2015
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gains from sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change in 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 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(9,369,876)	(713,055)	(51,555)	24,739,790	194,146,913
Net profit for the period	-	-	-	-	-	-	-	-	-	-	5,242,637	5,242,637
Total other comprehensive income/ (loss) items for the period	-	-	-	-	-	-	-	3,929,920	(28,172)	(2,019)	-	3,899,729
Balance at 31 March 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(5,439,956)	(741,227)	(53,574)	29,982,427	203,289,279
	Share capital	Share premium	Treasury shares	Gains from sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change in 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 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,292,043)	(692,744)	32,502	25,592,880	193,815,770
Net profit for the period	-	-	-	-	-	-	-	-	-	-	6,340,672	6,340,672
Total other comprehensive income/ (loss) items for the period	-	-	-	-	-	-	-	(705,200)	82,108	61,409	-	(561,683)
Balance at 31 March 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,997,243)	(610,636)	93,911	31,933,552	199,594,759

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

Interim condensed consolidated statement of cash flows
for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2015	2014
Cash flows from operating activities			
Net profit for the period		6,340,672	5,242,637
Adjustments:			
Depreciation and amortization		766,700	654,109
Provision for doubtful debts	7	65,300	10,777
Net gain from investments	16	(813,796)	(495,721)
Financing charges		666,261	685,873
Interest income		(19,439)	(4,699)
Group's share of associates results	4	118,480	(135,645)
Provision for employees' end of service indemnity		56,644	26,257
Net operating profit before working capital changes		7,180,822	5,983,588
Inventories		919,564	5,461,128
Debtors and other debit balances		(1,954,679)	(6,402,503)
Investments at fair value through profit or loss		911,311	-
Payables and other credit balances		594,801	576,660
Net cash generated from operating activities		7,651,819	5,618,873
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(866,280)	(1,776,285)
Proceeds from purchase of property, plant and equipment		2,777	-
Proceeds from sale of available for sale investments		126,531	265,403
Dividends received		522,664	447,848
Interest income received		19,439	4,699
Net cash used in investing activities		(194,869)	(1,058,335)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and Murabaha		104,085	7,993,200
Paid for loans, bank facilities and Murabaha		(490,752)	(6,655,000)
Finance charges paid		(720,582)	(933,748)
Dividend paid		(3,463)	(263)
Net cash (used in)/ generated from financing activities		(1,110,712)	404,189
Net increase in cash and cash equivalents		6,346,238	4,964,727
Cash and cash equivalents at the beginning of the period		15,748,696	18,442,018
Cash and cash equivalents at the end of the period	9	22,094,934	23,406,745

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

Notes to the interim condensed consolidated financial information for the three month period
ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities

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

The 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- Establishing factories and laboratories that will achieve the purposes of the Company.
- 3- Trading in all cement products, materials, instruments and machines which are related to the operation of the Company and transferring them whether inside or outside the State.
- 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- Utilise the financial surpluses of the Company by investing and developing them locally and globally in financial and real estate portfolios and invest the Company's funds by participating in the incorporation of companies of all types and with different purposes and in investment funds, inside Kuwait or abroad, to be managed by specialised companies and entities.

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

The consolidated financial information include the financial information of the Company and its subsidiaries (together referred to as "the Group").

Company name	Legal entity	Principal activity	Country of incorporation	Ownership interest %	
				31 March 2015	31 December 2014
Shuwaikh Cement Company	K.S.C.C.	Industrial	Kuwait	99.250	99.250
Amwaj International Real Estate Company	K.S.C.C.	Real Estate	Kuwait	96.000	96.000
Kuwait Cement Ready-Mix Company	K.S.C.C.	Industrial	Kuwait	99.844	99.844

The financial information prepared by the subsidiary's management was used to prepare condensed consolidated interim financial information for the three month period ended 31 March 2015. The total assets of subsidiaries amounted to KD 29,495,615 as at 31 March 2015 (31 December 2014: KD 26,502,040 and 31 March 2014: 23,694,714) and net profits amounted to KD 898,994 for the three month period ended 31 March 2015 (KD 588,758 for the three month period ended 31 March 2014).

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 28 March 2013 by Decree Law no 97 of 2013 (the Decree). In accordance with article No. (2) and (3) of the Decree, the executive regulations which issued by the Minister of Commerce and Industry on 29 September 2013 and published in the official gazette on 6 October 2013 determine the basis and rules to be applied by the Company to adjust its status according to the Companies' Law, as amended during one year from the published date.

The Parent Company is still in the process of completing necessary to adjust its situation with the requirements of the Companies law No. 25 of 2012 as amended and its executive regulation.

The consolidated financial statements for the year ended 31 December 2014 were approved by the General Assembly of the shareholders on 29 April 2015.

The accompanying interim condensed consolidated financial information was authorized for issue by Company's Board of Director's on 13 May 2015.

Notes to the interim condensed consolidated financial information for the three month period
ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Significant accounting policies

2.1 Basis of preparation

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

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

In the opinion of the management, all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the three-month period ended 31 March 2015 are not necessarily indicative of the results that maybe expected for the year ending 31 December 2015. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2014.

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group.

New and revised IFRSs issued and effective

In the current period, the Group has applied a number of new and revised IFRSs that are issued and effective.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The Annual Improvements to IFRSs 2010-2012 Cycle:

- *IFRS 2 Share-based Payment*
- *IFRS 3 Business Combinations*
- *IFRS 8 Operating Segments*
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*
- *IAS 24 Related Party Disclosures*

The Annual Improvements to IFRSs 2011-2013 Cycle:

- *IFRS 3 Business Combinations*
- *IFRS 13 Fair Value Measurement*
- *IAS 40 Investment Property*

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

New and revised IFRSs in issue but not yet effective

For annual periods beginning on or after 1 January 2016

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortisation

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The directors of the Parent Company do not anticipate that the application of these amendments will have a material impact on the Group's interim condensed consolidated financial information.

Effective for annual periods beginning on or after 1 January 2017

IFRS 15 Revenue from Contracts with Customers

The directors of the Parent Company anticipate that the application of these IFRS 15 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

Effective for annual periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments

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

Notes to the interim condensed consolidated financial information for the three month period
ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 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.

Fair value of the financial assets that are measured at fair value on a recurring basis:

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 March 2015	31 December 2014	31 March 2014				
<i>Available for sale investments:</i>							
- Quoted shares	59,167,934	59,892,854	68,562,132	Level 1	Last bid price	NA	NA
- Foreign funds	1,339,766	1,444,229	2,879,077	Level 2	Net assets value	NA	NA
<i>Investments at fair value through profit or loss:</i>							
- Local shares					Based on the latest available financial statements or on the basis of the last transaction	NA	NA
	1,146,100	1,150,887	1,137,690	Level 3			
- Local funds	362,304	365,858	411,541	Level 2	Net assets value	NA	NA
- Foreign investments	6,805,642	7,405,401	7,940,434	Level 2	Net assets value	NA	NA

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes to the interim condensed consolidated financial information for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Property, plant and equipment

	31 March 2015	31 December 2014 (audited)	31 March 2014
Net carrying value at beginning of period/year	161,395,528	155,460,323	155,460,323
Additions	866,280	9,540,152	1,609,356
Disposals	(2,777)	(63,922)	-
Foreign currency translation differences	23,286	31,721	-
Depreciation for the period / year	(747,778)	(2,555,200)	(629,597)
Impairment	-	(1,017,546)	-
Net carrying value at end of period/year	<u>161,534,539</u>	<u>161,395,528</u>	<u>156,440,082</u>

The most important projects under process represents in a construction of new Kiln for producing clinker. The total estimated value of the project is KD 127,946,307 whereas the total cost of the completed work amounted to KD 126,165,023 as at 31 March 2015 (KD 125,615,203 as at 31 December 2014 and KD 121,815,603 as at 31 March 2014). Currently are completion of the construction of the new Kiln, where the Parent Company's management expects the completion of the project as well as the final acceptance from the supplier during the subsequent period.

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

4. Investments in associates

	Country of incorporation	Voting capital and ownership interest %	Carrying amount		
			31 March 2015	31 December 2014 (audited)	31 March 2014
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.S.C.C.	Kuwait	33.39	<u>15,557,877</u>	<u>15,594,249</u>	<u>15,137,316</u>
			<u>15,557,877</u>	<u>15,594,249</u>	<u>15,137,316</u>

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

	31 March 2015	31 December 2014 (audited)	31 March 2014
Balance at beginning of the period/year	15,594,249	15,029,843	15,029,843
Group's share of associates results	(118,480)	544,095	135,645
Group's share in associates' reserves	82,108	20,311	(28,172)
Balance at end of the period/year	<u>15,557,877</u>	<u>15,594,249</u>	<u>15,137,316</u>

The Group's share in results of associate companies are recognized based on the audited financial statements for the year ended 31 December 2014.

Notes to the interim condensed consolidated financial information for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Available for sale investments

	31 March 2015	31 December 2014 (audited)	31 March 2014
Quoted shares	59,167,934	59,892,854	68,562,132
Unquoted shares	3,019,868	3,034,295	3,756,945
Foreign funds	1,339,766	1,444,229	2,879,077
	<u>63,527,568</u>	<u>64,371,378</u>	<u>75,198,154</u>

The fair value of available for sale investments is determined based on valuation techniques mentioned in note 2.2.

The quoted investments included investments amounted to KD 24,477,503 as at 31 March 2015 in the shares of National Industries Group Holding K.S.C.P. one of the major shareholders in the Group (KD 25,003,901 as at 31 December 2014 and KD 30,581,212 as at 31 March 2014).

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

Available for sale investments include investments amounting to KD 1,339,766 as at 31 March 2015 (KD 1,143,002 as at 31 December 2014 and KD 2,688,023 as at 31 March 2014) valuated 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

	31 March 2015	31 December 2014 (audited)	31 March 2014
Raw materials	14,748,012	15,689,717	14,805,152
Finished goods	473,101	450,960	629,481
	<u>15,221,113</u>	<u>16,140,677</u>	<u>15,434,633</u>

7. Debtors and other debit balances

	31 March 2015	31 December 2014 (audited)	31 March 2014
Amounts under collection at banks	1,237,450	761,470	929,369
Receivables against unconditional bank guarantees	3,975,048	4,256,527	4,117,023
Ministry of Commerce – difference from subsidising			
Cement and Ready Mix to the public	5,359,881	4,844,728	3,101,980
Related parties (see note 19)	1,947,567	1,970,142	1,864,447
Other trade receivables	12,168,796	11,727,640	13,996,971
Total trade receivables	24,688,742	23,560,507	24,009,790
Other receivables	1,443,270	1,346,378	546,828
	26,132,012	24,906,885	24,556,618
Provision for doubtful debts	(2,619,253)	(2,553,953)	(2,010,204)
	23,512,759	22,352,932	22,546,414
Prepaid expenses	663,959	326,399	552,540
Notes receivable	2,023,290	1,631,298	1,486,562
	<u>26,200,008</u>	<u>24,310,629</u>	<u>24,585,516</u>

Notes to the interim condensed consolidated financial information for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

8. Investments at fair value through profit or loss

	31 March 2015	31 December 2014 (audited)	31 March 2014
Local investments	1,508,404	1,516,745	1,549,231
Foreign investments	6,805,642	7,405,401	7,940,434
	<u>8,314,046</u>	<u>8,922,146</u>	<u>9,489,665</u>

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

	31 March 2015	31 December 2014 (audited)	31 March 2014
Cash on hand and at banks	8,952,348	9,853,766	9,950,806
Cash at investment portfolios	5,067,006	3,775,518	2,855,281
Deposits placed with banks	8,075,580	2,119,412	10,600,658
Cash and cash equivalents	<u>22,094,934</u>	<u>15,748,696</u>	<u>23,406,745</u>

The average effective interest rate on term deposits was 0.400% as at 31 March 2015 (0.625% as at 31 December 2014 and 1.125% as at 31 March 2014).

10. Share Capital

The authorised, issued and fully paid up share capital consists of KD 73,330,387 distributed on 733,303,870 shares as at 31 March 2015 and 31 December 2014 and 31 March 2014 with a nominal value of 100 fils each and all shares are in cash.

11. Treasury shares

	31 March 2015	31 December 2014 (audited)	31 March 2014
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)	7,575,273	8,080,292	8,181,295

The 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

	31 March 2015	31 December 2014 (audited)	31 March 2014
Non-current portion			
Loans	38,119,717	39,262,904	54,361,973
Murabaha	29,328,015	32,509,660	29,640,520
	<u>67,447,732</u>	<u>71,772,564</u>	<u>84,002,493</u>
Current portion			
Loans	14,232,090	12,733,909	7,768,455
Murabaha	7,556,981	4,486,527	6,319,480
	<u>21,789,071</u>	<u>17,220,436</u>	<u>14,087,935</u>
Total loans, bank facilities and Murabaha	<u>89,236,803</u>	<u>88,993,000</u>	<u>98,090,428</u>

The average effective interest rate on the loans, bank facilities and Murabaha was 3.125 % as at 31 March 2015 (3.125% as at 31 December 2014 and 3.30% as at 31 March 2014).

Notes to the interim condensed consolidated financial information for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

Certain loans are guaranteed by the fully commercial shop of the factory and its extensions with book value amounting to KD 16,246,056 as at 31 March 2015 (KD 16,588,259 as at 31 December 2014 and KD 17,614,869 as at 31 March 2014). The loans are also guaranteed by available for sale investments amounting to KD 1,553,100 as at 31 March 2015 (KD 1,586,500 as at 31 December 2014 and KD 2,037,400 as at 31 March 2014).

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

13. Payables and other credit balances

	31 March 2015	31 December 2014 (audited)	31 March 2014
Suppliers	12,770,247	12,646,694	7,399,865
Retentions	4,080,424	4,058,322	4,023,624
Accrued interest and expenses	2,994,459	2,668,562	2,803,987
Notes payable	714,521	680,168	1,133,072
Clients - advance payments	1,414,112	1,635,663	1,199,472
Dividends payable	611,760	615,223	553,285
Contribution to Kuwait Foundation for Advancement of Sciences	72,004	166,810	212,156
National Labor Support Tax	155,642	435,020	528,936
Zakat	51,113	112,269	158,052
Other	121,930	99,057	18,433
	<u>22,986,212</u>	<u>23,117,788</u>	<u>18,030,882</u>

14. Cost of sales

	Three months ended 31 March	
	2015	2014
Raw material	15,325,939	12,748,165
Change in finished goods	(22,141)	(76,501)
Salaries and benefits	735,011	960,741
Rent	80,459	22,575
Maintenance and spare parts	886,756	618,828
Other	181,654	135,073
	<u>17,187,678</u>	<u>14,408,881</u>

15. Other operating (expenses)/ income

	Three months ended 31 March	
	2015	2014
Net income from investment properties	28,390	20,445
Net (losses)/ gains from exchange differences	(636,025)	57,185
Other income	27,369	630,393
	<u>(580,266)</u>	<u>708,023</u>

Notes to the interim condensed consolidated financial information for the three month period ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

16. Net gain from investments

	Three months ended 31 March	
	2015	2014
Investments at fair value through statement of income:		
Unrealized profits	303,211	83,802
Available for sale investments:		
Impairment	(12,079)	(35,929)
Cash dividends	522,664	447,848
Portfolio management fees	(29,975)	(35,293)
	<u>480,610</u>	<u>376,626</u>
	<u>783,821</u>	<u>460,428</u>

17. Earnings per share

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

	Three months ended 31 March	
	2015	2014
Net profit for the period	6,340,672	5,242,637
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141
Earnings per share (fils)	<u>8.89</u>	<u>7.35</u>

18. Dividends

On 29 April 2015, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2014, and approved distributing cash dividends at 18 fils per share from paid capital after deducting treasury shares of 2014 (18 fils – 2013).

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 31 March 2015. 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:

	31 March 2015	31 December 2014 (audited)	31 March 2014
Condensed Consolidated interim statement of financial position			
Debtors and other debit balances (Note 7)	1,947,567	1,970,142	1,864,447
Provision for employees' end of service	474,518	474,355	470,155
For the three months ended 31 March			
	2015	2014	
Interim condensed consolidated statement of income			
Sales	1,089,520	1,082,457	
Key management benefits			
Executive committees fees	30,000	30,000	
Salaries and other benefits	169,800	171,900	

All transactions with related parties are subject to the approval of the shareholders of the General Assembly.

Notes to the interim condensed consolidated financial information for the three month period
ended 31 March 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

20. Contingent liabilities and capital commitments

	31 March 2015	31 December 2014 (audited)	31 March 2014
Contingent liabilities			
Letters of guarantee	440,681	440,681	248,847
Capital commitments			
Letters of credit	595,677	914,028	522,661
Uncalled subscription relating to available for sale investments	-	-	183,431
Uncalled subscription relating to investments in funds	321,972	321,972	369,948
Contracts for importing raw materials	4,389,131	11,031,428	10,996,093
Projects in progress	1,781,284	1,836,670	3,835,845

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

21. Segment financial information

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

The primary segments information as follows:

Operating Segments

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

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

Financial information about business segments for the three-month period ended 31 March is as follows:

	2015			2014		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	25,762,446	693,731	26,456,177	20,970,487	616,518	21,587,005
Total segments profit	6,585,424	693,731	7,279,155	5,547,267	616,518	6,163,785
Segments assets	220,803,136	93,327,186	314,130,322	217,905,305	103,509,139	321,414,444

Adjustments:

Gross segments profit	7,279,155	6,163,785
Financing charges	(666,261)	(685,873)
Interest income	19,439	4,699
Net segments profit before deductions	6,632,333	5,482,611