



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)
And the review report for the six months ended 30 June 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 30 June 2015, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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 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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any contravention during the six month period ended 30 June 2015, of the Companies' Law No. 25 of 2012, as amended, and its executive regulations or the Parent Company's memorandum and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position, except for that is set out in note 1 of this interim condensed consolidated financial information regarding completion of the necessary procedures to regularize the parent company's affairs with the Companies Law No. 25 of 2012, as amended, and its executive regulations.



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Kuwait: 10 August 2015



**Interim condensed consolidated statement of financial position
as at 30 June 2015 (Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2015	31 December 2014 (audited)	30 June 2014
Assets				
Non-current assets				
Property, plant and equipment	3	162,710,615	161,395,528	158,383,167
Intangible assets		461,301	832,467	857,830
Investment properties		854,687	866,692	878,698
Investments in associates	4	15,274,859	15,594,249	15,318,842
Available for sale investments	5	59,873,485	64,371,378	72,223,467
		<u>239,174,947</u>	<u>243,060,314</u>	<u>247,662,004</u>
Current assets				
Inventories	6	15,297,884	16,140,677	18,415,153
Debtors and other debit balances	7	25,167,453	24,310,629	23,748,133
Investments at fair value through profit or loss	8	8,228,779	8,922,146	9,804,274
Cash and cash equivalents	9	17,327,033	15,748,696	22,012,594
		<u>66,021,149</u>	<u>65,122,148</u>	<u>73,980,154</u>
Total assets		<u>305,196,096</u>	<u>308,182,462</u>	<u>321,642,158</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		(18,756,442)	(14,292,043)	(8,148,272)
Group's share in associates' reserves		(594,674)	(692,744)	(720,252)
Group's share in foreign currency translation reserve		95,400	32,502	(56,673)
Retained earnings		26,509,777	25,592,880	23,552,908
Total equity		<u>190,429,236</u>	<u>193,815,770</u>	<u>194,169,320</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	68,476,138	71,772,564	84,138,733
Provision for employees' end of service indemnity		2,356,430	2,255,904	2,110,149
		<u>70,832,568</u>	<u>74,028,468</u>	<u>86,248,882</u>
Current liabilities				
Loans, bank facilities and murabaha	12	22,664,845	17,220,436	20,123,389
Payables and other credit balances	13	21,269,447	23,117,788	21,100,567
		<u>43,934,292</u>	<u>40,338,224</u>	<u>41,223,956</u>
Total liabilities		<u>114,766,860</u>	<u>114,366,692</u>	<u>127,472,838</u>
Total equity and liabilities		<u>305,196,096</u>	<u>308,182,462</u>	<u>321,642,158</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 six month period ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
Sales		25,238,870	22,422,377	50,973,947	42,762,471
Cost of sales	14	(18,159,959)	(15,576,773)	(35,347,637)	(29,985,654)
Gross profit		7,078,911	6,845,604	15,626,310	12,776,817
Other operating (expenses)/income	15	(77,022)	624,001	(657,288)	1,332,024
Selling, general and administrative expenses		(1,283,923)	(1,205,955)	(2,571,942)	(2,266,702)
Operating profit		5,717,966	6,263,650	12,397,080	11,842,139
Provision for doubtful debts		(62,130)	(10,897)	(127,430)	(21,674)
Financing charges		(621,719)	(766,887)	(1,287,980)	(1,452,760)
Interest income		9,465	9,938	28,904	14,637
Net gain from investments	16	2,564,975	1,033,965	3,348,796	1,494,393
Group's share of associates results	4	82,798	160,551	(35,682)	296,196
Net profit before deductions		7,691,355	6,690,320	14,323,688	12,172,931
Contribution to Kuwait Foundation for Advancement of Sciences		(72,861)	(57,306)	(130,194)	(105,359)
National Labor Support Tax		(133,846)	(149,668)	(289,488)	(272,198)
Zakat		(37,567)	(42,009)	(81,253)	(76,400)
Board of directors' remuneration		(35,000)	(35,000)	(70,000)	(70,000)
Net profit for the period		7,412,081	6,406,337	13,752,753	11,648,974
Earnings per share (fils)	17	10.39	8.98	19.29	16.34

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



Interim condensed consolidated statement of comprehensive income
for the six month period ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
Net profit for the period		7,412,081	6,406,337	13,752,753	11,648,974
Other comprehensive income items:					
<i>Items that may be reclassified subsequently in the interim condensed consolidated statement of income:</i>					
<i>Available for sale investments:</i>					
Net unrealized (loss)/profit from available for sale investments		(3,759,199)	(2,656,603)	(4,464,399)	1,273,317
Transferred to consolidated statement of income from sale of available for sale investments		-	(51,713)	-	(51,713)
		(3,759,199)	(2,708,316)	(4,464,399)	1,221,604
<i>Investments in associates:</i>					
Group's share in associates' reserves	4	15,962	20,975	98,070	(7,197)
<i>Differences of translation of financial statement with foreign currency:</i>					
Group's share in foreign currency translation reserve		1,489	(3,099)	62,898	(5,118)
Total other comprehensive (loss)/income items for the period		(3,741,748)	(2,690,440)	(4,303,431)	1,209,289
Total comprehensive income for the period		3,670,333	3,715,897	9,449,322	12,858,263

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



Interim condensed consolidated statement of changes in equity
for the six month period ended 30 June 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	-	-	-	-	-	-	-	-	-	-	11,648,974	11,648,974
Total other comprehensive income/(loss) items for the period	-	-	-	-	-	-	-	1,221,604	(7,197)	(5,118)	-	1,209,289
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 June 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(8,148,272)	(720,252)	(56,673)	23,552,908	194,169,320
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	-	-	-	-	-	-	-	-	-	-	13,752,753	13,752,753
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(4,464,399)	98,070	62,898	-	(4,303,431)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 June 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(18,756,442)	(594,674)	55,400	26,509,777	190,429,236

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



Interim condensed consolidated statement of cash flows
for the six month period ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Six months ended 30 June	
		2015	2014
Cash flows from operating activities			
Net profit for the period		13,752,753	11,648,974
Adjustments:			
Depreciation and amortization		1,994,457	1,270,769
Net gain from investments	16	(3,410,557)	(1,566,331)
Financing charges		1,287,980	1,452,760
Interest income		(28,904)	(14,637)
Provision for doubtful debts		127,430	21,674
Group's share of associates results	4	35,682	(296,196)
Provision for employees' end of service indemnity		100,526	132,551
Net operating profit before working capital changes		13,859,367	12,649,564
Inventories		842,793	2,480,608
Debtors and other debit balances		(984,254)	(5,576,017)
Investments at fair value through profit or loss		1,152,854	12,639
Payables and other credit balances		(934,328)	3,446,343
Net cash generated from operating activities		13,936,432	13,013,137
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(2,897,492)	(4,322,929)
Proceeds from disposal of property, plant and equipment		2,777	-
Paid for purchase of intangible assets		(7,039)	(27,296)
Paid for purchase of available for sale investments		-	(40,583)
Proceeds on sale of available for sale investments		12,425	614,426
Dividends received		3,353,917	1,149,141
Interest income received		28,904	14,637
Net cash generated from/(used in) investing activities		493,492	(2,612,604)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		10,004,324	17,799,026
Paid for loans, bank facilities and murabaha		(8,649,509)	(10,289,132)
Dividend paid		(12,703,752)	(12,690,035)
Finance charges paid		(1,502,650)	(1,649,816)
Net cash used in financing activities		(12,851,587)	(6,829,957)
Net increase in cash and cash equivalents		1,578,337	3,570,576
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	17,327,033	22,012,594

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

**Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 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 interim condensed consolidated financial information include the financial information of the Parent Company and its subsidiaries (together referred to as "the Group").

<u>Company name</u>	<u>Legal entity</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>% of ownership</u>
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 financial information prepared by the subsidiaries' management have been used to prepare the interim condensed consolidated financial information for the six month period ended 30 June 2015. The subsidiaries' total assets amounted to KD 29,267,628 as at 30 June 2015 (31 December 2014: KD 23,068,396 and 30 June 2015: KD 21,052,112) and their net profits amounted to KD 1,304,294 for the six month period ended 30 June 2014 (for the six month period ended 30 June 2014: KD 848,879).

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.



**Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 2015 (Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities (Continued)

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

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of director's on 10 August 2015.

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.

In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be 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 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 2014 except for the adoption of certain number of new and amended IFRS that have become effective and applicable to the Group.

New/revised IFRSs in issue and became effective

During the current period, the Group has adopted new and revised IFRSs in issue and became effective

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

Annual improvements to 2010-2012 Cycle:

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

Annual improvements to 2011-2013 Cycle:

- IFRS 3: Business combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Properties

The adoption of these amendments has not resulted in any significant impact on the interim condensed consolidated financial information of the Group.

Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Significant accounting policies (Continued)

2.1 Basis of preparation (continued)

New/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 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The parent company's management does not expect that the adoption of these amendments will have any significant impact on the interim condensed consolidated financial information of the Group.

For annual periods beginning on or after 1 January 2018

IFRS 15 Revenue from Contracts with Customers

The Parent Company's management anticipates that the application of IFRS 15 may have a significant impact on amounts and disclosures reported in the consolidated financial information. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

IFRS 9 Financial Instruments

The Parent Company's management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's consolidated 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.

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.



Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 2015 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

2. Significant accounting policies (Continued)

2.2 Fair value estimation (continued)

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

Financial assets	Fair value as at			Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relation of unobservable inputs to fair value
	30 June 2015	31 December 2014 (audited)	30 June 2014				
<i>Available for sale investments:</i>							
Quoted shares	55,430,926	59,892,854	66,033,291	Level 1	Last bid price	N/A	N/A
Foreign funds	1,220,192	1,444,229	2,523,400	Level 2	Net asset value	N/A	N/A
<i>Investments at fair value through statement of income:</i>							
Local shares	1,150,196	1,150,887	1,137,739	Level 3	Based on the latest available financial statements or on the basis of the last transaction	N/A	N/A
Local funds	354,315	365,858	400,010	Level 2	Net asset value	N/A	N/A
Foreign investments	6,724,268	7,405,401	8,266,525	Level 2	Net asset value	N/A	N/A

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

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

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

3. Property, plant and equipment

	30 June 2015	31 December 2014 (audited)	30 June 2014
Net carrying value at beginning of period/year	161,395,528	155,460,323	155,460,323
Additions	2,897,492	9,540,152	4,156,000
Disposals	(2,777)	(63,922)	-
Foreign currency translation differences	24,619	31,715	-
Depreciation for the period / year	(1,604,247)	(2,555,200)	(1,233,156)
Impairment	-	(1,017,540)	-
Net carrying value at end of period/year	162,710,615	161,395,528	158,383,167



**Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 2015 (Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 128,420,615. While the total cost of the completed work amounted to KD 126,731,260 as at 30 June 2015 (31 December 2014: KD 125,615,203 and 30 June 2014: KD 123,981,176).

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 associate	Country of incorporation	Voting capital and ownership interest %	Carrying value		
			30 June 2014	31 December 2014 (audited)	30 June 2015
Kuwait Rocks Co K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.S.C.P.	Kuwait	33.39	15,274,859	15,594,249	15,318,842
			<u>15,274,859</u>	<u>15,594,249</u>	<u>15,318,842</u>

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

	30 June 2015	31 December 2014 (audited)	30 June 2014
Balance at beginning of the period/year	15,594,249	15,029,843	15,029,843
Group's share of associates results	(35,682)	544,095	296,196
Group's share in associates' reserves	98,070	20,311	(7,197)
Cash dividends received	(381,778)	-	-
Balance at end of the period/year	<u>15,274,859</u>	<u>15,594,249</u>	<u>15,318,842</u>

The Group's share in results of associate companies are recognized based on the interim condensed consolidated financial information (unaudited) for the period ended 31 March 2015.

5. Available for sale investments

	30 June 2015	31 December 2014 (audited)	30 June 2014
Quoted shares	55,430,926	59,892,854	66,033,291
Unquoted shares	3,222,367	3,034,295	3,666,776
Foreign funds	1,220,192	1,444,229	2,523,400
	<u>59,873,485</u>	<u>64,371,378</u>	<u>72,223,467</u>

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

**Notes to the interim condensed consolidated financial information
for the six month period ended 30 June 2015 (Unaudited)**

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

The quoted investments include investments amounting to KD 21,319,116 as at 30 June 2015 in the shares of National Industries Group Holding K.S.C.P., which is one of the major shareholders in the Group (31 December 2014: KD 25,003,901, and 30 June 2014: KD 28,951,886).

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 1,220,192 as at 30 June 2015 (31 December 2014: KD 1,143,003, and 30 June 2014: KD 2,523,400) valued based on recent available valuation reports from investment managers during the period as no reports were available for these investments as at the date of financial information.

6. Inventories

	30 June 2015	31 December 2014 (audited)	30 June 2014
Raw materials	14,891,212	15,689,717	17,789,132
Finished goods	406,672	450,960	626,021
	<u>15,297,884</u>	<u>16,140,677</u>	<u>18,415,153</u>

7. Debtors and other debit balances

	30 June 2015	31 December 2014 (audited)	30 June 2014
Amounts under collection at banks	791,813	761,470	659,912
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsidising cement and Ready Mix to the public	3,745,639	4,256,527	4,066,977
Related parties (note 19)	5,180,229	4,844,728	2,554,888
Other trade receivables	1,575,535	1,970,142	1,454,382
Total trade receivables	11,269,361	11,727,640	14,091,698
Other receivables	22,562,577	23,560,507	22,827,857
Provision for doubtful debts	1,835,094	1,346,378	570,800
	<u>24,397,671</u>	<u>24,906,885</u>	<u>23,398,657</u>
	(2,681,383)	(2,553,953)	(2,021,101)
	<u>21,716,288</u>	<u>22,352,932</u>	<u>21,377,556</u>
Prepaid expenses	483,821	326,399	467,419
Notes receivable	2,967,344	1,631,298	1,903,158
	<u>25,167,453</u>	<u>24,310,629</u>	<u>23,748,133</u>

8. Investments at fair value through profit or loss

	30 June 2015	31 December 2014 (audited)	30 June 2014
Local investments	1,504,511	1,516,745	1,537,749
Foreign investments	6,724,268	7,405,401	8,266,525
	<u>8,228,779</u>	<u>8,922,146</u>	<u>9,804,274</u>



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(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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

9. Cash and cash equivalents

	30 June 2015	31 December 2014 (audited)	30 June 2014
Cash on hand and at banks	10,116,185	9,853,766	16,055,067
Cash at investment portfolios	5,125,764	3,775,518	3,826,973
Deposits placed with banks	2,083,798	2,119,412	2,130,554
Cheques under collection	1,286	-	-
	<u>17,327,033</u>	<u>15,748,696</u>	<u>22,012,594</u>

The average effective annual interest rate on bank deposits was 0.5% as at 30 June 2015 (31 December 2014: 0.625% and 30 June 2014: 1.25%).

10. Share capital

The authorized, issued and fully paid capital comprises of KD 73,330,387 allocated over 733,303,870 shares as at 30 June 2015 (31 December 2014: KD 73,330,387 allocated over 733,303,870 shares and 30 June 2014: KD 73,330,387 allocated over 733,303,870 shares) of nominal value 100 fils per share and all shares are in cash.

11. Treasury shares

	30 June 2015	31 December 2014 (audited)	30 June 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	8,585,310

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

12. Loans, bank facilities and murabaha

	30 June 2015	31 December 2014 (audited)	30 June 2014
Non-current portion			
Loans	33,306,091	39,262,904	50,742,345
Murabaha	35,170,047	32,509,660	33,396,388
	<u>68,476,138</u>	<u>71,772,564</u>	<u>84,138,733</u>
Current portion			
Loans	14,335,364	12,733,909	13,098,909
Murabaha	8,329,481	4,486,527	7,024,480
	<u>22,664,845</u>	<u>17,220,436</u>	<u>20,123,389</u>
Total loans, bank facilities and Murabaha	<u>91,140,983</u>	<u>88,993,000</u>	<u>104,262,122</u>



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The average effective annual interest rate on loans, bank facilities and murabaha was 3.125 % as at 30 June 2015 (31 December 2014: 3.125% and 30 June 2014: 3.250%).

Certain loans are guaranteed by the fully commercial shop of the factory and its extensions with book value amounting to KD 15,903,852 as at 30 June 2015 (31 December 2014: 16,588,259, and 30 June 2014: KD 17,272,666). The loans are also guaranteed by quoted available for sale investments of KD nil as at 30 June 2015 (31 December 2014: 1,586,500 and 30 June 2014: KD 1,937,200).

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

13. Payables and other credit balances

	30 June 2015	31 December 2014 (audited)	30 June 2014
Suppliers	13,710,302	12,646,694	10,711,365
Retentions	2,014,412	4,058,322	4,047,093
Accrued interest and expenses	1,963,072	2,668,562	2,054,269
Notes payable	928,147	680,168	1,780,787
Clients - advance payments	1,243,156	1,635,663	1,157,099
Cash dividends payable	747,327	615,223	699,369
Contribution to Kuwait Foundation for Advancement of Sciences	146,147	166,810	274,015
National Labor Support Tax	289,488	435,020	272,198
Zakat	90,240	112,269	85,567
Other	137,156	99,057	18,805
	<u>21,269,447</u>	<u>23,117,788</u>	<u>21,100,567</u>

14. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Raw material	15,757,763	13,775,958	31,083,702	26,524,123
Change in finished goods	66,429	3,460	44,288	(73,041)
Salaries and benefits	726,610	1,115,125	1,461,621	2,075,866
Maintenance and spare parts	1,289,121	517,886	2,175,877	1,136,714
Other	320,036	164,344	582,149	321,992
	<u>18,159,959</u>	<u>15,576,773</u>	<u>35,347,637</u>	<u>29,985,654</u>



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(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

15. Other operating (expenses)/income

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Net income from investment properties	31,210	36,298	59,600	56,743
Net (losses)/profits from exchange differences	(148,115)	4,857	(784,140)	62,042
Other income	39,883	582,846	67,252	1,213,239
	<u>(77,022)</u>	<u>624,001</u>	<u>(657,288)</u>	<u>1,332,024</u>

16. Net gain from investments

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Investments at fair value through profit or loss:				
Unrealized profits	156,276	314,608	459,487	398,410
Realised gains	-	12,640	-	12,640
Cash dividends	11,490	112,318	11,490	112,318
	<u>167,766</u>	<u>439,566</u>	<u>470,977</u>	<u>523,368</u>
Available for sale investments:				
Impairment	(8,990)	(13,426)	(21,069)	(49,355)
Realised gains	-	55,495	-	55,495
Cash dividends	2,437,985	588,975	2,960,649	1,036,823
Portfolio management fees	(31,786)	(36,645)	(61,761)	(71,938)
	<u>2,397,209</u>	<u>594,399</u>	<u>2,877,819</u>	<u>971,025</u>
	<u>2,564,975</u>	<u>1,033,965</u>	<u>3,348,796</u>	<u>1,494,393</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 30 June		Six months ended 30 June	
	2015	2014	2015	2014
Net profit for the period	7,412,081	6,406,337	13,752,753	11,648,974
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141	713,103,141	713,103,141
Earnings per share (fils)	<u>10.39</u>	<u>8.98</u>	<u>19.29</u>	<u>16.34</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 cash dividends of 18 fils per share of the paid share capital after deducting treasury shares (2013: 18 fils).



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(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the ordinary course of business, all related party significant transactions during the period ended 30 June 2015 are carried out at terms approved by the Group's management. Balances and transactions between the Company and its subsidiaries, which are related parties of the Parent Company, have been eliminated on consolidation and are not disclosed in this note.

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

	<u>30 June 2015</u>	<u>31 December 2014 (audited)</u>	<u>30 June 2014</u>	
Interim condensed consolidated statement of financial position				
Debtors and other debit balances (Note 7)	1,575,535	1,970,142	1,454,382	
Provision for employees' end of service indemnity	474,792	474,355	473,801	
	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Interim condensed consolidated statement of income				
Sales	1,177,151	1,055,781	2,266,671	2,138,238
Key management benefits				
Executive committees fees	30,000	30,000	60,000	60,000
Salaries and other benefits	169,538	169,800	339,338	341,700

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

20. Contingent liabilities and capital commitments

	<u>30 June 2015</u>	<u>31 December 2014 (audited)</u>	<u>30 June 2014</u>
Contingent liabilities			
Letters of guarantee	440,681	440,681	248,847
Capital commitments			
Letters of credit	202,046	914,028	959,848
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	5,133,309	11,031,428	8,104,344
Projects in progress	1,689,355	1,836,670	2,413,557



**Notes to the interim condensed consolidated financial information
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(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 current 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 six month period ended 30 June is as follows:

	2015			2014		
	Manufacturing sector	Investment sector	Total	Manufacturing sector	Investment sector	Total
Segments revenues	51,041,199	3,372,714	54,413,913	43,975,710	1,847,331	45,823,041
Total segments profit	12,210,050	3,372,714	15,582,764	11,763,723	1,847,331	13,611,054
Segments assets	215,838,522	89,357,574	305,196,096	219,589,904	102,052,254	321,642,158
Adjustments						
Gross segments profit			15,582,764			13,611,054
Financing charges			(1,287,980)			(1,452,760)
Interest income			28,904			14,637
Net segments profit before deductions			14,323,688			12,172,931