

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 three months ended 31 March 2014

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BDO

Al Johara Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait
Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

Deloitte.
Deloitte & Touche
Al-Wazzan & Co.
Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174 Safat 13062 or
P.O. Box 23049 Safat 13091
Kuwait
Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

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 Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2014, 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 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 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 Requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Company. We further report that nothing have come to our attention indicating any contravention during the three month period ended 31 March 2014, of the Companies' Law No. 25 of 2012, as amended, and the executive regulations or the Company's articles and memorandum of association, which might have materially affected the Group's activities or its consolidated financial position.

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

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

Kuwait: 14 May 2014

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position
as at 31 March 2014 (Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	31 March 2014	31 December 2013 (audited)	31 March 2013
Assets				
Non-current assets				
Property, plant and equipment	3	156,440,082	155,460,323	142,874,637
Intangible assets		843,407	856,139	858,756
Investment properties		878,926	890,706	926,047
Investments in associates	4	15,137,316	15,029,843	14,792,268
Available for sale investments	5	75,198,154	71,569,566	72,666,669
		248,497,885	243,806,577	232,118,377
Current assets				
Inventories	6	15,434,633	20,895,761	22,585,095
Receivables and other debit balances	7	24,585,516	18,193,790	17,386,818
Investment at fair value through profit or loss	8	9,489,665	9,405,863	9,920,207
Cash on hand and with financial institutions	9	23,406,745	18,442,018	18,358,536
		72,916,559	66,937,432	68,250,656
Total assets		321,414,444	310,744,009	300,369,033
Equity and liabilities				
Equity				
Share Capital	10	73,330,387	73,330,387	63,765,554
Share premium		26,675,810	26,675,810	5,154,935
Treasury shares	11	(13,497,645)	(13,497,645)	(13,487,906)
Gains from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		39,309,913	39,309,913	37,512,173
Voluntary reserve		34,347,424	34,347,424	32,549,684
General reserve		18,930,128	18,930,128	18,930,128
Change in fair value reserve		(5,439,956)	(9,369,876)	(11,321,029)
Group's share in associates' reserves		(741,227)	(713,055)	(883,417)
Group's share in foreign currency translation reserve		(53,574)	(51,555)	-
Retained earnings		29,982,427	24,739,790	25,485,476
Total equity		203,289,279	194,146,913	158,151,190
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	84,002,493	73,469,975	112,860,001
Provision for employees' end of service indemnity		2,003,855	1,977,598	1,864,268
		86,006,348	75,447,573	114,724,269
Current liabilities				
Loans, bank facilities and murabaha	12	14,087,935	23,282,253	10,529,016
Payables and other credit balances	13	18,030,882	17,867,270	16,964,558
		32,118,817	41,149,523	27,493,574
Total liabilities		118,125,165	116,597,096	142,217,843
Total equity and liabilities		321,414,444	310,744,009	300,369,033

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

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income
for the three months ended 31 March 2014 (Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	For the three months ended 31 March 2014	2013
Sales		20,340,094	18,318,394
Cost of sales	14	(14,408,881)	(13,036,793)
Gross profit		5,931,213	5,281,601
Other operating income	15	708,023	218,894
Selling, general and administrative expenses		(1,060,747)	(847,467)
Operating profit		5,578,489	4,653,028
Provision for doubtful debts		(10,777)	(1,054)
Financing charges		(685,873)	(104,274)
Interest income		4,699	14,145
Net gains from investments	16	460,428	472,366
Group's share of associates' results	4	135,645	245,805
Net profit before deductions		5,482,611	5,280,016
Contribution to Kuwait Foundation for the Advancement of Sciences		(48,053)	(46,678)
National Labor Support Tax		(122,530)	(117,406)
Zakat		(34,391)	(32,954)
Board of directors' remuneration		(35,000)	(35,000)
Net profit for the period		5,242,637	5,047,978
Earnings per share (fils)	17	7.35	7.91

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated comprehensive statement of income
for the three months ended 31 March 2014 (Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	For the three months ended 31 March 2014	2013
Net profit for the period		5,242,637	5,047,978
Other comprehensive income items			
Items that may be reclassified subsequently to the consolidated statement of income:			
Available for sale investments:			
Net unrealized gains from available for sale investments		3,929,920	1,300,571
Impairment of available for sale investments		-	301,038
		3,929,920	1,601,609
Investments in associates:			
Group's share in associates' reserves	4	(28,172)	(133,082)
Differences from translating financial statement in foreign currency:			
Group's share in foreign currency translation reserve		(2,019)	-
Total other comprehensive income items for the period		3,899,729	1,468,527
Total comprehensive income for the period		9,142,366	6,516,505

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

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



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of changes in equity for the three months ended 31 March 2014 (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 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	-	-	-	-	-	-	-	-	-	-	5,047,978	5,047,978
Total other comprehensive income/(loss) items for the period	-	-	-	-	-	-	-	1,601,609	(133,082)	-	-	1,468,527
Balance at 31 March 2013	63,765,554	5,154,935	(13,487,906)	445,592	37,512,173	32,549,684	18,930,128	(11,321,029)	(883,417)	-	25,485,476	158,151,190
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

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of cash flows
for the three months ended 31 March 2014 (Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	For the three months ended 31 March 2014	2013
Cash flows from operating activities			
Net profit for the period		5,242,637	5,047,978
Adjustments:			
Depreciations and amortizations		654,109	558,872
Provision for doubtful debts		10,777	1,054
Financing charges		685,873	104,274
Interest income		(4,699)	(14,145)
Net gain on investments		(495,721)	(511,074)
Group's share of associates' results	4	(135,645)	(245,805)
Provision for employees' end of service indemnity		26,257	27,403
Net operating profit before working capital changes		5,983,588	4,968,557
Inventories		5,461,128	3,094,023
Receivables and other debit balances		(6,402,503)	(2,352,243)
Investment at fair value through profit or loss		-	96,654
Payables and other credit balances		576,660	(1,764,208)
Net cash generated from operating activities		5,618,873	4,042,783
Cash flows from investing activities			
Paid to purchase of property, plant and equipment		(1,776,285)	(7,904,360)
Proceeds from sale of available for sale investments		265,403	140,799
Dividends received		447,848	397,799
Interest income received		4,699	14,145
Net cash used in investing activities		(1,058,335)	(7,351,617)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		7,993,200	11,568,340
Settlement on loans, bank facilities and murabaha		(6,655,000)	(200,000)
Finance charges paid		(933,748)	(1,291,438)
Dividends paid		(263)	(16,468)
Net cash generated from financing activities		404,189	10,060,434
Net change in cash and cash equivalents		4,964,727	6,751,600
Cash and cash equivalents at beginning of the period		18,442,018	11,226,936
Cash and cash equivalents at end of the period	9	23,406,745	17,978,536

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

1. Incorporation and activities

Kuwait Cement Company K.S.C.P. "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 September 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 utilization of the surplus available in the financial and real estate portfolios managed by specialized 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 International 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 subsidiary's management was used to prepare condensed consolidated interim financial information for the three months ended 31 March 2014. The total assets of subsidiaries amounted to KD 23,694,714 as at 31 March 2014 (KD 23,068,396 as at 31 December 2013 and KD 21,126,318 as at 31 March 2013) and net profits amounted to KD 588,758 for the three months ended 31 March 2014 (KD 462,401 for the three months ended 31 March 2013).

The accompanying interim condensed consolidated financial information was authorized for issue by Company's board of director's on 14 May 2014.

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 three months ended 31 March 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2013.

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 2013 except for the adoption of the amended IFRS that have become effective from 1 January 2014 and are applicable to the Group:

- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities
- IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

The adoption of these amendments did not have material impact on the Group's activities nor its consolidated financial position, and the disclosure in the Group's annual financial statements shall be according to the requirements of these standards.

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:

31 March 2014	**Level 1**	**Level 2**	**Total**
Available for sale investments	68,562,132	2,879,077	71,441,209
Investment at fair value through profit or loss	1,549,231	7,940,434	9,489,665
31 December 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments	64,921,973	2,923,584	67,845,557
Investment at fair value through profit or loss	1,523,510	7,882,353	9,405,863
31 March 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments	65,984,469	3,009,048	68,993,517
Investment at fair value through profit or loss	1,559,636	8,360,571	9,920,207

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

	31 March 2014	31 December 2013 (audited)	31 March 2013
Net carrying value at beginning of period/year	155,460,323	136,284,797	136,284,797
Additions	1,609,356	21,478,996	7,154,170
Disposals	-	(17,390)	-
Foreign currency translation differences	-	11,676	(29,969)
Depreciation for the period / year	(629,597)	(2,297,756)	(534,361)
Net carrying value at end of period/year	156,440,082	155,460,323	142,874,637

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 125,651,448. While the total cost of the completed work amounted to KD 121,815,603 as at 31 March 2014 (KD 120,244,208 as at 31 December 2013 and KD 108,604,917 as at 31 March 2013).

All property, plant and equipment located on land leased from the state owned under lease for a term of five years ending in 2014.

Borrowing costs capitalized on projects in progress were KD nil for the three months ended 31 March 2014 (KD 3,871,496 for the year ended 31 December 2013 and KD 909,147 for the three months ended 31 March 2013).

4. Investments in associates

Name of associate	Country of incorporation	Voting rights and ownership interest %	Book value			Measurement method
			31 March 2014	31 December 2013 (audited)	31 March 2013	
Kuwait Rocks Co K.S.C.C.	Kuwait	30.00	-	-	-	Equity
Marine Contracting and Services Co. K.S.C.C.	Kuwait	33.39	15,137,316	15,029,843	14,792,268	Equity
			15,137,316	15,029,843	14,792,268	

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

	31 March 2014	31 December 2013 (audited)	31 March 2013
Balance at beginning of the period/year	15,029,843	14,679,545	14,679,545
Group's share of associates' results	135,645	659,302	245,805
Group's share in associates' reserves	(28,172)	37,280	(133,082)
Cash dividends received	-	(346,284)	-
Balance at end of the period/year	15,137,316	15,029,843	14,792,268

The Group's share in the results of associates are recorded based on the audited financial statements for the year ended 31 December 2013.

5. Available for sale investments

	31 March 2014	31 December 2013 (audited)	31 March 2013
Quoted shares	68,562,132	64,921,973	65,984,469
Unquoted shares	3,756,945	3,724,009	3,673,152
Foreign funds	2,879,077	2,923,584	3,009,048
	75,198,154	71,569,566	72,666,669

The quoted investments include investments amounting to KD 30,581,212 as at 31 March 2014 in the shares of National Industries Company K.S.C.P. which is one of the major shareholders in the Group (KD 29,077,218 as at 31 December 2013 and KD 28,325,221 as at 31 March 2013).

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 2,688,023 as at 31 March 2014 (KD 1,829,025 as at 31 December 2013 and KD 1,925,424 as at 31 March 2013) 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.

Impairment of certain available for sale investments was recognized at KD 35,929 for the three months ended 31 March 2014 (KD 301,038 for the three months ended 31 March 2013) as a result of the significant decrease of their value. This impairment was recognized in the interim condensed consolidated statement of income for the current period.

6. Inventories

	31 March 2014	31 December 2013 (audited)	31 March 2013
Raw materials	14,805,152	20,342,781	21,720,260
Finished goods	629,481	552,980	536,414
Letters of credit for purchase of inventories	-	-	328,421
	15,434,633	20,895,761	22,585,095

7. Receivables and other debit balances

	31 March 2014	31 December 2013 (audited)	31 March 2013
Amounts under collection at banks	929,369	792,360	762,428
Receivables against unconditional bank guarantees	4,117,023	3,818,221	4,197,892
Ministry of Commerce – difference from subsidizing cement to the public	3,101,980	2,382,730	2,309,272
Related parties (note 19)	1,864,447	1,881,338	1,912,063
Other trade receivables	13,996,971	9,373,814	7,633,214
Total trade receivables	24,009,790	18,248,463	16,814,869
Other receivables	546,828	416,866	559,816
	24,556,618	18,665,329	17,374,685
Provision for doubtful debts	(2,010,204)	(1,999,427)	(1,921,984)
	22,546,414	16,665,902	15,452,701
Prepaid expenses	552,540	297,243	504,342
Notes receivable	1,486,562	1,230,645	1,429,775
	24,585,516	18,193,790	17,386,818

8. Investment at fair value through profit or loss

	31 March 2014	31 December 2013 (audited)	31 March 2013
Local quoted investments	1,549,231	1,523,510	1,559,636
Foreign investments	7,940,434	7,882,353	8,360,571
	9,489,665	9,405,863	9,920,207

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

9. Cash on hand and with financial institutions

	31 March 2014	31 December 2013 (audited)	31 March 2013
Cash on hand and at banks	9,950,806	10,396,521	11,768,820
Cash at investment portfolios	2,855,281	2,360,342	1,388,496
Deposits placed with banks	10,600,658	5,685,155	5,151,510
Cheques under collection	-	-	49,710
	23,406,745	18,442,018	18,358,536
Less: deposit for more than three months	-	-	(380,000)
Cash and cash equivalents	23,406,745	18,442,018	17,978,536

The annual average effective interest rate on bank deposits was 1.125% as at 31 March 2014 (0.825% as at 31 December 2013 and 1.25% as at 31 March 2013).

10. Share Capital

The authorized, issued and fully paid capital comprises of KD 73,330,387 allocated over 733,303,870 shares as at 31 March 2014 (KD 73,330,387 as at 31 December 2013 allocated over 733,303,870 shares and KD 63,765,554 as at 31 March 2013 allocated over 637,655,538 shares) of nominal value 100 fils per share and all shares are in cash.

This is being registered in the commercial register.

11. Treasury shares

	31 March 2014	31 December 2013 (audited)	31 March 2013
Number of shares (share)	20,200,729	20,200,729	20,170,729
Percentage of issued shares (%)	2.75	2.75	3.16
Market value (KD)	8,181,295	7,373,266	8,370,853

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 2014	31 December 2013 (audited)	31 March 2013
Non-current portion			
Loans	54,361,973	41,703,546	66,810,001
Murabahas	29,640,520	31,766,429	46,050,000
	84,002,493	73,469,975	112,860,001
Current portion			
Loans	7,768,455	17,403,682	5,529,016
Murabahas	6,319,480	5,878,571	5,000,000
	14,087,935	23,282,253	10,529,016
Total loans, bank facilities and Murabaha	98,090,428	96,752,228	123,389,017

The annual average effective interest rate on loans, bank facilities and murabaha was 3.30% as at 31 March 2014 (3.625% as at 31 December 2013 and 4% as at 31 March 2013).

Certain loans are guaranteed by the whole commercial establishments of the company's factory and its extensions with book value amounting to KD 17,614,869 as at 31 March 2014 (KD 17,957,073 as at 31 December 2013 and KD 18,983,683 as at 31 March 2013) and also against guaranteed by quoted available for sale investments amounting to KD 2,037,400 as at 31 March 2014 (KD 1,937,200 as at 31 December 2013 and KD 1,887,100 as at 31 March 2013).

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 2014	31 December 2013 (audited)	31 March 2013
Suppliers	7,399,865	7,079,463	7,463,474
Retentions	4,023,624	4,023,624	3,537,481
Accrued expenses and interest	2,803,987	2,671,593	2,720,878
Notes payable	1,133,072	1,595,302	699,697
Customers - advance payments	1,199,472	1,061,921	1,027,343
Dividends payable	553,285	553,548	487,248
Deferred letter of credits for purchase of equipment	-	166,929	243,147
Contribution to Kuwait Foundation for the Advancement of Sciences	212,156	166,843	187,406
National Labor Support Tax	528,936	406,406	453,429
Zakat	158,052	125,749	127,269
Others	18,433	15,892	17,186
	18,030,882	17,867,270	16,964,558

14. Cost of sales

	For the three months ended 31 March	
	2014	2013
Raw material	12,748,165	11,262,452
Change in finished goods	(76,501)	(101,257)
Salaries and benefits	960,741	967,751
Rentals	22,575	20,869
Maintenance and spare parts	618,828	706,728
Others	135,073	180,250
	14,408,881	13,036,793

15. Other operating income

	For the three months ended 31 March	
	2014	2013
Net income from investment properties	20,445	35,096
Net profits/(losses) from exchange rates	57,185	(175,216)
Other income	630,393	359,014
	708,023	218,894

16. Net gains from investments

	For the three months ended 31 March	
	2014	**2013**
Investments at fair value through profit or loss:		
Unrealized gains	83,802	322,678
Realised gains	-	31,503
Cash dividends	-	14,007
	83,802	368,188
Available for sale investments:		
Impairment	(35,929)	(301,038)
Realised gains	-	60,132
Cash dividends	447,848	383,792
Portfolio management fees	(35,293)	(38,708)
	376,626	104,178
	460,428	472,366

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:

	For the three month period ended 31 March	
	2014	**2013**
Net profit for the period	5,242,637	5,047,978
Weighted average number of outstanding shares during the period (shares)	713,103,141	637,911,117
Earnings per share (fils)	7.35	7.91

Earnings per share were calculated with consideration of capital increase during the period.

18. Dividends

On 7 May 2014, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2013, and approved distributing cash dividends at 18 fils per share after deducting treasury shares from the paid up share capital (2012: 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 31 March 2014. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

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

	For the three months ended 31 March	
	2014	2013
Interim condensed consolidated statement of income		
Sales	1,082,457	1,192,627
Key management benefits		
Executive committees fees	30,000	30,000
Salaries and other benefits	171,900	171,900

	31 March 2014	31 December 2013 (audited)	31 March 2013
Condensed Consolidated interim statement of financial position			
Receivables and other debit balances (Note 7)	1,864,447	1,881,338	1,912,063
Provision for employees' end of service indemnity	470,155	487,070	484,761

20. Contingent liabilities and capital commitments

	31 March 2014	31 December 2013 (audited)	31 March 2013
Contingent liabilities			
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Letters of credit	522,661	894,667	1,241,384
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	10,996,093	6,612,252	8,708,952
Projects in progress	3,835,845	4,939,068	7,068,549

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:

	2014			2013		
	Manufacturing sector	**Investments sector**	**Total**	**Manufacturing sector**	**Investments sector**	**Total**
Segments revenues	20,970,487	616,518	21,587,005	18,677,408	753,266	19,430,674
Total segments profit	5,547,267	616,518	6,163,785	4,616,879	753,266	5,370,145
Segments assets	217,905,305	103,509,139	321,414,444	200,675,346	99,693,687	300,369,033
Adjustments						
Total segments profit			6,163,785			5,370,145
Financing charges			(685,873)			(104,274)
Interest income			4,699			14,145
Total segments profit before deductions			5,482,611			5,280,016