

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

Interim condensed consolidated financial information
(unaudited)
And the review report for the three months ended
31 March 2016

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Kuwait Cement Company K.P.S.C.
State of Kuwait

Independent auditors' review report to the board of directors

Report on interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.P.S.C. ("The Parent Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2016, 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 interim condensed consolidated financial information in accordance with International Accounting Standards 34: "Interim Financial Reporting".

Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on other Legal and Regulatory Requirement

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any contravention during the three months period ended 31 March 2016, of the Commercial Companies' Law No. 1 of 2016 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 financial position.

Qais M. Al Nisf
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Member of Prime Global
Al-Salheya Office - Certified Accountant

Kuwait: 15 May 2016

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position as at 31 March 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2016	31 December 2015 (Audited)	31 March 2015
Assets				
Non-current assets				
Property, plant and equipment	3	164,837,887	164,491,549	161,534,539
Intangible assets		105,430	103,167	819,548
Investment Property		836,678	842,680	860,689
Investments in associates	4	15,753,820	15,516,911	15,557,877
Available for sale investments	5	49,621,974	49,694,984	63,527,568
		231,155,789	230,649,291	242,300,221
Current assets				
Inventories	6	12,282,737	14,990,160	15,221,113
Receivables and other debit balances	7	28,054,357	23,267,525	26,200,008
Investments at fair value through statement of income	8	7,974,065	7,994,181	8,314,046
Cash and cash equivalents	9	20,456,805	16,477,096	22,094,934
		68,767,964	62,728,962	71,830,101
Total assets		299,923,753	293,378,253	314,130,322
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 on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		43,144,613	43,144,613	41,126,696
Voluntary reserve		38,182,124	38,182,124	36,164,207
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(28,743,843)	(28,694,013)	(14,997,243)
Group's share in associates' reserves		(483,296)	(525,360)	(610,636)
Group's share in foreign currency translation reserve		94,556	120,851	93,911
Retained earnings		33,217,477	28,015,883	31,933,552
Total equity		191,295,903	186,128,370	199,594,759
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	61,327,819	60,577,621	67,447,732
Provision for employees' end of service indemnity		2,442,661	2,405,374	2,312,548
		63,770,480	62,982,995	69,760,280
Current liabilities				
Loans, bank facilities and murabaha	12	22,138,148	22,554,814	21,789,071
Payables and other credit balances	13	22,719,222	21,712,074	22,986,212
		44,857,370	44,266,888	44,775,283
Total liabilities		108,627,850	107,249,883	114,535,563
Total equity and liabilities		299,923,753	293,378,253	314,130,322

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

Rashed Abdulaziz Al-Rashed
Chairman

Sulaiman Khalid Al-Ghunaim
Vice Chairman

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income for the three month period ended 31 March 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March 2016	Three months ended 31 March 2015
Sales		26,367,703	25,735,077
Cost of sales	14	(19,615,997)	(17,313,079)
Gross profit		6,751,706	8,421,998
Other operating income/(expenses)	15	122,590	(580,266)
Selling, general and administrative expenses		(1,112,862)	(1,162,618)
Operating profit		5,761,434	6,679,114
Provision for doubtful debts		(131,937)	(65,300)
Financing charges		(641,761)	(666,261)
Interest income		1,792	19,439
Net gain on investments	16	257,222	783,821
Group's share of associates results	4	194,845	(118,480)
Net profit before deductions		5,441,595	6,632,333
Kuwait Foundation for the Advancement of Sciences (KFAS)		(46,924)	(57,333)
National Labour Support Tax (NLST)		(123,432)	(155,642)
Zakat		(34,645)	(43,686)
Board of Directors' remuneration		(35,000)	(35,000)
Net profit for the period		5,201,594	6,340,672
Earnings per share (fils)	17	7.29	8.89

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 month period ended 31 March 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 31 March	
	2016	**2015**
Net profit for the period	5,201,594	6,340,672
Other comprehensive income items:		
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:		
Available for sale investments:		
Net unrealized losses from available for sale investments	(314,743)	(705,200)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments	264,913	-
	(49,830)	(705,200)
Investments in associates:		
Group's share in associates' reserves	42,064	82,108
Differences of translation of financial statement with foreign currency:		
Group's share in foreign currency translation reserve	(26,295)	61,409
Total other comprehensive loss items for the period	(34,061)	(561,683)
Total comprehensive income for the period	5,167,533	5,778,989

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

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of changes in equity for the three month period ended 31 March 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 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 (loss)/income 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

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(28,694,013)	(525,360)	120,851	28,015,883	186,128,370
Net profit for the period	-	-	-	-	-	-	-	-	-	-	5,201,594	5,201,594
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(49,830)	42,064	(26,295)	-	(34,061)
Balance at 31 March 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(28,743,843)	(483,296)	94,556	33,217,477	191,295,903

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 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March 2016	2015
Cash flows generated from operating activities			
Net profit for the period		5,201,594	6,340,672
Adjustments:			
Depreciation and amortization		1,650,763	766,700
Provision for doubtful debts		131,937	65,300
Net gain on investments	16	(282,721)	(813,796)
Financing charges		641,761	666,261
Interest income		(1,792)	(19,439)
Group's share of associates results	4	(194,845)	118,480
Provision for employees' end of service indemnity		37,287	56,644
Net operating profit before working capital changes		7,183,984	7,180,822
Inventories		2,707,423	919,564
Receivables and other debit balances		(4,918,769)	(1,954,679)
Investments at fair value through statement of income		-	911,311
Payables and other credit balances		884,437	594,801
Net cash generated from operating activities		5,857,075	7,651,819
Cash flows from investing activities			
Paid for purchase of property, plant and equipment	3	(1,974,288)	(866,280)
Proceeds from sale of property, plant and equipment	3	17,483	2,777
Paid for purchase of intangible assets		(8,880)	-
Paid for purchase of available for sale investments		(532,138)	-
Proceeds from sale of available for sale investments		286,638	126,531
Dividends received		571,519	522,664
Interest income received		1,792	19,439
Net cash used in investing activities		(1,637,874)	(194,869)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		880,145	104,085
Paid for bank loans, facilities and murabaha		(491,136)	(490,752)
Finance charges paid		(627,845)	(720,582)
Dividends paid		(656)	(3,463)
Net cash used in financing activities		(239,492)	(1,110,712)
Net increase in cash and cash equivalents		3,979,709	6,346,238
Cash and cash equivalents at the beginning of the period		15,948,137	15,748,696
Cash and cash equivalents at the end of the period	9	19,927,846	22,094,934

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

1. Incorporation and activities

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

The Company's objectives are as follows:

1. Establishing a project for the production of ordinary cement, sulphate resisting portland cement and portland cement for industrial purposes and all kinds of cement at large.
2. Construction of factories and laboratories needed for achieving Company's objectives.
3. Dealing in all types of products, materials, tools and machinery relating to the Company's activity and transferring them locally or abroad.
4. Participating or having interest in any aspect in other companies conducting similar activities or which may assist the Company in achieving its objectives in Kuwait or abroad. The company may as well acquire such companies or affiliate them. The Company may also participate in incorporation of real estate companies.
5. Utilize 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 incorporation of companies of all types and with different purposes and in investment funds, inside Kuwait or abroad, to be managed by specialized companies and entities.

The Parent 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 interim condensed consolidated financial information includes the financial statements of the Parent Company and its subsidiaries (together referred to as "the Group").

				% of ownership		
Company name	Legal entity	Principal activity	Country of incorporation	31 March 2016	31 December 2015	31 March 2015
Shuwaikh Cement Company	K.S.C.C.	Industrial	Kuwait	99.250	99.250	99.250
Amwaj Real Estate Company	K.S.C.C.	Real Estate	Kuwait	96.000	96.000	96.000
Kuwait Cement Ready-mix Company	K.S.C.C.	Industrial	Kuwait	99.844	99.844	99.844

The financial information prepared by the subsidiaries' management have been used to prepare the interim condensed consolidated financial information for the three month period ended 31 March 2016. The subsidiaries' total assets amounted to KD 28,875,262 as at 31 March 2016 (31 December 2015: KD 27,470,471 and 31 March 2015: KD 29,495,615) and their net profits amounted to KD 554,381 for the three month period ended 31 March 2016 (KD 898,994 for the three month period ended 31 March 2015).

The Kuwait Companies Law issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No. 25 of 2012, as amended. This Law shall be applicable as of 26 November 2012.

Minister of Commerce and Industry shall issue the executive regulations of this law, along with the required resolutions for its implementation within two months as of the date of its publication in the official gazette. Other regulatory bodies shall issue, during the mentioned period, their resolutions required to be issued by them, in accordance with the provisions of this law. Effectiveness of the executive regulations of Decree Law No. 25 of 2012, as amended, shall be continued until commencement of this Law executive regulations effectiveness. The executive regulations shall specify rules and controls of regularizing companies' current affairs in accordance with provisions of the new law.

The consolidated financial statements for the year ended 31 December 2015 were authorized for issue by the Shareholders' General Assembly on 2 May 2016.

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's Board of Director's on 15 May 2016.

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 information 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 period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

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 2015 except for the adoption of certain number of new and amended IFRS that have become effective and applicable to the Group.

a) New standards, interpretations and amendments effective from 1 January 2016

Certain new and amended standards have been effective for the current period. However, the Group does not have to change its accounting policy or make adjustments retroactively as a result of adoption of these standards:

- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27 – Equity method in separate financial statements
- Amendments to IFRS 10, IFRS 12, and IAS 28 – Investment Entities: Applying the Consolidated Exception
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations
- IFRS 14 – Regulatory Deferral Accounts
- Annual Improvements to IFRSs 2012–2014 Cycle

b) Standards and interpretations issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 Financial Instruments
The standard, effective for annual periods beginning on or after 1 January 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group anticipates that the application of IFRS 9 in the future may not 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 of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 - Revenue from contracts with customers
The standard, effective for annual periods beginning on or after 1 January 2018, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:
- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

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

Financial assets	Fair value as of 31 March 2016	31 December 2015	31 March 2015	Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
Available for sale investments:							
Quoted shares	45,265,797	45,437,748	59,167,934	First	Last bid price	N/A	N/A
Foreign funds	950,977	918,875	1,339,766	Second	Net asset value	N/A	N/A
Investments at fair value through statement of income:							
Local shares	1,151,392	1,150,770	1,146,100	Third	Based on the latest available financial statements or on the basis of the last transaction	N/A	N/A
Local funds	305,443	313,044	362,304	Second	Net asset value	N/A	N/A
Foreign investments	6,517,230	6,530,367	6,805,642	Second	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

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Net carrying value at beginning of period/year	164,491,549	161,395,528	161,395,528
Additions	1,974,288	6,879,697	866,280
Disposals	(17,483)	(47,305)	(2,777)
Foreign currency translation differences	27,677	30,151	23,286
Depreciation for the period / year	(1,638,144)	(3,766,522)	(747,778)
Net carrying value at end of period/year	164,837,887	164,491,549	161,534,539

During the period, the new Kiln to produce clinker was completed and the final acceptance was done. Therefore, the Parent Company's management has transferred the full value of the project cost from projects under progress to property, plant and equipment and started accounting for depreciation in accordance with the useful lives estimated for each item separately. This has resulted in charging depreciation of KD 815,487 during the 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 value 31 March 2016	Carrying value 31 December 2015 (Audited)	Carrying value 31 March 2015
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.P.S.C.	Kuwait	33.39	15,753,820	15,516,911	15,557,877
			15,753,820	15,516,911	15,557,877

The following is the movement of investment in associates' balances:

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Balance at beginning of the period/year	15,516,911	15,594,249	15,594,249
Group's share of associates' results	194,845	137,055	(118,480)
Group's share in associates' reserves	42,064	167,384	82,108
Cash dividends received	-	(381,777)	-
Balance at end of the period/year	15,753,820	15,516,911	15,557,877

The Group's share in the results of associates are recorded based on the audited financial statements for the year ended 31 December 2015.

5. Available for sale investments

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Quoted shares	45,265,797	45,437,748	59,167,934
Unquoted shares	3,405,200	3,338,361	3,019,868
Foreign funds	950,977	918,875	1,339,766
	49,621,974	49,694,984	63,527,568

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

The quoted investments include investments of KD 16,548,335 as at 31 March 2016 in the shares of National Industries Company K.P.S.C. which is one of the major shareholders in the Group (31 December 2015: KD 16,055,136 and 31 March 2015: KD 24,477,503).

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 613,942 as at 31 March 2016 (31 December 2015: KD 605,278, and 31 March 2015: KD 1,339,766) 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 2016	31 December 2015 (Audited)	31 March 2015
Raw materials	11,696,769	14,326,495	14,748,012
Finished goods	585,968	663,665	473,101
	12,282,737	14,990,160	15,221,113

7. Receivables and other debit balances

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Amounts under collection at banks	409,059	762,489	1,237,450
Receivables against unconditional bank guarantees	3,505,984	3,147,107	3,975,048
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	8,023,705	6,875,853	5,359,881
Related parties (note 19)	1,863,718	1,378,136	1,947,567
Other trade receivables	13,019,965	10,811,193	12,168,796
Total trade receivables	26,822,431	22,974,778	24,688,742
Other receivables	1,838,008	1,463,030	1,443,270
	28,660,439	24,437,808	26,132,012
Provision for doubtful debts	(2,931,430)	(2,810,307)	(2,619,253)
	25,729,009	21,627,501	23,512,759
Prepaid expenses	503,084	281,819	663,959
Notes receivables	1,822,264	1,358,205	2,023,290
	28,054,357	23,267,525	26,200,008

8. Investments at fair value through statement of income

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Local investments	1,456,835	1,463,814	1,508,404
Foreign investments	6,517,230	6,530,367	6,805,642
	7,974,065	7,994,181	8,314,046

Investments were valuated 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 2016	31 December 2015 (Audited)	31 March 2015
Cash on hand and at banks	12,848,177	9,427,601	8,952,348
Cash at investment portfolios	5,682,902	5,078,189	5,067,006
Deposits placed with banks	1,925,726	1,971,306	8,075,580
	20,456,805	16,477,096	22,094,934
Less: deposits for more than three months	(528,959)	(528,959)	-
Cash and cash equivalents	19,927,846	15,948,137	22,094,934

The average effective interest rate on bank deposits was 0.500% as at 31 March 2016 (31 December 2015: 0.500% and 31 March 2015: 0.400%).

10. Share capital

The Company's authorized, issued, and paid capital is KD 73,330,387 divided into 733,303,870 shares as at 31 March 2016, 31 December 2015 and 31 March 2015, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Number of shares (No's)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.75
Market value (KD)	7,676,277	7,979,288	7,575,273

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

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Non-current portion			
Loans	26,972,531	27,505,386	38,119,717
Murabaha	34,355,288	33,072,235	29,328,015
	61,327,819	60,577,621	67,447,732
Current portion			
Loans	12,053,000	10,658,000	14,232,090
Murabaha	10,085,148	11,896,814	7,556,981
	22,138,148	22,554,814	21,789,071
Total loans, bank facilities and Murabaha	83,465,967	83,132,435	89,236,803

The average effective interest rate on the loans, bank facilities and Murabaha was 3.250% as at 31 March 2016 (31 December 2015: 3.125% and 31 March 2015: 3.125%).

Certain loans are secured by the whole official location and extensions of the Parent Company's factory with book value of which amounting to KD 14,877,242 as at 31 March 2016 (31 December 2015: KD 15,561,649, and 31 March 2015: KD 16,246,056).

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 2016	31 December 2015 (Audited)	31 March 2015
Suppliers	14,242,981	13,797,229	12,770,247
Retentions	1,609,040	2,027,364	4,080,424
Accrued interest and expenses	2,980,163	2,562,812	2,994,459
Notes payable	898,875	676,375	714,521
Clients - advance payments	1,132,252	1,026,258	1,414,112
Payable cash dividends	688,993	689,649	611,760
Kuwait Foundation for the Advancement of Sciences (KFAS)	246,996	192,981	72,004
National Labour Support Tax (NLST)	564,156	440,724	155,642
Zakat	158,336	116,591	51,113
Other	197,430	182,091	121,930
	22,719,222	21,712,074	22,986,212

14. Cost of sales

	Three months ended 31 March	
	2016	2015
Raw material	16,578,281	15,239,858
Change in finished goods	4,475	(22,141)
Salaries and benefits	922,689	735,011
Rentals	86,308	80,459
Supplies and maintenance	1,321,491	886,756
Depreciation & amortization	353,690	211,482
Other	349,063	181,654
	19,615,997	17,313,079

15. Other operating income/(expenses)

	Three months ended 31 March	
	2016	**2015**
Net income from investment properties	25,564	28,390
Net gains/(losses) from exchange differences	53,774	(636,025)
Other income	43,252	27,369
	122,590	(580,266)

16. Net gain on investments

	Three month ended 31 March	
	2016	**2015**
Investments at fair value through statement of income:		
Unrealized (losses) / gains	(20,118)	303,211
Available for sale investments:		
Impairment	-	(12,079)
Realized losses	(268,680)	-
Cash dividends	571,519	522,664
Portfolio management fees	(25,499)	(29,975)
	277,340	480,610
	257,222	783,821

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	
	2016	**2015**
Net profit for the period	5,201,594	6,340,672
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141
Earnings per share (fils)	7.29	8.89

18. Dividends

On 2 May 2016, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2015, and approved cash dividends of 20 fils per share of the paid share capital after deducting treasury shares for 2015 (2014: 18 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 2016. 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 2016	31 December 2015 (Audited)	31 March 2015
Condensed Consolidated interim statement of financial position			
Receivables and other debit balances (Note 7)	1,863,718	1,378,136	1,947,567
Provision for employees' end of service indemnity	475,621	475,347	474,518

	Three months ended 31 March	
	2016	2015
Interim condensed consolidated statement of income		
Sales	1,069,805	1,089,520
Key management benefits		
Executive committees fees	30,000	30,000
Salaries and other benefits	170,550	169,800

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

20. Contingent liabilities and capital commitments

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Contingent liabilities			
Letters of guarantee	416,133	416,133	440,681
Capital commitments			
Letters of credit	35,683	160,529	595,677
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	12,416,608	16,175,612	4,389,131
Projects under progress	148,911	1,498,448	1,781,284

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.
- Investment sector

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

	2016			2015		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	26,410,955	477,631	26,888,586	25,762,446	693,731	26,456,177
Total segments profit	5,603,933	477,631	6,081,564	6,585,424	693,731	7,279,155
Segments assets	220,054,314	79,869,439	299,923,753	220,803,136	93,327,186	314,130,322
Adjustments:						
Gross segments profit			6,081,564			7,279,155
Financing charges			(641,761)			(666,261)
Interest income			1,792			19,439
Net segments profit before deductions			5,441,595			6,632,333