

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 2017

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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 2017, 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 Requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Parent Company. We further report that nothing have come to our attention indicating any contravention during the three month period ended 31 March 2017, of the Commercial Companies' Law No. 1 of 2016 and its executive regulations, or the Parent Company's memorandum of incorporation and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.

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Al-Salheya Office - Certified Public Accountant

Kuwait: 15 May 2017

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 (unaudited)
As at 31 March 2017

(All amounts are in Kuwaiti Dinar)

	Note	31 March 2017	31 December 2016 (audited)	31 March 2016
Assets				
Non-current assets				
Property, plant and equipment	3	161,137,128	161,937,752	164,837,887
Intangible assets		124,112	132,915	105,430
Investment Properties		812,666	818,668	836,678
Investments in associates	4	15,744,057	15,709,730	15,753,820
Available for sale investments	5	48,912,634	50,408,038	49,621,974
		226,730,597	229,007,103	231,155,789
Current assets				
Inventories	6	17,521,561	16,367,871	12,282,737
Receivables and other debit balances	7	32,706,644	33,902,954	28,054,357
Investments at fair value through statement of income	8	8,048,583	8,154,235	7,974,065
Cash and cash equivalents	9	24,196,055	12,956,415	20,456,805
		82,472,843	71,381,475	68,767,964
Total assets		309,203,440	300,388,578	299,923,753
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)
Profits on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		45,193,637	45,193,637	43,144,613
Voluntary reserve		40,231,148	40,231,148	38,182,124
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(28,568,846)	(29,287,828)	(28,743,843)
Group's share in associates' reserves		(359,935)	(410,163)	(483,296)
Group's share in foreign currency translation reserve		116,410	117,162	94,556
Retained earnings		34,743,308	29,141,885	33,217,477
Equity attributable to equity holders of the Parent Company		197,239,994	190,870,113	191,295,903
Non-controlling interests		140,047	136,184	-
Total equity		197,380,041	191,006,297	191,295,903
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	59,736,256	60,115,957	61,327,819
Provision for employees end of services benefits		2,664,747	2,591,433	2,442,661
		62,401,003	62,707,390	63,770,480
Current liabilities				
Loans, bank facilities and murabaha	12	22,171,196	22,181,196	22,138,148
Payables and other credit balances	13	27,251,200	24,493,695	22,719,222
		49,422,396	46,674,891	44,857,370
Total liabilities		111,823,399	109,382,281	108,627,850
Total equity and liabilities		309,203,440	300,388,578	299,923,753

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

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income (unaudited)
For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March 2017	2016
Sales		26,407,880	26,367,703
Cost of sales	14	(20,878,991)	(19,615,997)
Gross profit		5,528,889	6,751,706
Other operating income	15	362,920	122,590
Selling, general and administrative expenses		(1,431,486)	(1,112,862)
Operating profit		4,460,323	5,761,434
Provision for doubtful debts		(47,093)	(131,937)
Finance charges		(736,449)	(641,761)
Interest income		7,148	1,792
Net gains on investments	16	2,229,343	257,222
Group's share of associates results	4	(15,901)	194,845
Net profit before deductions		5,897,371	5,441,595
Contribution to Kuwait Foundation for the Advancement of Sciences		(51,267)	(46,924)
National Labour Support Tax (NLST)		(138,590)	(123,432)
Zakat		(55,436)	(34,645)
Board of directors' remuneration		(47,500)	(35,000)
Net profit for the period		5,604,578	5,201,594
Attributable to:			
Shareholders of the Parent Company		5,601,423	5,201,594
Non-controlling interests		3,155	-
Net profit for the period		5,604,578	5,201,594
Basic and diluted earnings per share (fils)	17	7.85	7.29

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 (unaudited)
For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March 2017	Three months ended 31 March 2016
Net profit for the Period		5,604,578	5,201,594
Other comprehensive income/(loss) items:			
Items that may be reclassified subsequently to the interim condensed consolidated statement of income:			
Available for sale investments:			
Net unrealized profits/(losses) from available for sale investments		1,995,483	(314,743)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments		(1,274,831)	264,913
		720,652	(49,830)
Investments in associates:			
Group's share in associates' reserves	4	50,228	42,064
Differences of translation of financial statements with foreign currency:			
Group's share in foreign currency translation reserve		(752)	(26,295)
Total other comprehensive income/(loss) items for the period		770,128	(34,061)
Total comprehensive income for the period		6,374,706	5,167,533
Attributable to:			
Shareholders of the Parent Company		6,369,881	5,167,533
Non-controlling interests		4,825	-
		6,374,706	5,167,533

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 (unaudited)

For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar)

	Equity attributable to equity holders of the Parent Company													
	Share capital	Share premium	Treasury shares	Profits on sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	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	-	186,128,370
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	5,201,594	5,201,594	-	5,201,594
Total other comprehensive (loss) / income items for the period	-	-	-	-	-	-	-	(49,830)	42,064	(26,295)	-	(34,061)	-	(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	-	191,295,903
Balance at 1 January 2017	73,330,387	26,675,810	(13,497,645)	445,592	45,193,637	40,231,148	18,930,128	(29,287,828)	(410,163)	117,162	29,141,885	190,870,113	136,184	191,006,297
Net profit for the Period	-	-	-	-	-	-	-	-	-	-	5,601,423	5,601,423	3,155	5,604,578
Total other comprehensive income/(loss) items	-	-	-	-	-	-	-	718,982	50,228	(752)	-	768,458	1,670	770,128
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(962)	(962)
Balance at 31 March 2017	73,330,387	26,675,810	(13,497,645)	445,592	45,193,637	40,231,148	18,930,128	(28,568,846)	(359,935)	116,410	34,743,308	197,239,994	140,047	197,380,041

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 (unaudited)
For the three month period ended 31 March 2017

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March 2017	2016
Cash flows generated from operating activities			
Net profit for the Period		5,604,578	5,201,594
Adjustments:			
Depreciation and amortization		2,156,129	1,650,763
Provision for doubtful debts		47,093	131,937
Net gains on investments	16	(2,256,510)	(282,721)
Finance charges		736,449	641,761
Interest income		(7,148)	(1,792)
Group's share of associates results	4	15,901	(194,845)
Provision for employees end of services benefits		73,314	37,287
Net operating profit before working capital changes		6,369,806	7,183,984
Inventories		(1,153,690)	2,707,423
Receivables and other debit balances		1,149,217	(4,918,769)
Investments at fair value through statement of income		379,749	-
Payables and other credit balances		2,704,115	884,437
Net cash generated from operating activities		9,449,197	5,857,075
Cash Flows from Investing Activities			
Paid for the acquisition of property, plant and equipment	3	(1,373,516)	(1,974,288)
Proceeds from sale of property, plant and equipment	3	32,816	17,483
Paid for purchase of intangible assets		-	(8,880)
Paid for purchase of available sale investments		(457,500)	(532,138)
Proceeds from sale of available for sale investments		4,184,949	286,638
Dividend received		471,020	571,519
Interest income received		7,148	1,792
Net cash generated from/(used in) investing activities		2,864,917	(1,637,874)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		128,072	880,145
Paid for bank loans, facilities and murabaha		(490,302)	(491,136)
Finance charges paid		(672,931)	(627,845)
Dividend payments		(38,351)	(656)
Net change in non-controlling interests		(962)	-
Net cash used in financing activities		(1,074,474)	(239,492)
Net increase in cash and cash equivalents		11,239,640	3,979,709
Cash and cash equivalents at beginning of the period		12,956,415	15,948,137
Cash and cash equivalents at the end of the period	9	24,196,055	19,927,846

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. Utilizing the financial surpluses of the Company by investing and developing them locally and globally in financial and real estate portfolios and investing the Company's funds by participating in incorporation of companies of all types and with different purposes and in investment funds, inside the State of Kuwait or abroad, to be managed by specialized companies and entities.

The Parent Company's headquarters is located at 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 Parent Company and its subsidiaries (together referred to as "the Group").

Name of the Company:	Legal entity	Principal activity	Country of Incorporation	% of ownership 31 March 2017	31 December 2016	31 March 2016
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 subsidiary's management was used to prepare condensed consolidated interim financial information for the three month period ended 31 March 2017. The total assets of subsidiaries amounted to KD 35,482,073 as at 31 March 2017 (31 December 2016: KD 34,849,059 and 31 March 2016: 28,875,262) and net profits amounted to KD 770,708 for the three month period ended 31 March 2017 (For the three month period ended 31 March 2016: KD 554,381). The financial statements for the year ended 31 December 2016 were approved by the shareholders general assembly on 26 April 2017.

The accompanying interim condensed consolidated financial information was authorized for issue by Parent Company's board of directors' on 15 May 2017.

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 (IFRSs).

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 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2016.

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 2016 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 2017

Certain new and amended standards have been effective for the current period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

Amendments to IAS 7 Statement of cash flows: Disclosure initiative
The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses.
The amendments clarify that the Group needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

2. Significant accounting policies (Continued)

a) New standards, interpretations and amendments effective from 1 January 2017 (continued)

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses.(continued)
The amendments require entities to apply them retrospectively. However on initial application thereof, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity as appropriate) without allocating the change between opening retained earnings and other components of equity. It is required that in case such relief is applied, this fact must be disclosed.

Annual improvements 2014-2016 Cycle
Amendments to IFRS 12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12.

The amendments clarify that the disclosure requirements in IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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 observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs) classified in level 3 fair value hierarchy.

The level within which the financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

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 of			Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
	31 March 2017	31 December 2016	31 March 2016				
Available for sale investments:							
Quoted shares	44,695,626	46,366,700	45,265,797	First	Last bid price	None	None
Foreign Funds	725,902	711,048	950,977	Second	Net asset value	None	None
Investments at fair value through statement of income:							
Local shares	727,062	1,106,442	1,151,392	Third	Based on the latest available financial statements or on the basis of the last transaction	None	None
Local Funds	336,590	317,655	305,443	Second	Net asset value	None	None
Foreign investments	6,984,931	6,730,138	6,517,230	Second	Net asset value	None	None

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 2017	31 December 2016 (audited)	31 March 2016
Net carrying value at beginning of period/year/period	161,937,752	164,491,549	164,491,549
Additions	1,373,516	5,010,951	1,974,288
Disposals	(32,816)	(75,575)	(17,483)
Foreign currency translation differences	-	(998)	27,677
Depreciation for the period / year / period	(2,141,324)	(7,488,175)	(1,638,144)
Net carrying value at end of the period/year/period	161,137,128	161,937,752	164,837,887

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 rights and ownership percentage %	Carrying value 31 March 2017	Carrying value 31 December 2016 (audited)	Carrying value 31 March 2016
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.S.C. General	Kuwait	33.39	15,744,057	15,709,730	15,753,820
			15,744,057	15,709,730	15,753,820

Movement on investment in associates was as follows:

	31 March 2017	31 December 2016 (audited)	31 March 2016
Balance at the beginning of the period/year/period	15,709,730	15,516,911	15,516,911
Group's share of associates results	(15,901)	459,400	194,845
Group's share in associates' reserves	50,228	115,197	42,064
Cash dividends received	-	(381,778)	-
Balance at end of the period/year/period	15,744,057	15,709,730	15,753,820

The Group's share in the results of associates are recorded based on the audited financial statements for the year ended 31 December 2016.

5. Available for sale investments

	31 March 2017	31 December 2016 (audited)	31 March 2016
Quoted shares	44,695,626	46,366,700	45,265,797
Unquoted shares	3,491,106	3,330,290	3,405,200
Foreign Funds	725,902	711,048	950,977
	48,912,634	50,408,038	49,621,974

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 17,368,588 as at 31 March 2017 in the shares of National Industries Group Holding K.P.S.C. which is one of the major shareholders in the Group (31 December 2016: KD 16,554,435 and 31 March 2016: KD 16,548,335).

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 of KD 1,499,232 as at 31 March 2017 (31 December 2016: KD 264,372, and 31 March 2016: KD 613,942) 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 2017	31 December 2016 (audited)	31 March 2016
Raw materials	16,831,514	15,764,481	11,696,769
Finished goods	690,047	603,390	585,968
	17,521,561	16,367,871	12,282,737

7. Receivables and other debit balances

	31 March 2017	31 December 2016 (audited)	31 March 2016
Amounts under collection at banks	543,090	380,143	409,059
Receivables against unconditional bank guarantees	4,135,555	4,147,517	3,505,984
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	5,838,707	10,310,043	8,023,705
Related parties (note 19)	1,906,005	1,566,634	1,863,718
Other trade receivables	19,171,339	17,096,046	13,019,965
Total trade receivables	31,594,696	33,500,383	26,822,431
Other receivables	1,766,461	1,454,123	1,838,008
	33,361,157	34,954,506	28,660,439
Provision for doubtful debts	(3,145,357)	(3,098,264)	(2,931,430)
	30,215,800	31,856,242	25,729,009
Prepaid expenses	772,290	314,098	503,084
Notes receivables	1,718,554	1,732,614	1,822,264
	32,706,644	33,902,954	28,054,357

8. Investments at fair value through statement of income

	31 March 2017	31 December 2016 (audited)	31 March 2016
Local investments	1,063,652	1,424,097	1,456,835
Foreign investments	6,984,931	6,730,138	6,517,230
	8,048,583	8,154,235	7,974,065

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 2017	31 December 2016 (audited)	31 March 2016
Cash on hand and at bank	14,784,262	7,725,495	12,848,177
Cash at investment portfolios	7,291,866	3,280,105	5,682,902
Bank deposits	2,119,927	1,950,815	1,925,726
	24,196,055	12,956,415	20,456,805
Less: deposits for more than three months	-	-	(528,959)
Cash and cash equivalents	24,196,055	12,956,415	19,927,846

The average effective interest rate on bank deposits was 0.750% as at 31 March 2017 (31 December 2016: 0.750% and 31 March 2016: 0.500%).

10. Share capital

The Company's authorized, issued, and paid share capital is KD 73,330,387 divided into 733,303,870 shares as at 31 March 2017, 31 December 2016 and 31 March 2016, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	31 March 2017	31 December 2016 (audited)	31 March 2016
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)	10,504,379	8,282,299	7,676,277

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 2017	31 December 2016 (audited)	31 March 2016
Non-current portion			
Loans	28,373,409	28,245,337	26,972,531
Murabaha	31,362,847	31,870,620	34,355,288
	59,736,256	60,115,957	61,327,819
Current portion			
Loans	9,038,000	9,038,000	12,053,000
Murabaha	13,133,196	13,143,196	10,085,148
	22,171,196	22,181,196	22,138,148
Total loans, bank facilities and murabaha	81,907,452	82,297,153	83,465,967

The average effective interest rate on the loans, bank facilities and Murabaha was 3.500% as at 31 March 2017 (31 December 2016: 3.215% and 31 March 2016: 3.250%).

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 13,508,429 as at 31 March 2017 (31 December 2016: KD 13,850,632, and 31 March 2016: KD 14,877,242).

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

13. Payables and other credit balances

	31 March 2017	31 December 2016 (audited)	31 March 2016
Suppliers	19,896,265	17,197,934	14,242,981
Accrued interest and expenses	3,092,430	2,778,274	2,980,163
Notes payables	1,005,308	974,327	898,875
Clients - advance payments	958,472	1,013,489	1,132,252
payable cash dividends	633,576	671,927	688,993
Retentions	567,201	1,006,452	1,609,040
Contribution to Kuwait Foundation for the Advancement of Sciences	245,187	192,244	246,996
National Labour Support Tax (NLST)	590,501	451,911	564,156
Zakat	249,449	194,334	158,336
Other	12,811	12,803	197,430
	27,251,200	24,493,695	22,719,222

14. Cost of sales

	Three months ended 31 March	
	2017	2016
Raw material	17,889,335	16,578,281
Change in finished goods	(86,655)	4,475
Salaries and benefits	1,187,733	922,689
Rent	170,281	86,308
Maintenance and spare parts	843,658	1,321,491
Depreciation & amortization	602,572	353,690
Other	272,067	349,063
	20,878,991	19,615,997

15. Other operating income

	Three months ended 31 March	
	2017	2016
Net income from investment properties	26,155	25,564
Net (losses)/profits from exchange differences	(32,932)	53,774
Other revenues	369,697	43,252
	362,920	122,590

Other revenues item includes an amount of KD 355,000 representing the financial effects resulted from approval of the shareholders general assembly for the year end 31 December 2016 held on 26 April 2017.

16. Net gains on investments

	Three months ended 31 March	
	2017	2016
Investments at fair value through statement of income:		
Unrealised (losses) / gains	274,097	(20,118)
Available for sale investments:		
Unrealized (losses)/profits	1,514,746	(268,680)
Cash dividends	471,020	571,519
Impairment	(3,353)	-
Portfolio management fees	(27,167)	(25,499)
	1,955,246	277,340
	2,229,343	257,222

17. Basic and diluted earning per share

Basic and diluted earning per share are calculated by dividing the net profit attributable to shareholders of the Parent Company for the year by the weighted average of the number of the existing ordinary shares determined based on number of existing shares of issued capital during the year, taking into account treasury shares. The calculation of basic and diluted earnings per share is as follows:

	Three months ended 31 March	
	2017	2016
Net profit for the period attributable to shareholders of the Parent Company	5,601,423	5,201,594
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141
Basic and diluted earnings per share (fils)	7.85	7.29

18. Dividends

On 26 April 2017, the General Assembly of shareholders approved cash dividends of 20 fils per share of the paid share capital after deducting treasury shares for 2016 (2015: 20 fils). Further, it approved the amendment to sequence of eighth item to be the seventh and its text will be as follows "approval of KD 190,000 as a board of directors' remuneration and KD 120,000 for their membership in board committees).

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, transactions with these related parties during the period ended 31 March 2017 are carried under approval of the Group's management. 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:

	Three months ended 31 March	
	2017	**2016**
Transactions		
Sales	738,581	1,069,805
Directors' remuneration	47,500	136,250
Committees' fees	30,000	30,000
Senior management salaries and benefits	156,765	150,122

	31 March 2017	**31 December 2016 (audited)**	**31 March 2016**
Balances			
Receivables and other debit balances (Note 7)	1,906,005	1,566,634	1,863,718
Provision for employees end of services benefits	487,920	487,377	475,621

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 2017	**31 December 2016 (audited)**	**31 March 2016**
Contingent liabilities			
Letters of guarantee	424,383	424,383	416,133
Capital commitments			
Letters of Credit	41,437	176,807	35,683
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for supplying raw materials	14,998,261	17,053,668	12,416,608
Property, plant and equipment	709,917	86,912	148,911

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 previous 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:

	2017			2016		
	Manufacturing sector	**Investment Sector**	**Total**	**Manufacturing sector**	**Investment Sector**	**Total**
Segments revenues	26,422,577	2,239,597	28,662,174	26,410,955	477,631	26,888,586
Gross segments profit	4,387,075	2,239,597	6,626,672	5,603,933	477,631	6,081,564
Segments assets	228,393,634	80,809,806	309,203,440	220,054,314	79,869,439	299,923,753
Adjustments:						
Gross segments profit			6,626,672			6,081,564
Finance charges			(736,449)			(641,761)
Interest income			7,148			1,792
Net segments profit before deductions			5,897,371			5,441,595