Kuwait Cement Company
And its subsidiaries
Kuwaiti Shareholding Company
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)
With Review Report for the six months ended 30 June 2009

PRICEWATERHOUSECOOPERS

MOORE STEPHENS
PUBLIC ACCOUNTANTS
AL NISF & PARTNERS

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Contents **Page**

Independent Review Report	
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Notes to the interim Condensed Consolidated Financial Information (Unaudited)	6 - 13

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

Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as of 30 June 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months 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 Standard 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 enquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Review of Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company and to the extent of information made available to us, nothing has come to our attention that causes us to believe that there are contraventions of the Commercial Companies Law of year 1960, as amended or the Parent Company's Articles and memorandum Association during the six months period ended 30 June 2009 that might have had a material effect on the Group's activities or on its consolidated financial position.

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Kuwait
27 July 2009

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Financial Position as of 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	30 June 2009	31 December 2008 (Audited)	30 June 2008
Assets				
Non-current assets				
Property, plant and equipment	3	43,440,370	12,807,223	11,562,261
Investment properties		1,083,142	1,126,313	1,169,455
Investments in associates	4	14,042,543	15,062,406	15,076,808
Available for sale investments	5	116,434,462	107,616,277	193,481,097
		175,000,517	136,612,219	221,289,621
Current assets				
Inventory	6	22,188,300	30,954,165	18,834,317
Properties held for trading		389,004	389,004	389,004
Debtors and other debit balances	7	9,889,247	12,185,438	10,877,117
Investments at fair value through profit or loss	8	14,593,771	17,726,890	110,876,046
Cash and cash equivalents	9	30,338,500	41,515,964	14,855,590
		77,398,822	102,771,461	155,832,074
Total Assets		252,399,339	239,383,680	377,121,695
Equity and liabilities				
Equity				
Share capital	10	57,837,238	55,083,083	55,083,083
Share premium		5,154,935	5,154,935	5,154,935
Treasury shares	11	(12,978,814)	(12,978,814)	(12,848,047)
Gain on sale of treasury shares		445,592	445,592	443,289
Statutory reserve		31,700,720	31,700,720	31,251,240
Voluntary reserve		26,738,231	26,738,231	26,288,751
General reserve		18,930,128	18,930,128	18,930,128
Change in fair value reserve		16,358,302	(2,874,711)	128,412,930
Group's share from associates' reserves		(804,999)	(490,094)	-
Retained earnings		15,844,654	11,630,256	45,348,969
		159,225,987	133,339,326	298,065,278
Non-current liabilities				
Loans and bank facilities	12	29,998,590	38,797,790	7,200,000
Provision for end of service indemnity		1,545,742	1,498,381	1,436,117
		31,544,332	40,296,171	8,636,117
Current liabilities				
Loans and bank facilities	12	53,615,672	58,355,700	61,213,986
Creditors and other credit balances		8,013,348	7,392,483	9,206,314
		61,629,020	65,748,183	70,420,300
Total equity and liabilities		252,399,339	239,383,680	377,121,695

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

Rashid Abdul Aziz Al Rashid
Chairman and Managing Director

Sulaiman Khalid Al-Ghunaim
Vice Chairman

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Income
For the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2009	2008	2009	2008
Sales		15,894,376	21,617,222	32,953,725	43,281,157
Cost of Sales	13	(10,684,237)	(17,651,794)	(22,372,364)	(30,619,610)
Gross profit		5,210,139	3,965,428	10,581,361	12,661,547
Selling, general and administrative expenses		(1,249,244)	(348,518)	(1,894,669)	(1,444,525)
Recovery of impairment of property, plant and equipment	3	24,116,733	-	24,116,733	-
Impairment of inventory	6	(6,226,893)	-	(6,226,893)	-
Doubtful debts		(1,126,895)	-	(1,126,895)	-
Other operating revenues		24,367	57,182	136,410	268,474
Net income of investment properties		11,717	16,623	23,528	20,867
Income / (loss) from currency differences		906,174	865,984	(1,640,903)	1,581,547
Operating profit		21,666,098	4,556,699	23,968,672	13,087,910
Finance cost		(670,327)	(863,581)	(1,966,919)	(1,554,516)
Interest income		69,366	300,467	308,737	520,496
Gain / (loss) from investment at fair value through profit or loss	14	1,021,229	10,177,063	(1,053,492)	16,370,371
Gain from available for sale investments	15	2,721,310	7,840,795	2,882,637	9,736,042
Impairment of available for sale investment	5	(3,364,934)	-	(10,498,218)	-
Group's share in associates' results		433,196	310,239	(704,958)	357,558
Net profit before deductions		21,875,938	22,321,682	12,936,459	38,517,861
Contribution to Kuwaiti Foundation for Advancement of Sciences		(128,292)	(241,274)	(128,292)	(385,882)
National Labor Support Tax		(299,249)	(358,185)	(299,249)	(667,776)
Zakat expenses		(196,970)	(111,791)	(196,970)	(262,510)
Board of Directors' remuneration		-	(35,000)	-	(70,000)
Net profit for the period		21,251,427	21,575,432	12,311,948	37,131,693
Earnings per share (fils)	16	37.88	38.43	21.94	66.08

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

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Net profit for the period	21,251,427	21,575,432	12,311,948	37,131,693
Other comprehensive income / (loss) for the period				
Net unrealized profit / (losses) from available for sale investments	40,586,295	(10,015,524)	10,351,784	(8,808,920)
Transferred to statement of income resulted from sale of available for sale investment	(1,616,989)	(517,575)	(1,616,989)	(517,575)
Impairment of available for sale investment	3,364,934	-	10,498,218	-
Share of other comprehensive income of associates	(153,712)	-	(314,905)	-
Other comprehensive income / (loss) for the period	42,180,528	(10,533,099)	18,918,108	(9,326,495)
Total comprehensive income for the period	63,431,955	11,042,333	31,230,056	27,805,198

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

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Interim Condensed consolidated Statement of Changes in Equity
For the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinars)

	Share capital	Shares premium	Treasury shares	Gain on sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change in fair value reserves	Group's share from associate's reserves	Retained earnings	Total
Balance as of 1 January 2008	47,898,333	5,154,935	(10,289,246)	105,616	31,251,240	26,288,751	18,930,128	137,739,425	-	45,631,380	302,710,562
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(9,326,495)	-	37,131,693	27,805,198
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	-	(30,229,354)	(30,229,354)
Bonus shares dividends (Note 17)	7,184,750	-	-	-	-	-	-	-	-	(7,184,750)	-
Purchase of treasury shares	-	-	(2,970,973)	-	-	-	-	-	-	-	(2,970,973)
Sale of treasury shares	-	-	412,172	337,673	-	-	-	-	-	-	749,845
Balance as of 30 June 2008	55,083,083	5,154,935	(12,848,047)	443,289	31,251,240	26,288,751	18,930,128	128,412,930	-	45,348,969	298,065,278
Balance as of 1 January 2009	55,083,083	5,154,935	(12,978,814)	445,592	31,700,720	26,738,231	18,930,128	(2,874,711)	(490,094)	11,630,256	133,339,326
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	19,233,013	(314,905)	12,311,948	31,230,056
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	-	(5,343,395)	(5,343,395)
Bonus shares dividends (Note 17)	2,754,155	-	-	-	-	-	-	-	-	(2,754,155)	-
Balance as of 30 June 2009	57,837,238	5,154,935	(12,978,814)	445,592	31,700,720	26,738,231	18,930,128	16,358,302	(804,999)	15,844,654	159,225,987

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

Kuwait Cement Company
Kuwaiti Shareholding Company
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2009
(Unaudited)
(All amounts are in Kuwaiti Dinar)

	Six months ended 30 June	
	2009	2008
Cash flows from operating activities		
Net profit for the period	12,311,948	37,131,693
Adjustments:		
Depreciation	281,078	2,367,077
Recovery of impairment of property, plant and equipment	(24,116,733)	-
Slow moving inventory provision	6,226,893	-
Doubtful debts	1,126,895	-
Interest income	(308,737)	(520,496)
Losses / (gains) from investments at fair value through profit or loss	1,053,492	(16,496,149)
Gain from available for sale investments	(2,882,637)	(9,818,429)
Impairment of available for sale investments	10,498,218	-
Finance cost	1,966,919	1,554,516
Group's share of associates' results	704,958	(357,558)
Provision for employees' end of service indemnity	47,361	145,169
Net operating profit before working capital changes	6,909,655	14,005,823
Inventory	2,538,972	(5,165,353)
Properties held for trading	-	4,866
Debtors and other debit balances	1,169,296	(976,851)
Investments at fair value through profit or loss	2,077,369	9,863,667
Creditors and other credit balances	1,009,302	(104,619)
Net cash generated from operating activities	13,704,594	17,627,533
Cash flows from investing activities		
Subscription in capital increase of associate company	-	(4,497,189)
Paid for purchase of available for sale investments	(4,111,564)	(5,405,895)
Proceeds from sale of available for sale investments	5,946,584	1,045,564
Paid for purchase of property, plant and equipment	(6,683,611)	(5,456,365)
Dividend received	966,485	11,281,967
Interest income received	308,737	520,496
Net cash used in investing activities	(3,573,369)	(2,511,422)
Cash flows from financing activities		
Net (paid) / proceeds from loans and bank facilities	(13,539,228)	16,464,400
Dividends paid	(5,262,560)	(30,092,082)
Purchase of treasury shares	-	(2,970,973)
Proceeds from sale of treasury shares	-	749,845
Finance cost paid	(2,506,901)	(1,554,516)
Net cash used in financing activities	(21,308,689)	(17,403,326)
Net change in cash and cash equivalents	(11,177,464)	(2,287,215)
Cash and cash equivalents at the beginning of the period	41,515,964	17,142,805
Cash and cash equivalents at end of the period	30,338,500	14,855,590

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

1. Incorporation and activities

Kuwait Cement Company K.S.C. ("the Parent Company") is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The Parent Company had been listed in Kuwait Stock Exchange on 29 September 1984. The main objectives of the Parent Company are producing various kind of cement products, trading in all cement products, materials and machines which are related to operation and utilization of the surplus available in the financial and real estate portfolios managed by specialized companies.

The Parent Company is domiciled in Kuwait and its principal address is: Al Sharq, Al Sawaber area, Shuhada Street, P.O. Box 20581, Safat 13066, State of Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and the following subsidiaries, together referred to as "the Group".

Company's name	Ownership percentage
Shuwaikh Cement Company (K.S.C.C)	100%
Amwaj International Real Estate Company (K.S.C.C)	100%

The Parent Company used financial information prepared by the subsidiaries' managements in preparing the interim condensed consolidated financial information for the period ended 30 June 2009. The subsidiaries' assets amounted to KD 9,073,797 as of 30 June 2009 (KD 5,807,527 as of 31 December 2008, KD 6,185,540 as of 30 June 2008) and net profits amounted to KD 52,550 for the period then ended (KD 15,001 as of 30 June 2008).

The interim condensed consolidated financial information was authorized for issuance by the Board of Directors on 27 July 2009.

2. Significant accounting policies

Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management all adjustments considered necessary for a fair presentation have been included. The operating results for the six months period ended 30 June 2009 are not necessarily indicative of the results that may be expected for the year ending 31 December 2009. For further information, refer to the consolidated financial statements for the year ended 31 December 2008 and its related disclosures of the Group.

The Interim Condensed Financial Information has been prepared in accordance with the same accounting principles and methods of calculation used in the latest annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with the International Financial Reporting Standards unless otherwise stated.

During the period, the Group adopted the following standards effective for the period started from or after 1 January 2009.

IAS 1 (Revised) 'Presentation of Financial Statements':

The revised standard requires changes in equity arising from transaction with owners in their capacity as owner (i.e. Owner changes in income) to be presented in the statement of change in equity. All other changes in equity (i.e. non-owner change in equity) are required to be presented separately in a performance statements (statement of comprehensive of income), the revised standard prohibits the presentation of comprehensive income component in change in equity.

IFRS 8 'Operating Segments':

The new standard, which replaced IAS 14 'Segment Reporting', requires presenting information segments, which are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

The following new standards, amendments to standards and interpretations have been issued, but are not effective and have not been early adopted:

- IFRS 3 (Revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements, 'IAS 28, 'investments in associate' and IAS 31,'Interest in joint ventures'. These amendments are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements on the Group.
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009.
- IFRIC 18, 'Transfer of assets from customers', effective for transfers assets received on or after 1 July 2009.

3. Property, plant and equipment

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Net carrying amount at beginning of period / year	12,807,223	8,429,771	8,429,771
Additions	6,683,611	9,173,127	5,456,365
Foreign currency translation of financial statements	70,710	17,196	-
Depreciation for the period / year	(237,907)	(4,812,871)	(2,323,875)
Recovery of impairment	24,116,733	-	-
Net carrying amount at end of the period / year	43,440,370	12,807,223	11,562,261

3.1 During 2008, the Group signed a contract with a suppliers and contractors to construct the new kiln. amounted to KD 62,581,467, and the total paid amounted to KD 12,411,566 till 30 June 2009. These constructions built on leased lands for 25 years ended 2020.

3.2 Previously, the Group booked losses of impairment of KD 27 million in relation to its kiln factory due to numerous problems related to process, frequent stoppages and break downs. At that time, the Group appointed a team of technical experts and reputed international consultant to draw up a detailed action plan to identify the additions and maintenance that are required to solve the technical problems. This plan was extended during the last four years and up to the first quarter of the current year. The technical team produced their technical study report in June 2009 concluding the following:

- The kiln factory is working now with full capacity without stopping.
- The production capacity increased over the estimated capacity since inception by 30%.
- The average cost of production decreased by 50% approximately over the importing cost.
- The estimated useful lives for the basic components of the kiln are 27 years for buildings, 17 years for equipments and 12 years for electrical equipments.

Based on the above and according to the requirements of IAS (36), the recoverable amount of the kiln is determined based on value in use calculations. These calculations use the estimated cash flows which are discounted by 10.5% discount rate. As per the study results, the total impairment losses could be reversed in full but limited to the carrying value determined had not impairment losses been recognized for the kiln in prior years which is KD 24,116,733 as of 30 June 2009.

4. Investment in associates

	Ownership percentage	30 June 2009	31 December 2008 (Audited)	30 June 2008
Kuwait Rocks Company (K.S.C.C.)	30.00%	920,294	1,581,816	1,574,354
Construction and Marine Services Company (K.S.C.)	33.37%	13,122,249	13,480,590	13,502,454
		14,042,543	15,062,406	15,076,808

4.1 The following shows the movement of the investments balances of the associates during the period/ year:

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Balance as of the beginning of the period / year	15,062,406	10,731,827	10,731,827
Additions	-	4,497,189	4,497,189
Group's share from associate results	(704,958)	833,250	357,558
Group's share of associate's reserves	(314,905)	(490,094)	-
Dividends received	-	(509,766)	(509,766)
Balance as of the end of the period / year	14,042,543	15,062,406	15,076,808

4.2 The Group's share in associate Companies' results is recorded according to the unaudited financial information for the period ended 31 March 2009.

4.3 The investment balance in Constructions and Marine Services K.S.C includes the goodwill amounting to KD 493,168 as of 30 June 2009 (KD 493,168 as of 31 December 2008 and 30 June 2008).

5. Available for sale investments

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Quoted local securities	106,718,210	97,210,753	185,703,239
Unquoted local securities	4,087,509	4,790,379	7,777,858
Foreign funds	5,628,743	5,615,145	-
	116,434,462	107,616,277	193,481,097

5.1 The investment in local quoted securities includes investments amounting KD 52,012,277 as of 30 June 2009 in National Industries Company K.S.C. one of the major shareholders of the Group (KD 46,771,768 as of 31 December 2008 and KD 151,045,461 as of 30 June 2008).

5.2 The investment in local unquoted securities amounting KD 4,087,509 as of 30 June 2009 (KD 4,594,798 as of 31 December 2008, KD 7,777,858 as of June 2008) are stated at cost less impairment losses as the fair value can not be reliably determined as there have not been active markets for such investments. The available information for these investments did not indicate impairment in value.

5.3 The available for sale investments includes investments amounted to KD 4,321,467 as of 30 June 2009 (KD 4,822,690 as of 31 December 2008, Nil as of 30 June 2008) which have been valued on the latest available reports from investment managers as there are no available reports as of the date of the financial information.

5.4 During the period ended 30 June 2009, the management of the Group estimated the impairment losses of the available for sale investments according to the studies prepared to be KD 10,498,218 as a result of significant impairment in value.

6. Inventory

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Raw materials	27,847,017	30,124,736	18,351,338
Finished goods	531,056	692,691	482,979
Letters of credit for purchase of raw materials	37,120	136,738	-
Impairment in value	(6,226,893)	-	-
	22,188,300	30,954,165	18,834,317

During the period ended 30 June 2009, the Group estimated the impairment in value amounting to KD 6,226,893 for slow moving raw materials based on the technical study approved by Group's management.

7. Debtors and other debt balances

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Amounts under collection at banks	1,667,160	3,906,862	2,648,730
Receivable against unconditional bank guarantees	3,870,101	3,108,355	2,717,140
Ministry of commerce – cement support difference delivered to people	2,621,216	2,049,768	951,935
Related parties	1,656,687	1,571,322	1,310,767
Trade receivables	1,157,133	1,251,743	2,209,723
Total trade receivables	10,972,297	11,888,050	9,838,295
Other receivables	290,755	480,801	1,210,127
	11,263,052	12,368,851	11,048,422
Provision for doubtful debts	(1,740,531)	(613,636)	(613,636)
	9,522,521	11,755,215	10,434,786
Prepaid expenses	346,185	147,341	282,084
Notes receivables	20,541	282,882	160,247
	9,889,247	12,185,438	10,877,117

8. Investments at fair value through profit or loss

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Local investments	7,979,846	10,099,749	95,274,961
Foreign investments	6,613,925	7,627,141	15,601,085
	14,593,771	17,726,890	110,876,046

Foreign investments include Nil as of 30 June 2009 (KD 7,066,350 as of 31 December 2008 and KD 5,917,785 as of 30 June 2008), which were valued based on recent available reports from investment managers.

9. Cash and cash equivalents

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Cash on hand and at bank	2,202,206	2,600,242	1,617,943
Cash at investment portfolios	8,048,742	3,487,190	12,888,772
Deposits at bank	20,037,548	35,241,248	188,000
Cheques under collection	50,004	187,284	160,875
	30,338,500	41,515,964	14,855,590

The effective interest rate on deposits are 3.25% as of 30 June 2009 (5.5% as of 31 December 2008, 5% as of 30 June 2008). The maturity date for these deposits are during three months.

10. Share capital

At 6 May 2009, the ordinary General Assembly approved to the distribution of bonus shares of 5% from share capital. Accordingly, the issued and fully paid up share capital consists of KD 57,837,238 distributed over 578,372,380 shares as of 30 June 2009 (KD 55,083,083 distributed over 550,830,830 shares as of 31 December 2008 and 30 June 2008 with a nominal value of 100 fils per share).

11. Treasury shares

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Number of shares - share	17,315,856	16,491,291	16,323,791
Percentage of issued shares (%)	2.99	2.99	2.96
Market value	9,696,879	9,235,123	23,179,783

12. Loans and bank facilities

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Current portion			
Bank facilities	5,148,472	11,326,700	4,486,379
Loans	48,467,200	47,029,000	50,033,762
Murabaha payable	-	-	6,693,845
	53,615,672	58,355,700	61,213,986
Non-current portion			
Loans	29,998,590	38,797,790	7,200,000
Total loans and bank facilities	83,614,262	97,153,490	68,413,986

12.1 The average effective interest rate on loans and bank facilities was 4.15% as of 30 June 2009 (4% as of 31 December 2008 and 3.9% as of 30 June 2008).

12.2 Certain loans are secured by the whole official location and extensions of the factory with book value of which amounting to KD 24,116,733 as of 30 June 2009 (KD 1 as of 31 December 2008 and KD 10,357,541 as of 30 June 2008). Also against available for sale investments amounted to KD 3,757,500 as of 30 June 2009 (KD 3,465,250 as of 31 December 2008 and KD 11,356,000 as of 30 June 2008).

12.3 The loan terms prevent the Group from distributing profits in case the ratio of current assets to current liabilities decreases below (1-1.5). Also, the terms do not obtain the Group to pledge any movable or unmovable assets to any other party without prior written consent from the bank is obtained. Also the loan terms prevent increasing net loans over operating profit of 1:4 and do not decrease operating profit over interest of 1:4 and do not increase net debts to equity of 1:6.

13. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Raw material	8,492,828	13,955,614	18,233,326	25,762,614
Change in finish goods	265,357	(53,994)	285,682	30,337
Salaries and benefits	618,779	596,682	1,148,353	1,178,906
Rents	97,967	82,718	196,802	160,716
Maintenance and spare parts	695,928	2,977,634	1,827,509	3,324,302
Other	513,378	93,140	680,692	162,735
	10,684,237	17,651,794	22,372,364	30,619,610

14. Gains / (loss) from investments at fair value through profit or loss

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Realized gain	-	181,546	-	986,959
Unrealized gain / (losses)	1,021,526	9,282,304	(1,049,082)	13,663,179
Cash dividends	-	779,398	2,258	1,846,011
Portfolios management fees	(297)	(66,185)	(6,668)	(125,778)
	1,021,229	10,177,063	(1,053,492)	16,370,371

The unrealized gain includes gain from change in fair value amounted to KD 63,404 (Nil as of 30 June 2008).

15. Gain from available for sale investments

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Realized gain	2,343,273	24,582	2,000,498	892,239
Cash dividends	425,618	7,858,872	964,227	8,926,190
Portfolios management fees	(47,581)	(42,659)	(82,088)	(82,387)
	2,721,310	7,840,795	2,882,637	9,736,042

16. Earnings per share

Earnings per share are computed on the basis of net profit for the period weighted by the average number of shares outstanding during the period as follows:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Net profit for the period	21,251,427	21,575,432	12,311,948	37,131,693
Weighted average number of outstanding shares during the period (share)	561,056,514	561,391,524	561,056,514	561,955,067
Earnings per share (fils)	37.88	38.43	21.94	66.08

Bonus shares approved in the General Assembly for shareholders held on 6 May 2009 have been taken into consideration for recalculation of earnings per share for the comparative period.

17. Dividends

On 6 May 2009, the General Assembly of shareholders approved the financial statements for the year ended 31 December 2008, and cash dividends for the year 2008 amounting to 10 fils per share after deducting treasury shares (65 fils - 2007) addition to bonus shares for the year 2008 for 5% from the share capital (15% - 2007).

18. Related party transactions

Related parties comprise the Group's shareholders who are members of the board of directors, key management personnel, associates and subsidiaries in which the Parent Company has its representatives in the board of directors. In the ordinary course of business, all significant related party transactions carried out during the period ended 30 June 2009. The transactions and balances, which related to these parties are represented as follows:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Transactions				
Sales	1,240,559	1,340,423	2,483,639	2,749,580

The balances which resulted from these transactions is the amount due from related parties amounted to KD 1,656,687 as of 30 June 2009 (KD 1,571,322 as of 31 December 2008 and KD 1,310,767 as of 30 June 2008).

19. Segment financial information

The primary segments information is as follows:

Business segments

The Group has identified the following two major business segments for internal reporting objectives:

- Manufacturing Sector
- Investment Sector

Financial information about business segments for the period ended 30 June is as follows:

	30 June 2009			30 June 2008		
	Manufacturing Sector	Investment Sector	Total	Manufacturing Sector	Investment Sector	Total
Segments revenues	57,206,868	(9,350,503)	47,856,365	45,131,178	26,484,838	71,616,016
Segments expenses	23,945,144	(9,350,503)	14,594,641	13,067,043	26,484,838	39,551,881
Segment assets	97,807,675	154,591,664	252,399,339	43,240,513	333,881,182	377,121,695

	30 June 2009	30 June 2008
Reconciliation		
Segment's gross profit	14,594,641	39,551,881
Finance cost	(1,966,919)	(1,554,516)
Interest income	308,737	520,496
Total segment's profit before deduction	12,936,459	38,517,861

20. Capital liabilities and commitments

	30 June 2009	31 December 2008 (Audited)	30 June 2008
Contingent liabilities			
Letters of credit	26,669,616	26,299,604	27,975,534
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Uncalled subscription relating to available for sale investments	183,431	183,431	183,431
Uncalled subscription relating to investments in funds	700,797	1,725,221	394,601
Contracts for importing raw materials	7,677,787	10,130,290	21,314,921
Projects in process	50,169,901	39,419,534	8,002,846