

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

Interim condensed consolidated financial information (unaudited)
and the review report for the six months ended 30 June 2014

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

Independent auditors' review report to the board of directors

Report on interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.S.C.P. ("The Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2014, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. The Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34: "Interim Financial Reporting" Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Company. We further report that nothing have come to our attention indicating any contravention during the six month period ended 30 June 2014, of the Companies' Law No. 25 of 2012, as amended, and the executive regulations or the Company's articles and memorandum of association, which might have materially affected the Group's activities or its consolidated financial position.

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Kuwait: 6 August 2014

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position as at 30 June 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2014	31 December 2013 (audited)	30 June 2013
Assets				
Non-current assets				
Property, plant and equipment	3	158,383,167	155,460,323	147,412,164
Intangible assets		857,830	856,139	876,024
Investment properties		878,698	890,706	914,267
Investments in associates	4	15,318,842	15,029,843	14,656,403
Available for sale investments	5	72,223,467	71,569,566	72,620,401
		247,662,004	243,806,577	236,479,259
Current assets				
Inventories	6	18,415,153	20,895,761	24,383,995
Receivables and other debit balances	7	23,748,133	18,193,790	17,754,351
Investments at fair value through profit or loss	8	9,804,274	9,405,863	9,986,055
Cash on hand and with financial institutions	9	22,012,594	18,442,018	19,087,106
		73,980,154	66,937,432	71,211,507
Total assets		321,642,158	310,744,009	307,690,766
Equity and liabilities				
Equity				
Share Capital	10	73,330,387	73,330,387	68,866,798
Share premium		26,675,810	26,675,810	16,632,735
Treasury shares	11	(13,497,645)	(13,497,645)	(13,497,645)
Gains from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		39,309,913	39,309,913	37,512,173
Voluntary reserve		34,347,424	34,347,424	32,549,684
General reserve		18,930,128	18,930,128	18,930,128
Change in fair value reserve		(8,148,272)	(9,369,876)	(8,677,623)
Group's share in associates' reserves		(720,252)	(713,055)	(872,434)
Group's share in foreign currency translation reserve		(56,673)	(51,555)	(18,858)
Retained earnings		23,552,908	24,739,790	21,976,210
Total equity		194,169,320	194,146,913	173,846,760
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	84,138,733	73,469,975	100,634,507
Provision for employees' end of service indemnity		2,110,149	1,977,598	1,901,695
		86,248,882	75,447,573	102,536,202
Current liabilities				
Loans, bank facilities and murabaha	12	20,123,389	23,282,253	16,119,024
Payables and other credit balances	13	21,100,567	17,867,270	15,188,780
		41,223,956	41,149,523	31,307,804
Total liabilities		127,472,838	116,597,096	133,844,006
Total equity and liabilities		321,642,158	310,744,009	307,690,766

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

Rashed Abdulaziz Al-Rashed
Chairman and Managing Director

Sulaiman Khalid Al-Ghunaim
Vice Chairman

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income for the six months ended 30 June 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
Sales		22,422,377	17,994,870	42,762,471	36,313,264
Cost of sales	14	(15,576,773)	(13,181,620)	(29,985,654)	(26,218,413)
Gross profit		6,845,604	4,813,250	12,776,817	10,094,851
Other operating income	15	624,001	360,871	1,332,024	579,765
Selling, general and administrative expenses		(1,205,955)	(799,184)	(2,266,702)	(1,646,651)
Operating profit		6,263,650	4,374,937	11,842,139	9,027,965
Provision for doubtful debts		(10,897)	(16,682)	(21,674)	(17,736)
Financing charges		(766,887)	(4,345)	(1,452,760)	(108,619)
Interest income		9,938	12,035	14,637	26,180
Net gains from investments	16	1,033,965	1,431,233	1,494,393	1,903,599
Group's share of associates results	4	160,551	199,435	296,196	445,240
Net profit before deductions		6,690,320	5,996,613	12,172,931	11,276,629
Contribution to Kuwait Foundation for the Advancement of Sciences		(57,306)	(53,148)	(105,359)	(99,826)
National Labor Support tax		(149,668)	(121,385)	(272,198)	(238,791)
Zakat		(42,009)	(34,070)	(76,400)	(67,024)
Board of directors' remuneration		(35,000)	(35,000)	(70,000)	(70,000)
Net profit for the period		6,406,337	5,753,010	11,648,974	10,800,988
Earnings per share (fils)	17	8.98	8.83	16.34	16.77

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

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KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013
Net profit for the period		6,406,337	5,753,010	11,648,974	10,800,988
Other comprehensive income items:					
Items that may be reclassified subsequently to the statement of income:					
Available for sale investments:					
Net unrealized (losses)/ profits from available for sale investments		(2,656,603)	2,911,201	1,273,317	4,211,772
Transferred to statement of income from sale of available for sale investments		(51,713)	(352,502)	(51,713)	(352,502)
Impairment of available for sale investments		-	84,707	-	385,745
		(2,708,316)	2,643,406	1,221,604	4,245,015
Investments in associates:					
Group's share in associates' reserves	4	20,975	10,983	(7,197)	(122,099)
Differences from translating financial statement in foreign currency:					
Group's share in foreign currency translation reserve		(3,099)	(18,858)	(5,118)	(18,858)
Total other comprehensive (losses)/ income items for the period		(2,690,440)	2,635,531	1,209,289	4,104,058
Total comprehensive income for the period		3,715,897	8,388,541	12,858,263	14,905,046

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

Kuwait Cement Company K.S.C.P.
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Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share Capital	Share premium	Treasury shares	Gains from sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change in fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2013	63,765,554	5,154,935	(13,487,906)	445,592	37,512,173	32,549,684	18,930,128	(12,922,638)	(750,335)	-	20,437,498	151,634,685
Net profit for the period	-	-	-	-	-	-	-	-	-	-	10,800,988	10,800,988
Total other comprehensive income/(loss) items for the period	-	-	-	-	-	-	-	4,245,015	(122,099)	(18,858)	-	4,104,058
Purchase of treasury shares	-	-	(9,739)	-	-	-	-	-	-	-	-	(9,739)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(9,262,276)	(9,262,276)
Share capital increase	5,101,244	11,477,800	-	-	-	-	-	-	-	-	-	16,579,044
Balance at 30 June 2013	68,866,798	16,632,735	(13,497,645)	445,592	37,512,173	32,549,684	18,930,128	(8,677,623)	(872,434)	(18,858)	21,976,210	173,846,760
Balance at 1 January 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(9,369,876)	(713,055)	(51,555)	24,739,790	194,146,913
Net profit for the period	-	-	-	-	-	-	-	-	-	-	11,648,974	11,648,974
Total other comprehensive income/(loss) items for the period	-	-	-	-	-	-	-	1,221,604	(7,197)	(5,118)	-	1,209,289
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 June 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(8,148,272)	(720,252)	(56,673)	23,552,908	194,169,320

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of cash flows
for the six months ended 30 June 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
Cash flows from operating activities			
Net profit for the period		11,648,974	10,800,988
Adjustments:			
Depreciation and amortization		1,270,769	1,157,000
Net gain on investments	16	(1,566,331)	(1,979,710)
Financing charges		1,452,760	108,619
Interest income		(14,637)	(26,180)
Provision for doubtful debts	7	21,674	17,736
Group's share of associates' results	4	(296,196)	(445,240)
Provision for employees' end of service indemnity		132,551	64,830
Net operating profit before working capital changes		12,649,564	9,698,043
Inventories		2,480,608	1,295,123
Receivables and other debit balances		(5,576,017)	(2,736,458)
Investments at fair value through profit or loss		12,639	98,843
Payable and other credit balances		3,446,343	(3,497,694)
Net cash generated from operating activities		13,013,137	4,857,857
Cash flows from investing activities			
Paid to purchase of property, plant and equipment		(4,322,929)	(11,967,511)
Paid to purchase of intangible assets		(27,296)	(30,140)
Paid to purchase of available for sale investments		(40,583)	(512,075)
Proceeds from sale of available for sale investments		614,426	3,784,340
Dividends received		1,149,141	1,702,889
Interest income received		14,637	26,180
Net cash used in investing activities		(2,612,604)	(6,996,317)
Cash flows from financing activity			
Withdrawals from loans, bank facilities and Murabaha		17,799,026	15,792,170
Settlement of loans, bank facilities and Murabaha		(10,289,132)	(11,337,333)
Dividend paid		(12,690,035)	(9,183,443)
Finance charges paid		(1,649,816)	(2,222,069)
Purchase of treasury shares		-	(9,739)
Capital increase		-	5,101,244
Share premium		-	11,477,800
Net cash (used in) / generated from financing activities		(6,829,957)	9,618,630
Net increase in cash and cash equivalents		3,570,576	7,480,170
Cash and cash equivalents at beginning of the period		18,442,018	11,226,936
Cash and cash equivalents at end of the period	9	22,012,594	18,707,106

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

1. Incorporation and activities

Kuwait Cement Company K.S.C.P. "Company" is a Kuwaiti Shareholding Company incorporated as per the Amiri Decree issued on 5 November 1968. The company's shares were listed on the Kuwait Stock Exchange on 29 September 1984. The main objectives of the Group are producing various kinds of cement products, trading in all cement products, materials and machines which are related to the operation. Moreover, manufacturing and selling prefabricated concrete and import of all raw materials of concrete manufacturing and the utilization of the surplus available in the financial and real estate portfolios managed by specialized companies.

The Company is located in Kuwait and the address of its head office is Al - Sharq, Al Sawaber area, Shuhada Street, Cement House, P.O. Box 20581, Safat 13066, State of Kuwait.

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

Company name	Legal entity	Activity	Country of incorporation	% of ownership
Shuwaikh Cement Company	K.S.C.C.	Industrial	Kuwait	99.250
Amwaj International Real Estate Company	K.S.C.C.	Real Estate	Kuwait	96.000
Kuwait Cement Ready Mix Company	K.S.C.C.	Industrial	Kuwait	99.844

The company used the financial information prepared by the subsidiary's management to prepare this interim condensed consolidated financial information for the six months ended 30 June 2014. The total assets of subsidiaries amounted to KD 28,014,816 as at 30 June 2014 (KD 23,068,396 as at 31 December 2013 and KD 21,052,112 as at 30 June 2013) and net profits amounted to KD 1,340,869 for the six months ended 30 June 2014 (KD 848,879 for the six months ended 30 June 2013).

The accompanying interim condensed consolidated financial information was authorized for issuance by the Company's board of director's dated 6 August 2014.

2. Significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34, *Interim Financial Reporting.*

The interim condensed consolidated financial information does not include all the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2013.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the fiscal year ended 31 December 2013 except for the adoption of the amended IFRS that have become effective from 1 January 2014 and are applicable to the Group:

- *IAS 32 Offsetting Financial Assets and Financial Liabilities*
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*
- *Investment Entities (amendments to IFRS 10, IFRS 12and IAS27)*

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

2.2 Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical financial assets.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are supported by observable sources for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (unobservable inputs).

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

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

30 June 2014	**Level 1**	**Level 2**	**Total**
Available for sale investments	66,033,291	2,523,400	68,556,691
Investments at fair value through profit or loss	1,537,749	8,266,525	9,804,274
31 December 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments	64,921,973	2,923,584	67,845,557
Investments at fair value through profit or loss	1,523,510	7,882,353	9,405,863
30 June 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments	66,131,233	2,833,097	68,964,330
Investment at fair value through profit or loss	1,542,286	8,443,769	9,986,055

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

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

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

3. Property, plant and equipment

	30 June 2014	31 December 2013 (audited)	30 June 2013
Net carrying value at beginning of period/year	155,460,323	136,284,797	136,284,797
Additions	4,156,000	21,478,996	12,211,656
Disposals	-	(17,390)	-
Foreign currency translation differences	-	11,676	23,548
Depreciation for the period / year	(1,233,156)	(2,297,756)	(1,107,837)
Net carrying value at end of period/year	158,383,167	155,460,323	147,412,164

The major projects under process represents in a construction of new Kiln for producing clinker. The total estimated value of the project is KD 126,394,733. The total cost of the completed work amounted to KD 123,981,176 as at 30 June 2014 (KD 120,244,208 as at 31 December 2013 and KD 112,387,069 as at 30 June 2013).

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

Borrowing costs capitalized on projects in progress were KD nil for the six months ended 30 June 2014 (KD 3,871,496 for the year ended 31 December 2013 and KD 1,735,047 for the six months ended 30 June 2013).

4. Investments in associates

Name of associate	Country of incorporation	Voting rights and ownership interest %	Book value 30 June 2014	Book value 31 December 2013 (audited)	Book value 30 June 2013
Kuwait Rocks Co K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.S.C.C.	Kuwait	33.39	15,318,842	15,029,843	14,656,403
			15,318,842	15,029,843	14,656,403

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

	30 June 2014	31 December 2013 (audited)	30 June 2013
Balance at beginning of the period/year	15,029,843	14,679,545	14,679,545
Group's share of associates' results	296,196	659,302	445,240
Group's share in associates' reserves	(7,197)	37,280	(122,099)
Cash dividends received	-	(346,284)	(346,283)
Balance at end of the period/year	15,318,842	15,029,843	14,656,403

The Group's share in the results of associates is recorded based on the interim condensed consolidated financial information (unaudited) for the period ended 31 March 2014.

5. Available for sale investments

	30 June 2014	31 December 2013 (audited)	30 June 2013
Quoted shares	66,033,291	64,921,973	66,131,233
Unquoted shares	3,666,776	3,724,009	3,656,071
Foreign funds	2,523,400	2,923,584	2,833,097
	72,223,467	71,569,566	72,620,401

The quoted investments include investments amounting to KD 28,951,886 as at 30 June 2014 in the shares of National Industries Company K.S.C.P. which is one of the major shareholders in the Group (KD 29,077,218 as at 31 December 2013 and KD 31,082,544 as at 30 June 2013).

Unquoted investments were stated at cost less impairment (if any) since their fair values could not be reliably determined and there have not been active markets for such investments. The available information for these investments did not indicate the existence of any impairment in value.

Available for sale investments include investments amounting to KD 2,523,400 as at 30 June 2014 (KD 1,829,025 as at 31 December 2013 and KD 1,988,818 as at 30 June 2013) valuated based on recent available valuation reports from investment managers during the period as no reports were available for these investments as at the date of financial information.

Impairment of certain available for sale investments was recognized at KD 49,355 for the six months ended 30 June 2014 (KD 385,745 for the six months ended 30 June 2013) as a result of the significant decrease of their value. This impairment was recognized in the interim condensed consolidated statement of income for the current period.

6. Inventories

	30 June 2014	31 December 2013 (audited)	30 June 2013
Raw materials	17,789,132	20,342,781	23,823,313
Finished goods	626,021	552,980	560,682
	18,415,153	20,895,761	24,383,995

7. Receivables and other debit balances

	30 June 2014	31 December 2013 (audited)	30 June 2013
Amounts under collection at banks	659,912	792,360	711,802
Receivables against unconditional bank guarantees	4,066,977	3,818,221	4,010,991
Ministry of Commerce – difference from subsidizing cement to the public	2,554,888	2,382,730	2,226,251
Related parties (note 19)	1,454,382	1,881,338	2,093,276
Other trade receivables	14,091,698	9,373,814	8,797,969
Total trade receivables	22,827,857	18,248,463	17,840,289
Other receivables	570,800	416,866	445,923
	23,398,657	18,665,329	18,286,212
Provision for doubtful debts	(2,021,101)	(1,999,427)	(1,938,666)
	21,377,556	16,665,902	16,347,546
Prepaid expenses	467,419	297,243	575,575
Notes receivable	1,903,158	1,230,645	831,230
	23,748,133	18,193,790	17,754,351

8. Investment at fair value through profit or loss

	30 June 2014	31 December 2013 (audited)	30 June 2013
Local quoted investments	1,537,749	1,523,510	1,542,286
Foreign investments	8,266,525	7,882,353	8,443,769
	9,804,274	9,405,863	9,986,055

Quoted investments were evaluated based on the basis of evaluation set out in note 2.2.
Foreign investments were evaluated based on the latest available reports from the investment managers during the period.

9. Cash on hand and with financial institutions

	30 June 2014	31 December 2013 (audited)	30 June 2013
Cash on hand and at banks	16,055,067	10,396,521	13,268,340
Cash at investment portfolios	3,826,973	2,360,342	1,169,956
Deposits placed with banks	2,130,554	5,685,155	4,648,810
	22,012,594	18,442,018	19,087,106
Less: deposit for more than three months	-	-	(380,000)
Cash and cash equivalents	22,012,594	18,442,018	18,707,106

The annual average effective interest rate on bank deposits was 1.25% as at 30 June 2014 (0.825% as at 31 December 2013 and 0.825% as at 30 June 2013).

10. Share Capital

The authorized, issued and fully paid capital comprises of KD 73,330,387 allocated over 733,303,870 shares as at 30 June 2014 (KD 73,330,387 as at 31 December 2013 allocated over 733,303,870 shares and KD 68,866,798 as at 30 June 2013 allocated over 688,667,982 shares) of nominal value 100 fils per share and all shares are in cash.

Registration in the commercial register is under process.

11. Treasury shares

	30 June 2014	31 December 2013 (audited)	30 June 2013
Number of shares (share)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.93
Market value (KD)	8,585,310	7,373,266	6,767,244

The company is required to retain reserves and retained earnings equivalent to the treasury shares throughout the period, in which they are held by the company, pursuant to instructions of the relevant regulatory authorities.

12. Loans, bank facilities and Murabaha

	30 June 2014	31 December 2013 (audited)	30 June 2013
Non-current portion			
Loans	50,742,345	41,703,546	55,887,840
Murabahas	33,396,388	31,766,429	44,746,667
	84,138,733	73,469,975	100,634,507
Current portion			
Loans	13,098,909	17,403,682	11,119,024
Murabahas	7,024,480	5,878,571	5,000,000
	20,123,389	23,282,253	16,119,024
Total loans, bank facilities and Murabaha	104,262,122	96,752,228	116,753,531

The annual average effective interest rate on loans, bank facilities and murabaha was 3.25% as at 30 June 2014 (3.625% as at 31 December 2013 and 3.75% as at 30 June 2013).

Certain loans are guaranteed by the whole commercial establishments of the company's factory and its extensions with book value amounting to KD 17,272,666 as at 30 June 2014 (KD 17,957,073 as at 31 December 2013 and KD 18,641,479 as at 30 June 2013) and also against quoted available for sale investments amounting to KD 1,837,000 as at 30 June 2014 (KD 1,937,200 as at 31 December 2013 and KD 2,070,800 as at 30 June 2013).

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

13. Payables and other credit balances

	30 June 2014	31 December 2013 (audited)	30 June 2013
Suppliers	10,711,365	7,079,463	6,885,774
Retentions	4,047,093	4,023,624	3,657,524
Accrued expenses and interest	2,054,269	2,671,593	1,804,782
Notes payable	1,780,787	1,595,302	601,255
Customers - advance payments	1,157,099	1,061,921	996,636
Dividends payable	699,369	553,548	582,549
Deferred letter of credits for purchase of equipment	-	166,929	238,163
Contribution to Kuwait Foundation for the Advancement of Sciences	274,015	166,843	99,826
National Labor Support Tax	272,198	406,406	238,791
Zakat	85,567	125,749	67,024
Others	18,805	15,892	16,456
	21,100,567	17,867,270	15,188,780

14. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Raw material	13,775,958	10,666,875	26,524,123	21,929,327
Change in finished goods	3,460	(24,268)	(73,041)	(125,525)
Salaries and benefits	1,115,125	998,810	2,075,866	1,966,561
Supplies and maintenance	517,886	810,739	1,136,714	1,517,467
Others	164,344	729,464	321,992	930,583
	15,576,773	13,181,620	29,985,654	26,218,413

15. Other operating income

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Net income from investment properties	36,298	22,511	56,743	57,607
Net profits/(losses) from exchange differences	4,857	107,480	62,042	(67,736)
Other income	582,846	230,880	1,213,239	589,894
	624,001	360,871	1,332,024	579,765

16. Net gains from investments

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Investments at fair value through profit or loss:				
Unrealized gains	314,608	68,037	398,410	390,715
Realized gains	12,640	-	12,640	31,503
Cash dividends	112,318	57,545	112,318	71,552
	439,566	125,582	523,368	493,770
Available for sale investments:				
Impairment	(13,426)	(84,707)	(49,355)	(385,745)
Realized gains	55,495	526,499	55,495	586,631
Cash dividends	588,975	901,262	1,036,823	1,285,054
Portfolio management fees	(36,645)	(37,403)	(71,938)	(76,111)
	594,399	1,305,651	971,025	1,409,829
	1,033,965	1,431,233	1,494,393	1,903,599

17. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding for issued capital during the period taking into account treasury shares: The calculation of earnings per share is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Net profit for the period	6,406,337	5,753,010	11,648,974	10,800,988
Weighted average number of outstanding shares during the period (shares)	713,103,141	651,418,281	713,103,141	644,185,949
Earnings per share (fils)	8.98	8.83	16.34	16.77

Earnings per share for the comparative period were calculated taking into consideration the effect of capital increase.

18. Dividends

On 7 May 2014, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2013, and approved distributing cash dividends at 18 fils per share after deducting treasury shares from the paid up share capital (2012: 15 fils).

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the period ended 30 June 2014. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

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

	30 June 2014	31 December 2013 (audited)	30 June 2013
Condensed Consolidated interim statement of financial position:			
Receivables and other debit balances (Note 7)	1,454,382	1,881,338	2,093,276
Provision for employees' end of service indemnity	473,801	487,070	485,210

	Three months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
Interim condensed consolidated statement of income:				
Sales	1,055,781	900,691	2,138,238	2,093,318
Key management benefits				
Executive committees fees	30,000	30,000	60,000	60,000
Salaries and other benefits	169,800	171,900	341,700	343,800

20. Contingent liabilities and capital commitments

	30 June 2014	31 December 2013 (audited)	30 June 2013
Contingent liabilities			
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Letters of credit	959,848	894,667	1,091,936
Uncalled subscription relating to available for sale investments	183,431	183,431	183,431
Uncalled subscription relating to investments in funds	369,948	369,948	369,948
Contracts for importing raw materials	8,104,344	6,612,252	18,446,283
Projects in progress	2,413,557	4,939,068	7,125,444

There is a dispute between the Company and a supplier related to the financial liabilities resulting from the termination of a contract for supplying raw materials signed between the two parties, where that party has a financial claimed, while during the current period, the Company's management has submitted a request to the Judicial Arbitration Department to be discharged from any financial liability resulting from the termination of such contract. The expected financial impact from such claim cannot be reliably determined at present, since the arbitration procedures are still in their preliminary stages. The Company's management believes that the provisions provided against the above are sufficient and there is no need to provide any further provisions.

21. Segment financial information

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

The primary segments information as follows:

Operating Segments

The Group has determined the following two major business segments for internal reporting purposes:

- Manufacturing sector which includes production and sale cement & ready mix cement.
- Investments sector.

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

	2014			2013		
	Manufacturing sector	Investments sector	Total	Manufacturing sector	Investments sector	Total
Segments revenues	43,975,710	1,847,331	45,823,041	36,903,158	2,406,446	39,309,604
Total segments profit	11,763,723	1,847,331	13,611,054	8,952,622	2,406,446	11,359,068
Segments assets	219,589,904	102,052,254	321,642,158	208,343,684	99,347,082	307,690,766

Adjustments		
Total segments profit	13,611,054	11,359,068
Financing charges	(1,452,760)	(108,619)
Interest income	14,637	26,180
Total segments profit before deductions	12,172,931	11,276,629