

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 six months ended 30 June 2016

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 six months ended 30 June 2016

Contents **Page**

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 interim condensed consolidated financial information (unaudited)	6-15

BDO

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

PrimeGlobal

AL-SALHEYA

Baneid Al Gar – Al Darwaza Tower – 10 Floor
Tel : 2246 4282 – 2246 0020
Fax : 2246 0032
P.O.Box : 240 Aldasma – 35151 – Kuwait
www.alikouhari.com

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 30 June 2016, 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 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on other Legal and Regulatory Requirement
Furthermore, based on our review, the interim condensed consolidated 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 six month period ended 30 June 2016, of the Commercial Companies' Law No. 1 of 2016 and its executive regulations, or the Parent Company's memorandum and articles of association, as amended, which might have materially affected the Group's activities or its consolidated financial position.

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

Ali Mohammed Kohari
License No. 156 "A"
Member of Prime Global
Al-Salhia Office - Certified Accountant

Kuwait: 25 July 2016

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position as at 30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 June 2016	31 December 2015 (audited)	30 June 2015
Assets				
Non-current assets				
Property, plant and equipment	3	163,787,616	164,491,549	162,710,615
Intangible assets		121,736	103,167	461,301
Investment property		830,675	842,680	854,687
Investments in associates	4	15,495,721	15,516,911	15,274,859
Available for sale Investments	5	46,514,783	49,694,984	59,873,485
		226,750,531	230,649,291	239,174,947
Current assets				
Inventories	6	16,931,879	14,990,160	15,297,884
Receivables and other debit balances	7	25,364,541	23,267,525	25,167,453
Investments at fair value through statement of income	8	7,988,399	7,994,181	8,228,779
Cash and cash equivalents	9	12,411,451	16,477,096	17,327,033
		62,696,270	62,728,962	66,021,149
Total assets		289,446,801	293,378,253	305,196,096
Equity and liabilities				
Equity				
Share capital	10	73,330,387	73,330,387	73,330,387
Share premium		26,675,810	26,675,810	26,675,810
Treasury shares	11	(13,497,645)	(13,497,645)	(13,497,645)
Gains on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		43,144,613	43,144,613	41,126,696
Voluntary reserve		38,182,124	38,182,124	36,164,207
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(31,876,633)	(28,694,013)	(18,756,442)
Group's share in associates' reserves		(450,041)	(525,360)	(594,674)
Group's share in foreign currency translation reserve		94,370	120,851	95,400
Retained earnings		25,916,172	28,015,883	26,509,777
Total equity		180,894,877	186,128,370	190,429,236
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	58,109,813	60,577,621	68,476,138
Provision for employees' end of service indemnity		2,507,833	2,405,374	2,356,430
		60,617,646	62,982,995	70,832,568
Current liabilities				
Loans, bank facilities and murabaha	12	24,612,149	22,554,814	22,664,845
Payables and other credit balances	13	23,322,129	21,712,074	21,269,447
		47,934,278	44,266,888	43,934,292
Total liabilities		108,551,924	107,249,883	114,766,860
Total equity and liabilities		289,446,801	293,378,253	305,196,096

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



Interim condensed consolidated statement of income for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Sales		25,304,788	25,238,870	51,672,491	50,973,947
Cost of sales	14	(18,068,348)	(18,254,919)	(37,684,345)	(35,567,999)
Gross profit		7,236,440	6,983,951	13,988,146	15,405,948
Other operating income/(expenses)	15	98,087	(77,022)	220,677	(657,288)
Selling, general and administrative expenses		(1,227,404)	(1,188,963)	(2,340,266)	(2,351,580)
Operating profit		6,107,123	5,717,966	11,868,557	12,397,080
Provision for doubtful debts		(47,093)	(62,130)	(179,030)	(127,430)
Financing charges		(817,648)	(621,719)	(1,459,409)	(1,287,980)
Interest income		8,811	9,465	10,603	28,904
Net gain on investments	16	1,891,991	2,564,975	2,149,213	3,348,796
Group's share of associates results	4	89,429	82,798	284,274	(35,682)
Net profit before deductions		7,232,613	7,691,355	12,674,208	14,323,688
Kuwait Foundation for the Advancement of Sciences (KFAS)		(66,236)	(72,861)	(113,160)	(130,194)
National Labour Support Tax (NLST)		(133,225)	(133,846)	(256,657)	(289,488)
Zakat		(37,394)	(37,567)	(72,039)	(81,253)
Board of directors' remuneration		(35,000)	(35,000)	(70,000)	(70,000)
Net profit for the period		6,960,758	7,412,081	12,162,352	13,752,753
Earnings per share (fils)	17	9.76	10.39	17.06	19.29

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

Interim condensed consolidated statement of comprehensive income for the six month period ended 30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Net profit for the period		6,960,758	7,412,081	12,162,352	13,752,753
Other comprehensive (loss)/income items:					
Items that may be reclassified subsequently in the interim condensed consolidated statement of income:					
Available for sale investments:					
Net unrealized losses from available for sale investments		(3,191,065)	(3,759,199)	(3,505,808)	(4,464,399)
Transferred to interim condensed consolidated statement of income from sale of available for sale investments		58,275	-	323,188	-
		(3,132,790)	(3,759,199)	(3,182,620)	(4,464,399)
Investments in associates:					
Group's share in associates' reserves	4	33,255	15,962	75,319	98,070
Differences of translation of financial statement with foreign currency:					
Group's share in foreign currency translation reserve		(186)	1,489	(26,481)	62,898
Total other comprehensive loss items for the period		(3,099,721)	(3,741,748)	(3,133,782)	(4,303,431)
Total comprehensive income for the period		3,861,037	3,670,333	9,028,570	9,449,322

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

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of changes in equity for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change of fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total Equity
Balance at 1 January 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(14,292,043)	(692,744)	32,502	25,592,880	193,815,770
Net profit for the period	-	-	-	-	-	-	-	-	-	-	13,752,753	13,752,753
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(4,464,399)	98,070	62,898	-	(4,303,431)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 June 2015	73,330,387	26,675,810	(13,497,645)	445,592	41,126,696	36,164,207	18,930,128	(18,756,442)	(594,674)	95,400	26,509,777	190,429,236
Balance at 1 January 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(28,694,013)	(525,360)	120,851	28,015,883	186,128,370
Net profit for the period	-	-	-	-	-	-	-	-	-	-	12,162,352	12,162,352
Total other comprehensive (loss)/income items for the period	-	-	-	-	-	-	-	(3,182,620)	75,319	(26,481)	-	(3,133,782)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(14,262,063)	(14,262,063)
Balance at 30 June 2016	73,330,387	26,675,810	(13,497,645)	445,592	43,144,613	38,182,124	18,930,128	(31,876,633)	(450,041)	94,370	25,916,172	180,894,877

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

Interim condensed consolidated statement of cash flows for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Six months ended 30 June 2016	2015
Cash flows generated from operating activities			
Net profit for the period		12,162,352	13,752,753
Adjustments:			
Depreciation and amortization		3,558,870	1,994,457
Net gain on investments	16	(2,201,079)	(3,410,557)
Financing charges		1,459,409	1,287,980
Interest income		(10,603)	(28,904)
Provision for doubtful debts		179,030	127,430
Group's share of associates results	4	(284,274)	35,682
Provision for employees' end of service indemnity		102,459	100,526
Net operating profit before working capital changes		14,966,164	13,859,367
Inventories		(1,941,719)	842,793
Receivables and other debit balances		(2,276,046)	(984,254)
Investments at fair value through statement of income		-	1,152,854
Payables and other credit balances		1,440,839	(934,328)
Net cash generated from operating activities		12,189,238	13,936,432
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(2,908,295)	(2,897,492)
Proceeds from sale of property, plant and equipment		62,626	2,777
Paid for purchase of intangible assets		(27,159)	(7,039)
Paid for purchase of available for sale investments		(740,245)	-
Deposits with financial institutions		(3,979)	-
Proceeds from sale of available for sale investments		411,837	12,425
Dividends received		2,913,634	3,353,917
Interest income received		10,603	28,904
Net cash (used in) / generated from investing activities		(280,978)	493,492
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		9,499,004	10,004,324
Paid for bank loans, facilities and murabaha		(9,806,026)	(8,649,509)
Dividend paid		(14,211,453)	(12,703,752)
Finance charges paid		(1,459,409)	(1,502,650)
Net cash used in financing activities		(15,977,884)	(12,851,587)
Net (decrease)/increase in cash and cash equivalents		(4,069,624)	1,578,337
Cash and cash equivalents at the beginning of the period		15,948,137	15,748,696
Cash and cash equivalents at the end of the period	9	11,878,513	17,327,033

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

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 Parent Company's objectives are as follows:

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

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

The condensed consolidated interim financial information includes the financial statements of the Parent 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 Real Estate Company	K.S.C.C	Real Estate	Kuwait	96.000
Kuwait Cement Ready-mix Company	K.S.C.C	Industrial	Kuwait	99.844

The financial information prepared by the subsidiaries' management have been used to prepare the interim condensed consolidated financial information for the six months period ended 30 June 2016. The subsidiaries' total assets amounted to KD 29,847,556 as at 30 June 2016 (31 December 2015: KD 27,470,471 and 30 June 2015: KD 29,267,628) and their net profits amounted to KD 1,073,971 for the six month period ended 30 June 2016 (For the six months period ended 30 June 2015: KD 1,304,298).

The Kuwait Companies Law issued on 24 January 2016 by Decree Law No. 1 of 2016 (the "Companies Law"), which was published in the Official Gazette on 1 February 2016, cancelled the Companies Law No. 25 of 2012, as amended. This Law shall be applicable as of 26 November 2012. Further the executive regulations of the law issued and published in the Official Gazette on 17 July 2016.

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

The accompanying interim condensed consolidated financial information were authorized for issue by Parent Company's Board of Director's on 25 July 2016.

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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 statements prepared in accordance with International Financial Reporting Standards.

In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the six months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the financial year ended 31 December 2015 except for the adoption of certain number of new and amended IFRS that have become effective and applicable to the Group.

A. New standards, interpretations and amendments effective from 1 January 2016

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

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

B. Standards and interpretations issued but not effective

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

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

The Group anticipates that the application of IFRS 9 in the future may not have a material impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

2. Significant accounting policies (continued)

IFRS 9 Financial Instruments

The Parent Company's management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

2.2 Fair value estimation

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

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

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

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

	Fair value as of						
Financial assets	30 June 2016	31 December 2015	30 June 2015	Fair value level	Valuation techniques and key inputs	Significant observable inputs	Relationship of unobservable inputs to fair value
Available for sale investments:							
Quoted shares	42,236,410	45,437,748	55,430,926	First	Last bid price	N/A	N/A
Foreign funds	896,831	918,875	1,220,192	Second	Net asset value	N/A	N/A
Investments at fair value through statement of income:							
Local shares	1,152,050	1,150,770	1,150,196	Third	Based on the latest available financial statements or on the basis of the last transaction	N/A	N/A
Local funds	303,180	313,044	354,315	Second	Net asset value	N/A	N/A
Foreign investments	6,533,169	6,530,367	6,724,268	Second	Net asset value	N/A	N/A

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

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

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

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Property, plant and equipment

	30 June 2016	31 December 2015 (audited)	30 June 2015
Net carrying value at beginning of period/year	164,491,549	161,395,528	161,395,528
Additions	2,908,295	6,879,697	2,897,492
Disposals	(62,626)	(47,305)	(2,777)
Foreign currency translation differences	(11,327)	30,151	24,619
Depreciation for the period / year	(3,538,275)	(3,766,522)	(1,604,247)
Net carrying value at end of period/year	163,787,616	164,491,549	162,710,615

During the period, the new furnace to produce clinker was completed and the final acceptance was done. Therefore, the Parent Company's management has transferred the full value of the project cost from projects in progress to property, plant and equipment and started accounting for depreciation in accordance with the useful lives estimated for each item separately. This has resulted in charging depreciation of KD 1,716,537 during the period.

All property, plant and equipment located on land leased from the state owned under lease for a term of five years ending in 2019.

4. Investments in associates

Name of associate	Country of incorporation	Voting rights and ownership percentage %	Carrying value		
			30 June 2016	31 December 2015 (audited)	30 June 2015
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.P.S.C.	Kuwait	33.39	15,495,721	15,516,911	15,274,859
			15,495,721	15,516,911	15,274,859

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

	30 June 2016	31 December 2015 (audited)	30 June 2015
Balance at beginning of the period/year	15,516,911	15,594,249	15,594,249
Group's share of associates' results	284,274	137,055	(35,682)
Group's share in associates' reserves	75,319	167,384	98,070
Cash dividends received	(380,783)	(381,777)	(381,778)
Balance at end of the period/year	15,495,721	15,516,911	15,274,859

The Group's share in results of associate companies are recognized based on the interim condensed consolidated financial information (unaudited) for the period ended 31 March 2016.

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Available for sale Investments

	30 June 2016	31 December 2015 (audited)	30 June 2015
Quoted shares	42,236,410	45,437,748	55,430,926
Unquoted shares	3,381,542	3,338,361	3,222,367
Foreign funds	896,831	918,875	1,220,192
	46,514,783	49,694,984	59,873,485

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

The quoted investments include investments amounting to KD 15,468,899 as at 30 June 2016 in the shares of National Industries Group Holding K.P.S.C. which is one of the major shareholders in the Group (31 December 2015: KD 16,055,136, and 30 June 2015: KD 21,319,116).

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 896,892 as at 30 June 2016 (31 December 2015: KD 605,278, and 30 June 2015: KD 1,220,192) 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

	30 June 2016	31 December 2015 (audited)	30 June 2015
Raw materials	16,444,159	14,326,495	14,891,212
Finished goods	487,720	663,665	406,672
	16,931,879	14,990,160	15,297,884

7. Receivables and other debit balances

	30 June 2016	31 December 2015 (audited)	30 June 2015
Amounts under collection at banks	353,081	762,489	791,813
Receivables against unconditional bank guarantees	3,482,648	3,147,107	3,745,639
Ministry of Commerce – difference from subsidizing cement and ready made concrete to the public	5,519,168	6,875,853	5,180,229
Related parties (note 19)	1,227,495	1,378,136	1,575,535
Other trade receivables	14,128,670	10,811,193	11,269,361
Total trade receivables	24,711,062	22,974,778	22,562,577
Other receivables	1,372,600	1,463,030	1,835,094
	26,083,662	24,437,808	24,397,671
Provision for doubtful debts	(2,978,523)	(2,810,307)	(2,681,383)
	23,105,139	21,627,501	21,716,288
Prepaid expenses	489,360	281,819	483,821
Notes receivables	1,770,042	1,358,205	2,967,344
	25,364,541	23,267,525	25,167,453

8. Investments at fair value through statement of income

	30 June 2016	31 December 2015 (audited)	30 June 2015
Local investments	1,455,230	1,463,814	1,504,511
Foreign investments	6,533,169	6,530,367	6,724,268
	7,988,399	7,994,181	8,228,779

Quoted 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

	30 June 2016	31 December 2015 (audited)	30 June 2015
Cash on hand and at banks	6,320,188	9,427,601	10,116,185
Cash at investment portfolios	4,160,136	5,078,189	5,125,764
Deposits placed with banks	1,931,127	1,971,306	2,083,798
Cheques under collection	-	-	1,286
	12,411,451	16,477,096	17,327,033
Less: deposits for more than three months	(532,938)	(528,959)	-
Cash and cash equivalents	11,878,513	15,948,137	17,327,033

The annual average effective interest rate on bank deposits was 0.500% as at 30 June 2016 (31 December 2015: 0.500% and 30 June 2015: 0.500%).

10. Share capital

The Company's authorized, issued, and paid capital is KD 73,330,387 divided into 733,303,870 shares as at 30 June 2016, 31 December 2015 and 30 June 2015, each of a nominal value of 100 fils. All shares are cash shares.

11. Treasury shares

	30 June 2016	31 December 2015 (audited)	30 June 2015
Number of shares (share)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.75
Market value (KD)	7,777,281	7,979,288	7,575,273

The Parent Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

12. Loans, bank facilities and murabaha

	30 June 2016	31 December 2015 (audited)	30 June 2015
Non-current portion			
Loans	21,055,527	27,505,386	33,306,091
Murabaha	37,054,286	33,072,235	35,170,047
	58,109,813	60,577,621	68,476,138
Current portion			
Loans	12,048,000	10,658,000	14,335,364
Murabaha	12,564,149	11,896,814	8,329,481
	24,612,149	22,554,814	22,664,845
Total loans, bank facilities and Murabaha	82,721,962	83,132,435	91,140,983

The average effective annual interest rate on loans, bank facilities and murabaha was 3.250 % as at 30 June 2016 (31 December 2015: 3.125% and 30 June 2015: 3.125%).

Certain loans are secured by the whole official location and extensions of the Parent Company's factory with book value of which amounting to KD 14,535,039 as at 30 June 2016 (30 December 2015: KD 15,561,649 and 31 June 2015: KD 15,903,852).

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 (1-1.5) 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

	30 June 2016	31 December 2015 (audited)	30 June 2015
Suppliers	16,043,550	13,797,229	13,710,302
Retentions	1,614,325	2,027,364	2,014,412
Accrued interest and expenses	2,092,261	2,562,812	1,963,072
Notes payable	976,175	676,375	928,147
Clients - advance payments	986,166	1,026,258	1,243,156
payable cash dividends	740,259	689,649	747,327
Kuwait Foundation for the Advancement of Sciences (KFAS)	315,943	192,981	146,147
National Labour Support Tax (NLST)	256,655	440,724	289,488
Zakat	78,874	116,591	90,240
Other	217,921	182,091	137,156
	23,322,129	21,712,074	21,269,447

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

14. Cost of sales

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Raw material	15,135,085	15,183,864	31,713,366	30,423,723
Change in finished goods	98,248	66,429	102,723	44,288
Salaries and benefits	1,017,653	726,610	1,940,342	1,461,621
Supplies and maintenance	926,969	1,289,121	2,248,460	2,175,877
Depreciation & amortization	410,276	668,859	763,966	880,341
Other	480,117	320,036	915,488	582,149
	18,068,348	18,254,919	37,684,345	35,567,999

15. Other operating income/(expenses)

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Net income from investment properties	22,657	31,210	48,221	59,600
Net gain/(losses) from exchange differences	75,733	(148,115)	129,507	(784,140)
Other (expenses)/income	(303)	39,883	42,949	67,252
	98,087	(77,022)	220,677	(657,288)

16. Net gain on investments

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Investments at fair value through statement of income:				
Unrealized gain/ (loss)	14,335	156,276	(5,783)	459,487
Cash dividends	68,157	11,490	68,157	11,490
	82,492	167,766	62,374	470,977
Available for sale investments:				
Impairment	-	(8,990)	-	(21,069)
Realized losses	(57,309)	-	(325,989)	-
Cash dividends	1,893,175	2,437,985	2,464,694	2,960,649
Portfolio management fees	(26,367)	(31,786)	(51,866)	(61,761)
	1,809,499	2,397,209	2,086,839	2,877,819
	1,891,991	2,564,975	2,149,213	3,348,796

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

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	
	2016	2015	2016	2015
Net profit for the period	6,960,758	7,412,081	12,162,352	13,752,753
Weighted average number of outstanding shares during the period (shares)	713,103,141	713,103,141	713,103,141	713,103,141
Earnings per share (fils)	9.76	10.39	17.06	19.29

18. Dividends

On 2 May 2016, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2015, and approved cash dividends of 20 fils per share of the paid share capital after deducting treasury shares for 2015 (2014: 18 fils).

19. Related party transactions

Related parties comprise of the Group's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the period ended 30 June 2016. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.
Following is a summary of significant related party transactions and outstanding balances:

	30 June 2016	31 December 2015 (audited)	30 June 2015
Interim condensed Consolidated statement of financial position			
Receivables and other debit balances (Note 7)	1,227,495	1,378,136	1,575,535
Provision for employees' end of service indemnity	475,896	475,347	474,792

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
Interim condensed consolidated statement of income				
Sales	864,231	1,177,151	1,934,036	2,266,671
Key management benefits				
Executive committees fees	30,000	30,000	60,000	60,000
Salaries and other benefits	170,550	169,538	341,100	339,338

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

Notes to the interim condensed consolidated financial information for the six month period ended 30 June 2016 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

20. Contingent liabilities and capital commitments

	30 June 2016	31 December 2015 (audited)	30 June 2015
Contingent liabilities			
Letters of guarantee	416,133	416,133	440,681
Capital commitments			
Letters of credit	14,715	160,529	202,046
Uncalled subscription relating to investments in funds	321,972	321,972	321,972
Contracts for importing raw materials	7,697,889	16,175,612	5,133,309
Projects in progress	107,210	1,498,448	1,689,355

There is a dispute between the company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while company's management has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. During the current 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.
- Investments sector.

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

	2016			2015		
	Manufacturing sector	Investment sector	Total	Manufacturing sector	Investment sector	Total
Segments revenues	51,715,440	2,481,708	54,197,148	51,041,199	3,372,714	54,413,913
Gross segments profit	11,641,306	2,481,708	14,123,014	12,210,050	3,372,714	15,582,764
Segments assets	214,457,088	74,989,713	289,446,801	215,838,522	89,357,574	305,196,096
Adjustments						
Gross segments profit			14,123,014			15,582,764
Financing charges			(1,459,409)			(1,287,980)
Interest income			10,603			28,904
Net segments profit before deductions			12,674,208			14,323,688