

**Kuwait Portland Cement Co. K.P.S.C.  
and its subsidiary  
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)**  
And review report for the six month period ended 30 June 2019

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
**State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)**

And review report for the six month period ended 30 June 2019

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**Review Report of Interim Condensed Consolidated Financial Information to the Board of Directors,  
Kuwait Portland Cement Co. K.P.S.C.  
State of Kuwait**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Portland Cement Co. K.P.S.C. ("The Parent Company") and its subsidiary (together referred to as "the Group") as at 30 June 2019, and the related interim condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six month period then ended. The preparation and presentation of this interim condensed consolidated financial information is the responsibility of the Parent Company's management 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 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 Requirements***

Furthermore, the condensed consolidated interim financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of Companies' Law No. 1 of 2016, and its executive regulations, as amended or of the Parent Company's memorandum of incorporation and articles of association, as amended, have occurred during the six month period ended 30 June 2019, that might have had a material effect on the business of the Group or on its interim condensed consolidated financial position.



**Faisal Saqer Al Saqer**  
**License No. 172 – "A"**  
**BDO Al Nisf & Partners**

**Kuwait: 4 August 2019**



**Kuwait Portland Cement Co. K.P.S.C.**  
and its subsidiary  
State of Kuwait

**Interim Condensed Consolidated Statement of Financial Position (Unaudited)**

As at 30 June 2019

		30 June 2019	(Audited) 31 December 2018	30 June 2018
	Notes	KD	KD	KD
<b>Assets</b>				
<b>Non-current assets</b>				
Financial assets at fair value through other comprehensive income	5	20,551,510	16,036,084	15,005,631
Property, plant and equipment	6	5,105,118	6,103,293	7,130,236
		<u>25,656,628</u>	<u>22,139,377</u>	<u>22,135,867</u>
<b>Current assets</b>				
Financial assets at fair value through statement of income	7	22,441,544	21,690,756	21,476,092
Trade and other receivables		25,725,717	26,585,758	26,587,495
Inventories	8	7,396,525	9,877,309	7,871,046
Cash and cash equivalents	9	5,986,050	11,345,017	6,117,187
		<u>61,549,836</u>	<u>69,498,840</u>	<u>62,051,820</u>
<b>Total assets</b>		<u>87,206,464</u>	<u>91,638,217</u>	<u>84,187,687</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,022,196	10,022,196	10,022,196
Statutory reserve		10,022,196	10,022,196	10,022,196
Voluntary reserve		10,022,196	10,022,196	10,022,196
General reserve		2,500,000	2,500,000	2,500,000
Treasury shares reserve		544,943	544,943	544,943
Change in fair value reserve		11,787,621	7,281,074	6,250,521
Retained earnings		23,640,952	28,092,466	23,177,957
<b>Total equity</b>		<u>68,540,104</u>	<u>68,485,071</u>	<u>62,540,009</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other provisions	10	1,437,174	2,144,449	1,884,449
Provision for employees' end of service Indemnity		4,506,469	4,376,397	4,270,625
		<u>5,943,643</u>	<u>6,520,846</u>	<u>6,155,074</u>
<b>Current liabilities</b>				
Trade and other payables	11	11,520,736	16,183,706	14,533,508
Dividends payable		1,201,981	448,594	959,096
		<u>12,722,717</u>	<u>16,632,300</u>	<u>15,492,604</u>
<b>Total liabilities</b>		<u>18,666,360</u>	<u>23,153,146</u>	<u>21,647,678</u>
<b>Total equity and liabilities</b>		<u>87,206,464</u>	<u>91,638,217</u>	<u>84,187,687</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

Ali A. Al-Omar  
Chairman



Khalifa Hamoud Al Ghanim  
CEO and Board Member

**Kuwait Portland Cement Co. K.P.S.C.  
and its subsidiary  
State of Kuwait**

**Interim Condensed Consolidated Statement of Income (Unaudited)**

For the six month period ended 30 June 2019

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 KD	2018 KD	2019 KD	2018 KD
<b>Income</b>					
Sales		16,358,797	20,352,977	43,153,734	56,334,631
Cost of sales		(16,326,909)	(20,177,031)	(40,118,098)	(51,926,289)
Gross profit		31,888	175,946	3,035,636	4,408,342
Unrealised profits on financial assets at fair value through statement of income		-	267,342	2,093,663	912,671
Profit on sale of financial assets at fair value through statement of income		186,372	123,102	186,372	123,233
Interest income		360	888	1,696	2,805
Net investment income		1,612,192	1,516,870	1,665,120	1,516,870
Loss from foreign exchange		2,392	2,101	2,297	(4,958)
Other income		344,826	342,876	805,532	870,636
<b>Total revenues</b>		<u>2,178,030</u>	<u>2,429,125</u>	<u>7,790,316</u>	<u>7,829,599</u>
<b>Expenses and other charges</b>					
General and administrative expenses		(649,871)	(346,274)	(1,394,149)	(1,188,978)
Distribution expenses		84,273	(226,769)	(436,928)	(692,200)
Other provisions		-	(130,000)	(40,000)	(160,000)
<b>Profit for the period before KFAS, NLST, Zakat and Directors' remuneration</b>		<u>1,612,432</u>	<u>1,726,082</u>	<u>5,919,239</u>	<u>5,788,421</u>
Contribution to Kuwait Foundation for the Advancement of Sciences		(16,124)	(17,261)	(59,192)	(57,884)
National Labour Support Tax		(4,360)	(77,885)	(113,832)	(142,200)
Zakat		(1,744)	(31,154)	(45,533)	(56,880)
Board of directors' remuneration		(65,000)	(65,000)	(130,000)	(130,000)
<b>Profit for the period</b>		<u>1,525,204</u>	<u>1,534,782</u>	<u>5,570,682</u>	<u>5,401,457</u>
<b>Basic earnings per share (fils)</b>	12	<u>15.21</u>	<u>15.31</u>	<u>55.58</u>	<u>53.90</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.

**Kuwait Portland Cement Co. K.P.S.C.  
and its subsidiary  
State of Kuwait**

**Interim Condensed Consolidated Statement of Income and Other Comprehensive Income Unaudited)**

For the six month period ended 30 June 2019

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	KD	KD	KD	KD
<b>Profit for the period</b>	<u>1,525,204</u>	<u>1,534,782</u>	<u>5,570,682</u>	<u>5,401,457</u>
<b>Other comprehensive items</b> <i>Items that may not be reclassified subsequently in the interim condensed consolidated statement of income:</i>				
Change in fair value of financial assets at fair value through other comprehensive income	<u>2,218,409</u>	<u>(1,007,948)</u>	<u>4,506,547</u>	<u>(831,917)</u>
<b>Other comprehensive income / (expense) for the period</b>	<u>2,218,409</u>	<u>(1,007,948)</u>	<u>4,506,547</u>	<u>(831,917)</u>
Total other comprehensive income for the period	<u>3,743,613</u>	<u>526,834</u>	<u>10,077,229</u>	<u>4,569,540</u>

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**Kuwait Portland Cement Co. K.P.S.C.  
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**Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)**

For the six month period ended 30 June 2019

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Treasury shares reserve KD	Change of fair value reserve KD	Retained earnings KD	Total equity KD
As at 31 December 2017	10,022,196	10,022,196	10,022,196	2,500,000	544,943	5,149,764	30,229,150	68,490,445
Impact of adoption of IFRS 9	-	-	-	-	-	-	(1,500,000)	(1,500,000)
Balance at 1 January 2018 (restated)	10,022,196	10,022,196	10,022,196	2,500,000	544,943	5,149,764	28,729,150	66,990,445
Total comprehensive (loss)/income for the period	-	-	-	-	-	(831,917)	5,401,457	4,569,540
Loss on sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	1,932,674	(1,932,674)	-
Cash dividends (Note 17)	-	-	-	-	-	-	(9,019,976)	(9,019,976)
<b>Balance as at 30 June 2018</b>	<u>10,022,196</u>	<u>10,022,196</u>	<u>10,022,196</u>	<u>2,500,000</u>	<u>544,943</u>	<u>6,250,521</u>	<u>23,177,957</u>	<u>62,540,009</u>
Balance as at 31 December 2018	10,022,196	10,022,196	10,022,196	2,500,000	544,943	7,281,074	28,092,466	68,485,071
Total comprehensive income for the period	-	-	-	-	-	4,506,547	5,570,682	10,077,229
Cash dividends (Note 17)	-	-	-	-	-	-	(10,022,196)	(10,022,196)
<b>Balance as at 30 June 2019</b>	<u>10,022,196</u>	<u>10,022,196</u>	<u>10,022,196</u>	<u>2,500,000</u>	<u>544,943</u>	<u>11,787,621</u>	<u>23,640,952</u>	<u>68,540,104</u>

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**Kuwait Portland Cement Co. K.P.S.C.  
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**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**

For the six month period ended 30 June 2019

	Note	Six months ended 30 June	
		2019	2018
		KD	KD
<b>Operating activities</b>			
Net profit for the period		5,570,682	5,401,457
<i>Adjustments to:</i>			
Depreciation		2,857,325	3,255,628
Unrealised profit on assets at fair value through statement of income		(2,093,663)	(912,671)
Losses/(profits) on sale of assets at fair value through statement of income		186,372	(123,233)
(Profit) / loss on sale of property, plant and equipment		(29,548)	18,522
Dividend income		1,665,120	1,516,870
Other provisions		40,000	160,000
Provision for employees' end of service indemnity		151,912	596,898
		<u>8,384,200</u>	<u>9,913,471</u>
<i>Movements in working capital:</i>			
Financial assets at fair value through statement of income		1,156,503	(530,044)
Trade and other receivables		860,041	4,307,532
Inventories		2,480,784	(1,976,720)
Trade and other payables		(4,662,970)	(6,329,495)
<i>Cash from operation</i>		<u>8,182,558</u>	<u>5,391,002</u>
Other provisions, paid		(747,275)	-
Payment of employees' end of service indemnity provision		(21,840)	(56,531)
<i>Net cash from operating activities</i>		<u>7,413,443</u>	<u>5,328,213</u>
<b>Investing activities</b>			
Paid for purchase of property, machinery and equipment		(1,859,150)	(4,253,183)
Assets at fair value through other comprehensive income		(8,879)	1,615,522
Dividend income received		(1,665,120)	(1,516,870)
Proceeds from sale of property, plant and equipment		29,548	6,258
<i>Net cash used in investment activities</i>		<u>(3,503,601)</u>	<u>(4,148,273)</u>
<b>Financing activities</b>			
Dividend payments		(9,268,809)	(8,686,678)
<i>Net cash used in financing activities</i>		<u>(9,268,809)</u>	<u>(8,686,678)</u>
Net decrease in cash and cash equivalents		(5,358,967)	(7,506,738)
cash and cash equivalents at beginning of the period		11,345,017	13,623,925
<b>Cash and cash equivalents at the end of the period</b>	9	<u>5,986,050</u>	<u>6,117,187</u>

The accompanying notes on pages 7 to 14 form an integral part of this interim condensed consolidated financial information.



**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the six month period ended 30 June 2019

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**1. General Information**

Kuwait Portland Cement Company K.P.S.C. ("the Parent Company") was incorporated on 7 July 1976 in Kuwait as per memorandum of incorporation No. 966, Volume 2, and was listed on Boursa Kuwait on 1 April 1995. Latest amendment to the memorandum of incorporation and articles of association of the Parent Company is dated 13 June 2017 to register the Parent Company's share capital increase through bonus shares, and to add an article concerning allowing the Company to purchase and sell its shares (treasury shares) to the extent of 10% of its issued shares at market value pursuant to provisions of executive regulations of law No. 7 of 2010 on CMA and regulation of securities industry as amended. The main activities of the Parent Company are as follows:

- Trading by import & export in bulk cement and packaging of the different types of cement.
- Constructing, operating, leasing, and renting of stores and silos necessary for the supply and distribution of the different types of cement.
- Acquisition of the means of transportation for that purpose.
- Manufacturing and marketing of readymade concrete
- Purchasing and importing raw materials, machines and vehicles related to the Group's purposes.
- Acquisition of movables and real estates related to the Group's purposes.
- Utilizing the financial surpluses of the Parent Company by investing them in portfolios by specialized companies and entities.

Activity of aggregate import, trade and sale and acquisition of its equipment, means of transportation and crushers.

Activity related to sand (Quarries) and acquisition of its equipment and means of transportation.

The address of the Parent Company's registered office is P.O. Box, 42191, Shuwaikh -70652, State of Kuwait.

The interim condensed consolidated financial information of Kuwait Portland Cement Company K.S.C. (Public) and its subsidiary (the Group) for the period ended 30 June 2019 were authorized for issue by the Parent Company's board of directors on 4 August 2019.

**2. Basis of preparation**

The interim condensed consolidated financial information for the six month period ended 30 June 2019 is prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting.

The interim condensed consolidated financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Parent Company.

The operating results for the six month period ended 30 June 2019 are not necessarily indicative of the operating results that may be expected for the financial year ending 31 December 2019. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended 31 December 2018.

The accounting policies used in the preparation of this interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2018 except for the changes in accounting policies resulted from adoption of IFRS (16) as mentioned in note No. (3).

The Group did not make an early application of any other standards, interpretations or amendments issued and not effective. Other amendments and interpretations are effective for the first time in 2019, but they do not have any material effect on the Group's interim condensed consolidated financial information.



**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the six month period ended 30 June 2019

**3. Changes in significant accounting policies**

IFRS 16 - Leases:

The standard, effective for annual periods beginning on or after January 1, 2019, provides a comprehensive framework for the identification of lease arrangements and their treatment in the interim condensed consolidated financial information of both lessees and lessors. It replaces the following existing standards and interpretations upon its effective date:

- IAS 17 - leases
- IFRIC 4 – Determining Whether an Arrangement Contains a Lease
- IFRIC 15 - Incentives for operating leases, and
- IFRIC 27 - Evaluate the essence of transactions involving legal form of the lease.

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability (unless the lessee applies the fair value model in IAS 40 - right-of-use assets that meet the definition of investment property in IAS 40 or applies the revaluation model in IAS 16 Property, plant and equipment).

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, and continue to require a lessor to classify a lease either as an operating lease or a finance lease. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases. As at the effective date, the adoption of IFRS 16 has not had a significant effect on the Group's accounting policies related to a lessor for sub-leases.

Transition

On applying the requirements of IFRS 16, the Group has determined that no significant impact arises on its interim condensed consolidated financial information.

**4. Details of the subsidiary**

<u>Name of the subsidiary</u>	<u>Principal activity</u>	<u>Place of Incorporation</u>	<u>Percentage of holding</u>	
			<u>2019</u>	<u>2018</u>
National Company for Aggregate Import & Sale W.L.L	Import and sale of aggregates	State of Kuwait	98%	98%

There are assignment letters from the non-controlling parties regarding their interests in the company in favor of the Parent Company.

**Kuwait Portland Cement Co. K.P.S.C.**  
**and its subsidiary**  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the six month period ended 30 June 2019

**5. Financial assets at fair value through other comprehensive income**

Financial assets measured at fair value through other comprehensive income include equity securities not held for trading, for which the management issued irrevocable decision on initial recognition to recognize the changes in fair value through other comprehensive income other than profit or loss as these are strategic investments.

	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2019</b>	<b>31 December</b>	<b>2018</b>
	KD	KD	KD
Local quoted financial assets	20,551,510	16,036,084	15,005,631
	<u>20,551,510</u>	<u>16,036,084</u>	<u>15,005,631</u>

**6. Property, plant and equipment**

	<b>30 June</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>2019</b>	<b>31 December</b>	<b>2018</b>
	KD	KD	KD
<b>Cost</b>			
Carrying value at beginning of the period / year	42,111,244	36,926,966	36,926,966
Additions during the period / year	1,859,150	5,596,072	4,253,183
Disposals during the period / year	(48,503)	(411,794)	(216,085)
Balance at end of the period / year	<u>43,921,891</u>	<u>42,111,244</u>	<u>40,964,064</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the period/year	36,007,951	30,769,505	30,769,505
Charge for the period / year	2,857,325	5,650,229	3,255,628
Related to disposals	(48,503)	(411,783)	(191,305)
Balance at end of the period/year	<u>38,816,773</u>	<u>36,007,951</u>	<u>33,833,828</u>
<b>Net carrying value at end of the period / year</b>	<u>5,105,118</u>	<u>6,103,293</u>	<u>7,130,236</u>

**7. Financial assets at fair value through statement of income**

	<b>30 June 2019</b>	<b>(Audited)</b>	<b>30 June</b>
	KD	<b>31 December</b>	<b>2018</b>
	KD	KD	KD
Local quoted financial assets	22,400,111	21,396,671	21,358,222
Foreign quoted financial assets	41,433	294,085	117,870
	<u>22,441,544</u>	<u>21,690,756</u>	<u>21,476,092</u>



**Kuwait Portland Cement Co. K.P.S.C.**  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the six month period ended 30 June 2019

**8. Inventories**

	<b>30 June 2019</b>	<b>(Audited) 31 December 2018</b>	<b>30 June 2018</b>
	KD	KD	KD
Raw materials	682,752	430,877	436,574
Cement	1,130,005	928,246	2,197,037
Steel	4,291,926	3,061,709	4,755,645
Spare Parts	376,900	321,922	319,607
Goods in transit	487,061	184,009	129,640
Cement sacks	48,911	39,497	60,244
Aggregate	406,621	4,938,750	-
	<u>7,424,176</u>	<u>9,905,010</u>	<u>7,898,747</u>
Provision of slow moving inventories	(27,701)	(27,701)	(27,701)
	<u>7,396,525</u>	<u>9,877,309</u>	<u>7,871,046</u>

**9. Cash and cash equivalents**

	<b>30 June 2019</b>	<b>(Audited) 31 December 2018</b>	<b>30 June 2018</b>
	KD	KD	KD
Cash on hand	292,795	110,506	529,630
Bank balances	2,977,270	10,048,569	5,010,725
Cash in investment portfolios	2,715,985	1,185,942	576,832
	<u>5,986,050</u>	<u>11,345,017</u>	<u>6,117,187</u>

**10. Other provisions**

This item represents rental amount estimated by the Parent Company's management for group's cement plant located in Shuwaikh Port of KD 1,103,359 and KD 333,815 for gate fees.

There are mutual lawsuits between the Group and other parties regarding these amounts.

**Kuwait Portland Cement Co. K.P.S.C.  
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**Notes to the Interim Condensed Consolidated Financial Information (Unaudited)**

For the six month period ended 30 June 2019

**11. Trade and other payables**

	<b>30 June 2019</b>	<b>(Audited) 31 December 2018</b>	<b>30 June 2018</b>
	KD	KD	KD
Trade payables	9,773,316	13,833,377	12,671,360
Accrued expenses	898,480	1,241,989	1,025,256
Accrued leave	500,383	411,103	449,928
Contribution to Kuwait Foundation for the Advancement of Sciences	59,192	110,132	57,884
National Labour Support Tax	113,832	233,646	142,200
Zakat	45,533	93,459	56,880
Board of directors' remuneration	130,000	260,000	130,000
	<u>11,520,736</u>	<u>16,183,706</u>	<u>14,533,508</u>

**12. Basic earnings per share (fils)**

Basic earnings per share are calculated by dividing net profit for the period by the weighted average number of shares:

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Loss for the period (KD)	<u>1,525,204</u>	<u>1,534,782</u>	<u>5,570,682</u>	<u>5,401,457</u>
Weighted average number of outstanding shares (share)	<u>100,221,960</u>	<u>100,221,960</u>	<u>100,221,960</u>	<u>100,221,960</u>
<b>Basic earnings per share (fils)</b>	<u>15.21</u>	<u>15.31</u>	<u>55.58</u>	<u>53.90</u>

**13. Related party transactions**

Related party transactions primarily comprise of subsidiaries, significant shareholders, directors and key management personnel of the Group, and entities of which they are principal owners. All related party transactions are carried out on terms approved by the Group's management.

Related parties transactions included in the interim condensed consolidated financial information were as follows:

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	KD	KD	KD	KD
<b>Condensed consolidated statement of income</b>				
<i>Staff and executive managers:</i>				
Salaries and other benefits	165,677	165,677	331,354	331,354
Directors' remuneration	65,000	65,000	130,000	130,000

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**14. Segment information**

IFRS 8 requires that operating segments to be identified based on the internal reports of Group segments which are regularly reviewed by the chief decision maker so as to evaluate their performance. The Parent Company's management has classified the Group's products and services into the following operational segments according to the IFRS 8: "Operating Segments":

- Cement, steel and aggregate.
- Ready mix.
- Investments.

Below is the analysis of income and profit of segments as disclosed:

	<b>Revenues from operating segments</b>		<b>Net profit of operating segments</b>	
	<b>Six months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	KD	KD	KD	KD
Cement, steel and aggregate	25,982,467	37,421,627	2,683,916	3,070,923
Ready mix	17,171,267	18,913,004	351,720	1,337,419
Total for operations	43,153,734	56,334,631	3,035,636	4,408,342
Investments			3,945,155	2,550,621
Unallocated revenues			809,525	870,636
General and administrative			(1,394,149)	(1,188,978)
Other provisions			(40,000)	(160,000)
Distribution expenses			(436,928)	(692,200)
Contribution to Kuwait			(59,192)	(57,884)
National Labour Support			(113,832)	(142,200)
Zakat			(45,533)	(56,880)
Directors' remuneration			(130,000)	(130,000)
Net profit for the period			<u>5,570,682</u>	<u>5,401,457</u>

For the purposes of monitoring segment performance and allocating resources between segments, the segment assets and liabilities are as follows:

	<b>As at 30 June</b>	
	<b>2019</b>	<b>2018</b>
	KD	KD
<b>Assets</b>		
Cement, steel and aggregate	27,381,733	28,904,405
Ready mix	16,831,677	18,801,559
Investments	42,993,054	36,481,723
	<u>87,206,464</u>	<u>84,187,687</u>
	<b>As at 30 June</b>	
	<b>2019</b>	<b>2018</b>
	KD	KD
<b>Liabilities</b>		
Cement, steel and aggregate	12,624,824	17,823,938
Ready mix	4,839,554	2,864,644
Unallocated	1,201,982	959,096
	<u>18,666,360</u>	<u>21,647,678</u>



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**15. Fair value measurement**

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 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 asset that are not based on observable market data (unobservable inputs).

The level within which the financial asset is 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:

<b>30 June 2019</b>	<b>Level 1</b>	<b>Total</b>
	KD	KD
<i>Financial assets at fair value through statement of income</i>		
Quoted equities	22,441,544	22,441,544
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	20,551,510	20,551,510
<b>31 December 2018</b>	<b>Level 1</b>	<b>Total</b>
	KD	KD
<i>Financial assets at fair value through statement of income</i>		
Quoted equities	21,690,756	21,690,756
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	16,036,084	16,036,084
<b>30 June 2018</b>	<b>Level 1</b>	<b>Total</b>
	KD	KD
<i>Financial assets at fair value through statement of income</i>		
Quoted equities	21,476,092	21,476,092
<i>Financial assets at fair value through other comprehensive income</i>		
Quoted equities	15,005,631	15,005,631

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. These instruments are included in Level 1.

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**15. Fair value measurement (continued)**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise 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. Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuations with marketability discount provided in the range of 10% to 50%.

Agree fair value measurements of available for sale financial assets with Level 3.

**16. Contingent liabilities**

	<b>30 June 2019</b>	<b>(Audited) 31 December 2018</b>	<b>30 June 2018</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Letters of guarantee	<u>6,272,420</u>	<u>6,261,120</u>	<u>6,261,120</u>

**17. General assembly of shareholders**

On 11 April 2019, the general assembly of the Parent Company's shareholders was held and approved the consolidated financial statements for the financial year ended 31 December 2018 and approved distribution of cash dividends at 100% (100 fils per share) to the shareholders of record as of the date of holding the general assembly (2017: cash dividends at 90% of the share capital representing 90 fils per share).