

**Hilal Cement Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

31 MARCH 2018



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF HILAL CEMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Hilal Cement Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2018, and the related interim condensed consolidated statement of comprehensive income and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of review

Except as explained in the following paragraph, we conducted our review in accordance with 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.

Basis for Qualified Conclusion

As stated in Note 2.2 of the interim condensed consolidated financial information, IFRS 9 ‘*Financial Instruments*’ is effective for annual reporting periods beginning on or after 1 January 2018. Based on the information provided to us by the management, the Group is still in the process of evaluating the potential effect of the expected credit loss (ECL) on the financial assets carried at amortised cost, as set out in IFRS 9, at the date of initial application and as at 31 March 2018. Consequently, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, 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 IAS 34 – *Interim Financial Reporting*.

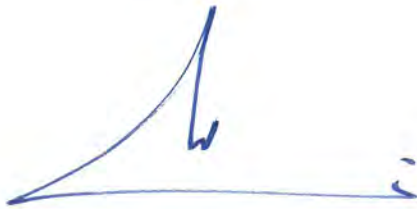
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF HILAL CEMENT COMPANY K.S.C.P. (continued)

Emphasis of Matter

We draw attention to Note 4 to the interim condensed consolidated financial information which describes the uncertainty related to the outcome of the lawsuit filed against the Group by Kuwait Port Authority. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

13 May 2018
Kuwait

Hilal Cement Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2018


	Note	Three months ended 31 March	
		2018 KD	2017 KD
Sale of goods		5,761,934	4,841,012
Cost of goods sold		(5,057,046)	(4,245,540)
GROSS PROFIT		704,888	595,472
Other income		54,115	53,223
Other expenses		(421,044)	(496,059)
(Allowance)/write back for impairment of accounts receivable		(139,158)	26,420
Net foreign exchange differences		2,304	3,129
OPERATING PROFIT		201,105	182,185
Finance costs		(18,546)	(15,237)
PROFIT FOR THE PERIOD BEFORE TAX AND DIRECTORS' REMUNERATION		182,559	166,948
Contribution to Kuwait Foundation for the Advances of Sciences (KFAS)		(885)	(1,207)
National Labour Support Tax (NLST)		(6,406)	(4,040)
Zakat		(1,256)	(793)
Directors' remuneration		(6,600)	(2,447)
PROFIT FOR THE PERIOD		167,412	158,461
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		167,412	158,461
Attributable to:			
Equity holders of the Parent Company		89,317	126,078
Non-controlling interests		78,095	32,383
		167,412	158,461
BASIC AND DILUTED PROFIT PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	0.9 fils	1.2 fils

Hilal Cement Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2018

		31 March 2018 KD	(Audited) 31 December 2017 KD	31 March 2017 KD
ASSETS				
Non-current assets				
Property, plant and equipment	4	4,914,210	3,903,861	4,613,164
Goodwill		4,179,257	4,179,257	5,047,444
Term deposits	5	-	-	160,000
		<u>9,093,467</u>	<u>8,083,118</u>	<u>9,820,608</u>
Current assets				
Inventories		1,138,379	1,689,326	1,362,099
Trade and other receivables		7,016,927	5,925,294	4,796,363
Cash and short term deposits	5	5,970,768	5,508,659	5,851,688
		<u>14,126,074</u>	<u>13,123,279</u>	<u>12,010,150</u>
TOTAL ASSETS		<u><u>23,219,541</u></u>	<u><u>21,206,397</u></u>	<u><u>21,830,758</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	6	10,146,213	10,146,213	8,455,178
Statutory reserve		2,096,776	2,096,776	2,096,776
Voluntary reserve		2,096,776	2,096,776	2,096,776
(Accumulated losses)/retained earnings		(283,718)	(373,035)	2,368,824
Equity attributable to the equity holders of the Parent Company		<u>14,056,047</u>	13,966,730	15,017,554
Non-controlling interests		<u>1,150,282</u>	1,072,187	1,074,270
Total equity		<u>15,206,329</u>	<u>15,038,917</u>	<u>16,091,824</u>
Non-current liabilities				
Loan from a related party	7	1,082,900	1,082,900	1,082,900
Employees' end of service benefits		761,716	742,405	692,480
		<u>1,844,616</u>	<u>1,825,305</u>	<u>1,775,380</u>
Current liabilities				
Loan from a related party	7	750,000	-	-
Bank overdraft		-	31,224	-
Trade and other payables		5,418,596	4,310,951	3,963,554
		<u>6,168,596</u>	<u>4,342,175</u>	<u>3,963,554</u>
Total liabilities		<u>8,013,212</u>	<u>6,167,480</u>	<u>5,738,934</u>
TOTAL EQUITY AND LIABILITIES		<u><u>23,219,541</u></u>	<u><u>21,206,397</u></u>	<u><u>21,830,758</u></u>


 Sayed Salah Sayed Hashem Al Tabtabaei
 Chairman

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

Hilal Cement Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2018

	Attributable to equity holders of the Parent Company						Total KD
	Share capital KD	Statutory reserve KD	Voluntary reserve KD	(Accumulated losses)/retained earnings KD	Sub-total KD	Non-controlling interests KD	
Balance at 1 January 2018 <i>(Audited)</i>	10,146,213	2,096,776	2,096,776	(373,035)	13,966,730	1,072,187	15,038,917
Profit for the period	-	-	-	89,317	89,317	78,095	167,412
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	89,317	89,317	78,095	167,412
Balance at 31 March 2018	10,146,213	2,096,776	2,096,776	(283,718)	14,056,047	1,150,282	15,206,329
Balance at 1 January 2017 <i>(Audited)</i>	8,455,178	2,096,776	2,096,776	2,242,746	14,891,476	1,041,887	15,933,363
Profit for the period	-	-	-	126,078	126,078	32,383	158,461
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	126,078	126,078	32,383	158,461
Balance at 31 March 2017	8,455,178	2,096,776	2,096,776	2,368,824	15,017,554	1,074,270	16,091,824

The attached notes 1 to 9 form part of these interim condensed consolidated financial information.

Hilal Cement Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months ended 31 March 2018

	<i>Three months ended</i>	
	<i>31 March</i>	
<i>Note</i>	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	167,412	158,461
<i>Non-cash adjustments to reconcile profit for the period to net cash flows:</i>		
Interest income	(17,578)	(19,210)
Gain on disposal of property, plant and equipment	(19,488)	-
Depreciation	217,279	246,799
Allowance (write back) for impairment of accounts receivable	139,158	(26,420)
Provision for employees' end of service benefits	20,504	8,916
Finance costs	18,546	15,237
	<u>525,833</u>	<u>383,783</u>
Working capital adjustments:		
Inventories	550,947	666,572
Trade and other receivables	(1,230,791)	653,767
Trade and other payables	1,094,109	(310,287)
	<u>940,098</u>	<u>1,393,835</u>
Cash flows from operations	940,098	1,393,835
Employees' end of service benefits paid	(1,193)	(16,890)
Interest income received	17,578	19,210
	<u>956,483</u>	<u>1,396,155</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,228,389)	-
Proceeds from disposal of property, plant and equipment	20,249	-
	<u>(1,208,140)</u>	<u>-</u>
Net cash flows used in investing activities		
FINANCING ACTIVITIES		
Proceeds from related party loan	750,000	-
Finance costs paid	(5,010)	(1,701)
	<u>744,990</u>	<u>(1,701)</u>
Net cash flows from/(used in) financing activities		
	<u>493,333</u>	<u>1,394,454</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at 1 January	5,417,435	4,237,234
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>5,910,768</u>	<u>5,631,688</u>
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Hilal Cement Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

1 CORPORATE INFORMATION AND ACTIVITIES

The interim condensed consolidated financial information of Hilal Cement Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively the "Group") for the three months ended 31 March 2018 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 13 May 2018.

The Parent Company was established as a Kuwaiti Shareholding Company on 19 January 1984 and is listed in Kuwait Stock Exchange (Boursa Kuwait). The principal activities of the Parent Company are import, storage and distribution of cement and other bulk materials; establishing, operating and managing storage silos; acquiring interest in other companies engaged in similar activities and investing surplus funds through portfolio managers in shares of investment and real estate companies.

The registered office of the Parent Company is located in Marzouk Tower, 19th floor, Building 3, Al-Qibla, Block 14 and the postal address is P.O. Box 20732, 13068, Safat, Kuwait.

The Parent Company is a subsidiary of Suez Cement Company S.A.E. (the "Ultimate Parent Company"), a Company registered in Egypt and its registered head office is located at P.O. Box 2691, Cairo – Egypt.

The annual general assembly meeting (AGM) of the Parent Company was held on 6 May 2018. No dividends were declared by the shareholders of the Parent Company.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group, for the three months ended 31 March 2018 has been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34").

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standards, interpretations or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 '*Financial Instruments*' that replaces IAS 39 '*Financial Instruments: Recognition and Measurement*' and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The nature and effect of these changes are disclosed below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
(continued)**

IFRS 9 Financial Instruments (continued)

The Group has adopted IFRS 9 Financial Instruments effective from 1 January 2018 which brings together the requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. Management is in the process of assessing the full impact of IFRS 9 on the Group's interim condensed consolidated financial information based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date. However, as the management is still in the process of assessing the full impact of the application of IFRS 9 on the Group's interim condensed consolidated financial information, it is not practicable to provide a reasonable financial estimate of the effect until the management complete the detailed review.

Classification and measurement

The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements will be presented in other comprehensive income ("OCI") with no subsequent reclassification to the interim condensed consolidated statement of income, unless an accounting mismatch in profit or loss would arise.

The Group had reviewed and assessed the Group's existing financial instruments as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded the following in regards to their classification and measurement:

- Financial assets representing trade and other receivables, amount due from related parties and cash and short term deposits and that are held within a business model whose objective is to collect the contractual cash flows will subsequently be measured at amortised cost.
- The Group expects no significant changes would occur in financial liabilities as the Group classifies all its financial liabilities at amortised cost under IAS 39 and the same classification is expected to be carried forward under IFRS 9 based on their business model.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all receivables at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group is in the process of applying the standard's simplified approach and is computing ECLs based on lifetime expected credit losses. The Group will be establishing a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, as the management is still in the process of assessing the full impact of the application of IFRS 9 on the Group's interim condensed consolidated financial information, based on the available information as of the reporting date, management is in the view that the measurement of receivables under IFRS 9 does not have material impact on the interim condensed consolidated financial information of the Group.

Hedge accounting

The management does not expect any impact on the interim condensed consolidated financial information of the Group resulting from hedge accounting under IFRS 9 as currently, the Group has not entered into any such instruments.

Hilal Cement Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

IFRS 15: Revenue from Contracts with Customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. The adoption of this standard does not have any material effect on the Group's interim condensed consolidated financial information.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share attributable to the equity holders of the Parent Company is calculated by dividing the earnings for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2018</i>	<i>2017</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>89,317</u>	<u>126,078</u>
Weighted average number of shares outstanding during the period	<u>101,462,130</u>	<u>101,462,130</u>
Basic and diluted earnings per share	<u>0.9 fils</u>	<u>1.2 fils</u>

The basic and diluted earnings per share of the prior period have been restated for bonus shares issue approved by the AGM of the shareholders held on 6 June 2017 (Note 6).

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

4 PROPERTY, PLANT AND EQUIPMENT

On 29 January 2009, the Parent Company received a notice from Kuwait Port Authority (KPA) to vacate the premises of KPA and remove the barge with a carrying value of KD 1,646,660 (31 December 2017: KD 1,716,931; 31 March 2017: KD 1,927,802) owned by the Parent Company which is moored alongside the berth owned by KPA. A verdict was issued by the Court of First Instance on 8 May 2014 in favour of the Parent Company and KPA has filed an appeal in 'Court of Appeals'. On 16 April 2017, a verdict was issued against the Parent Company and the Parent Company has filed an appeal in the 'Court of Cassation'. Based on the legal advice received, management believes that there will be no material consequent impact on Group's interim condensed consolidated financial information.

On 23 October 2014, the Parent Company received a notice from KPA requesting on the increase in rental charges. As at 31 March 2018, the management has not entered into any of the new contract with KPA. However, a provision for rental expenses was made as per the new rates mentioned in the notice received from KPA. Based on the legal advice, management is of the view that the new rental charges are applicable prospectively, hence no provision was made for previous periods.

During the three months period ended 31 March 2018, the Group acquired assets with a cost of KD 1,128,389 relating to the installation of concrete pumps and mixers in certain subsidiaries. As at 31 March 2018, the Group had capital commitments of KD 35,000 in relation to the trade purchase commitment in one of its subsidiaries.

Hilal Cement Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

5 CASH AND SHORT TERM DEPOSITS

For the purpose of interim condensed consolidated statement of cash flows, cash and cash equivalents comprises the following:

	<i>31 March</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>KD</i>	<i>31 March</i> <i>2017</i> <i>KD</i>
Bank balances and cash	1,940,768	1,578,659	1,231,688
Term deposits	4,030,000	3,930,000	4,780,000
	<u>5,970,768</u>	<u>5,508,659</u>	<u>6,011,688</u>
Less: Bank overdrafts	-	(31,224)	-
Less: Term deposits with original maturities more than 3 months	(60,000)	(60,000)	(380,000)
	<u>5,910,768</u>	<u>5,417,435</u>	<u>5,631,688</u>
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	<u>5,910,768</u>	<u>5,417,435</u>	<u>5,631,688</u>

Term deposits are placed with local banks and yield interest at commercial rates.

6 EQUITY

Share capital

The authorised, issued and paid up capital of the Parent Company comprises of 101,462,130 ordinary shares of 100 fils each (31 December 2017: 101,462,130 shares of 100 fils each and 31 March 2017: 84,551,775 shares of 100 fils each).

Bonus shares

At the AGM dated 6 June 2017, the shareholders of the Parent Company approved the distribution of bonus shares in the ratio of two shares for every ten shares amounting to KD 1,691,036 in the same proportion as their existing shareholding.

At the Extraordinary General Assembly Meeting (EGM) dated 6 June 2017, the shareholders of the Parent Company approved the increase in authorised share capital on account of bonus shares issue from 84,551,775 shares of 100 fils each to 101,462,130 shares of 100 fils each.

7 TRANSACTIONS WITH RELATED PARTIES

Related parties represent major shareholders, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of payment for these transactions are approved by the Parent Company's management.

Significant transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

<i>Three months ended 31 March</i>		<i>Cost of goods</i> <i>sold</i> <i>KD</i>	<i>Administrative</i> <i>expenses</i> <i>KD</i>	<i>Finance costs</i> <i>KD</i>
Entities under common control	2018	1,653,236	23,997	16,155
	2017	1,217,554	8,276	13,536

Hilal Cement Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

7 TRANSACTIONS WITH RELATED PARTIES (continued)

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

		<i>Accounts receivable and prepayments KD</i>	<i>Accounts payable and accruals KD</i>	<i>Loan from related parties KD</i>
Associate	31 March 2018	15,228	-	-
	31 December 2017 (<i>Audited</i>)	15,228	-	-
	31 March 2017	15,228	-	-
Other related parties	31 March 2018	780	930,997	1,832,900
	31 December 2017 (<i>Audited</i>)	780	498,573	1,082,900
	31 March 2017	780	518,540	1,082,900

Loan from related parties amounting to KD 1,082,900 (31 December 2017: KD 1,082,900; 31 March 2017: KD 1,082,900) carries an average interest at 5% p.a. (31 December 2017: 5% p.a.; 31 March 2017: 5% p.a.) and is expected to be settled more than twelve months after the reporting period.

Loan from a related party amounting to KD 750,000 (31 December 2017: Nil; 31 March 2017: Nil) carries an average interest at 4.2% p.a. and is expected to be settled with one year after the reporting period.

Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were, as follows:

	<i>Three months ended 31 March</i>	
	2018 KD	2017 KD
Salaries and short-term benefits	48,056	61,331
Directors' remuneration	6,600	2,447
	54,656	63,778

The Board of Directors at the meeting held on 6 March 2018 proposed directors' remuneration of KD 25,498 for the year ended 31 December 2017. The remuneration was approved by the shareholders at the AGM held on 6 May 2018.

8 CONTINGENCIES

As at 31 March 2018, the Group provided guarantees in the ordinary course of the business amounting to KD 306,000 (31 December 2017: KD 306,000; 31 March 2017: KD 306,000). No material liabilities are expected to arise.

9 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services and has two reportable operating segments i.e. trading materials and manufacturing materials. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment. The segment performance is evaluated based on operating loss or profit.

The following table presents revenue and profit information for the Group's operating segments for the three months ended 31 March 2018 and 2017, respectively:

Hilal Cement Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

9 SEGMENT INFORMATION (continued)

<i>Three months ended 31 March 2018</i>	<i>Trading units KD</i>	<i>Manufacturing units KD</i>	<i>Total KD</i>	<i>Adjustments and eliminations KD</i>	<i>Consolidated KD</i>
<i>Revenue</i>					
External customer	2,003,061	3,758,873	5,761,934	-	5,761,934
Inter-segment	1,043,079	-	1,043,079	(1,043,079)	-
Intra-segment	-	568,226	568,226	(568,226)	-
Total revenue	3,046,140	4,327,099	7,373,239	(1,611,305)	5,761,934
Depreciation	109,871	107,408	217,279	-	217,279
Segment results	23,181	159,378	182,559	-	182,559
<i>Three months ended 31 March 2017</i>	<i>Trading units KD</i>	<i>Manufacturing units KD</i>	<i>Total KD</i>	<i>Adjustments and eliminations KD</i>	<i>Consolidated KD</i>
<i>Revenue</i>					
External customer	1,336,815	3,504,197	4,841,012	-	4,841,012
Intra-segment	-	169,335	169,335	(169,335)	-
Inter-segment	1,101,939	-	1,101,939	(1,101,939)	-
Total revenue	2,438,754	3,673,532	6,112,286	(1,271,274)	4,841,012
Depreciation	119,898	126,901	246,799	-	246,799
Segment results	100,861	66,087	166,948	-	166,948

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2018, 31 December 2017 and 31 March 2017, respectively:

	<i>Trading units KD</i>	<i>Manufacturing units KD</i>	<i>Total KD</i>	<i>Adjustments and eliminations KD</i>	<i>Consolidated KD</i>
At 31 March 2018					
Segment assets	17,049,863	16,568,332	33,618,195	(10,398,654)	23,219,541
Segment liabilities	2,067,372	11,500,556	13,567,928	(5,554,716)	8,013,212
At 31 December 2017 (Audited)					
Segment assets	15,685,327	13,702,319	29,387,646	(8,181,249)	21,206,397
Segment liabilities	1,579,055	8,793,923	10,372,978	(4,205,498)	6,167,480
At 31 March 2017					
Segment assets	16,594,251	18,157,516	34,751,767	(12,921,009)	21,830,758
Segment liabilities	1,439,324	8,197,424	9,636,748	(3,897,814)	5,738,934