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

**Interim condensed consolidated financial information  
and independent auditors' review report for the nine months ended  
30 September 2012 (Unaudited)**

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

**Interim condensed consolidated financial information  
and independent auditors' review report for the nine months ended  
30 September 2012 (Unaudited)**

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Al Johara Tower, 6<sup>th</sup> Floor  
Khaled Ben Al Waleed Street, Sharq  
P.O. Box 25578, Safat 13116  
Kuwait  
Tel: +965 2242 6999  
Fax: +965 2240 1666  
www.bdo.com.kw



**Deloitte & Touche**  
**Al-Fahad Al-Wazzan & Co.**  
Ahmed Al-Jaber Street, Sharq  
Dar Al-Awadi Complex, Floors 7 & 9  
P.O. Box 20174 Safat 13062 or  
P.O. Box 23049 Safat 13091  
Kuwait  
Tel : + 965 22408844, 22438060  
Fax: + 965 22408855, 22452080  
  
www.deloitte.com

**Independent auditors' report on review of interim condensed consolidated financial information to the Board of Directors of Kuwait Cement Company K.S.C.**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2012, and the related interim condensed consolidated statements of income and comprehensive income for the three and nine months period then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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 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.

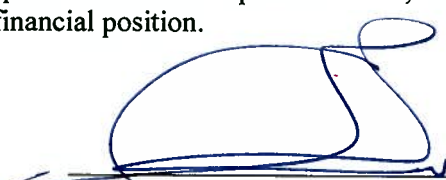
*Conclusion*

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*

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, no violations have come to our attention of the Commercial Companies' Law of 1960, as amended, or of the Parent Company's Articles of Association during the nine months period ended 30 September 2012, that 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

  
\_\_\_\_\_  
**Bader A. Al-Wazzan**  
Licence No. 62A  
Deloitte & Touche  
Al Fahad, Al Wazzan & Co.


**Kuwait: 12 November 2012**


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

**Interim condensed consolidated statement of financial position (Unaudited)**  
**As at 30 September 2012**

	Note	(Audited)		
		30 September 2012	31 December 2011	30 September 2011
		KD	KD	KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	131,293,083	110,895,225	102,661,854
Intangible assets		872,967	911,327	923,921
Investment properties		949,607	984,946	996,729
Investments in associates	4	15,277,014	14,702,575	14,865,037
Available for sale investments	5	71,880,476	74,552,146	68,345,220
		<u>220,273,147</u>	<u>202,046,219</u>	<u>187,792,761</u>
<b>Current assets</b>				
Inventories	6	23,412,254	18,205,156	21,222,593
Receivables and other debit balances	7	13,372,674	13,721,990	11,640,603
Investments at fair value through profit or loss	8	9,364,938	8,773,203	8,998,094
Cash and cash equivalents	9	10,480,163	16,211,148	10,400,756
		<u>56,630,029</u>	<u>56,911,497</u>	<u>52,262,046</u>
<b>Total assets</b>		<u>276,903,176</u>	<u>258,957,716</u>	<u>240,054,807</u>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	10	63,765,554	63,765,554	63,765,554
Share premium		5,154,935	5,154,935	5,154,935
Treasury shares	11	(13,487,906)	(13,487,906)	(13,393,285)
Profit from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		35,962,809	35,962,809	34,466,326
Voluntary reserve		31,000,320	31,000,320	29,503,837
General reserve		18,930,128	18,930,128	18,930,128
Cumulative change in fair value reserve		(12,495,736)	(11,405,280)	(17,330,021)
Group's share of associates' reserves		(763,761)	(801,758)	(792,079)
Retained earnings		20,019,953	18,015,924	18,449,314
<b>Total equity</b>		<u>148,531,888</u>	<u>147,580,318</u>	<u>139,200,301</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and bank facilities	12	87,206,301	61,894,886	61,834,056
Provision for employees' end of service indemnity		1,799,286	1,710,936	1,720,600
		<u>89,005,587</u>	<u>63,605,822</u>	<u>63,554,656</u>
<b>Current liabilities</b>				
Loans and bank facilities	12	18,784,564	29,832,974	23,847,531
Payables and other credit balances	13	20,581,137	17,938,602	13,452,319
		<u>39,365,701</u>	<u>47,771,576</u>	<u>37,299,850</u>
<b>Total equity and liabilities</b>		<u>276,903,176</u>	<u>258,957,716</u>	<u>240,054,807</u>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

  
**Rashed Abdulaziz Al-Rashed**  
Chairman and Managing Director

  
**Sulaiman Khalid Al-Ghunaim**  
Vice Chairman

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

**Interim condensed consolidated statement of income (Unaudited)**  
For the nine month period ended 30 September 2012

	Note	Three months ended 30 September		Nine months ended 30 September	
		2012	2011	2012	2011
		KD	KD	KD	KD
Sales		13,592,554	11,596,513	48,982,090	39,138,625
Cost of sales	14	(10,545,979)	(6,490,965)	(36,812,541)	(23,530,118)
<b>Gross profit</b>		<u>3,046,575</u>	<u>5,105,548</u>	<u>12,169,549</u>	<u>15,608,507</u>
Other operating income	15	598,401	166,964	1,172,854	1,365,984
Selling, general and administrative expenses		(879,326)	(590,463)	(2,447,376)	(2,216,592)
<b>Operating profit</b>		<u>2,765,650</u>	<u>4,682,049</u>	<u>10,895,027</u>	<u>14,757,899</u>
Finance costs		(69,429)	(892,184)	(220,949)	(2,510,579)
Interest income		9,515	20,842	79,187	110,082
Net (losses)/gains from investments	16	(161,637)	(610,618)	504,207	(38,682)
Group's share of associates' results	4	23,252	(33,805)	536,442	(31,619)
<b>Net profit before deductions</b>		<u>2,567,351</u>	<u>3,166,284</u>	<u>11,793,914</u>	<u>12,287,101</u>
KFAS		(25,075)	(31,287)	(108,133)	(121,052)
NLST		(61,811)	(78,930)	(245,557)	(274,446)
Zakat		(17,349)	(1,931)	(68,923)	(80,138)
Board of Directors' remuneration		(35,000)	(35,000)	(105,000)	(105,000)
<b>Net profit for the period</b>		<u>2,428,116</u>	<u>3,019,136</u>	<u>11,266,301</u>	<u>11,706,465</u>
Earnings per share (fils)	17	<u>3.93</u>	<u>4.88</u>	<u>18.25</u>	<u>18.93</u>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of comprehensive income (Unaudited)**  
**For the nine months period ended 30 September 2012**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Net profit for the period	<u>2,428,116</u>	<u>3,019,136</u>	<u>11,266,301</u>	<u>11,706,465</u>
<b>Other comprehensive income/(loss) for the period</b>				
Changes in fair value of available for sale investments	3,950,763	(4,107,284)	(2,732,915)	(24,000,119)
Transferred to interim condensed consolidated statement of income on impairment of available for sale investments	770,596	72,496	1,656,775	1,363,799
Transferred to interim condensed consolidated statement of income on sale of available for sale investments	-	37,476	(14,316)	(227,952)
Group's share of associates' reserves	310	(4,691)	37,997	(106,194)
<b>Total other comprehensive income/(losses) for the period</b>	<u>4,721,669</u>	<u>(4,002,003)</u>	<u>(1,052,459)</u>	<u>(22,970,466)</u>
<b>Total comprehensive income/(losses) for the period</b>	<u>7,149,785</u>	<u>(982,867)</u>	<u>10,213,842</u>	<u>(11,264,001)</u>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of changes in equity (Unaudited)**

For the nine months period ended 30 September 2012

	Share capital	Share premium	Treasury shares	Profit from sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Cumulative change in fair value reserve	Group's share of associates' reserves	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
<b>Balance at 1 January 2011</b>	60,729,099	5,154,935	(12,978,814)	445,592	34,466,326	29,503,837	18,930,128	5,534,251	(685,885)	15,670,397	156,769,866
Net profit for the period	-	-	-	-	-	-	-	-	-	11,706,465	11,706,465
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	(24,000,119)	-	-	(24,000,119)
Transferred to interim condensed consolidated statement of income on impairment of available for sale investments	-	-	-	-	-	-	-	1,363,799	-	-	1,363,799
Transferred to interim condensed consolidated statement of income on sale of available for sale investments	-	-	-	-	-	-	-	(227,952)	-	-	(227,952)
Group's share of associates' reserves	-	-	-	-	-	-	-	-	(106,194)	-	(106,194)
<b>Total comprehensive (losses)/income for the period</b>	-	-	-	-	-	-	-	(22,864,272)	(106,194)	11,706,465	(11,264,001)
Purchase of treasury shares	-	-	(414,471)	-	-	-	-	-	-	-	(414,471)
Cash dividends (Note 18)	-	-	-	-	-	-	-	-	-	(5,891,093)	(5,891,093)
Bonus shares (Note 18)	3,036,455	-	-	-	-	-	-	-	-	(3,036,455)	-
<b>Balance at 30 September 2011</b>	<b>63,765,554</b>	<b>5,154,935</b>	<b>(13,393,285)</b>	<b>445,592</b>	<b>34,466,326</b>	<b>29,503,837</b>	<b>18,930,128</b>	<b>(17,330,021)</b>	<b>(792,079)</b>	<b>18,449,314</b>	<b>139,200,301</b>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.



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

**Interim condensed consolidated statement of changes in equity (Unaudited)**

For the nine months period ended 30 September 2012

	Share capital	Share premium	Treasury shares	Profit from sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Cumulative change in fair value reserve	Group's share of associates' reserves	Retained earnings	Total equity
	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD	KD
<b>Balance at 1 January 2012</b>	63,765,554	5,154,935	(13,487,906)	445,592	35,962,809	31,000,320	18,930,128	(11,405,280)	(801,758)	18,015,924	147,580,318
Net profit for the period	-	-	-	-	-	-	-	-	-	11,266,301	11,266,301
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(2,732,915)	-	-	(2,732,915)
Changes in fair value of available for sale investments	-	-	-	-	-	-	-	-	-	-	-
Transferred to interim condensed consolidated statement of income on impairment of available for sale investments	-	-	-	-	-	-	-	1,656,775	-	-	1,656,775
Transferred to interim condensed consolidated statement of income on sale of available for sale investments	-	-	-	-	-	-	-	(14,316)	-	-	(14,316)
Group's share of associates reserves	-	-	-	-	-	-	-	-	37,997	-	37,997
<b>Total comprehensive (losses)/income for the period</b>	-	-	-	-	-	-	-	(1,090,456)	37,997	11,266,301	10,213,842
Cash dividends (Note 18)	-	-	-	-	-	-	-	-	-	(9,262,272)	(9,262,272)
<b>Balance at 30 September 2012</b>	<b>63,765,554</b>	<b>5,154,935</b>	<b>(13,487,906)</b>	<b>445,592</b>	<b>35,962,809</b>	<b>31,000,320</b>	<b>18,930,128</b>	<b>(12,495,736)</b>	<b>(763,761)</b>	<b>20,019,953</b>	<b>148,531,888</b>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Interim condensed consolidated statement of cash flows (Unaudited)**  
**For the nine months period ended 30 September 2012**

	Note	For the nine months period ended 30 September	
		2012 KD	2011 KD
<b>Cash flows form operating activities</b>			
Net profit for the period		11,266,301	11,706,465
Adjustments:			
Depreciation and amortisation		1,527,009	1,324,215
Provision for doubtful debts	7	13,375	-
Finance costs		220,949	2,510,579
Interest income		(79,187)	(110,082)
Net gains from investments	16	(618,294)	(86,563)
Group's share of associates' results	4	(536,442)	31,619
Provision for employees' end of service benefits		88,350	78,719
		<u>11,882,061</u>	<u>15,454,952</u>
<i>Changes in working capital</i>			
Inventories		(5,207,098)	3,226,662
Receivables and other debit balances		335,941	(2,009,297)
Investments at fair value through profit or loss		320,067	2,390,091
Payables and other credit balances		1,669,389	(5,346,731)
<b>Net cash generated from operating activities</b>		<u>9,000,360</u>	<u>13,715,677</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(17,975,481)	(10,798,501)
Purchase of intangible assets		-	(960,712)
Purchase of available for sale investments		(2,361,656)	(400,316)
Proceeds on sale of available for sale investments		2,297,944	1,264,968
Dividends received	16	1,351,418	1,648,704
Interest income received		79,187	110,082
<b>Net cash used in investing activities</b>		<u>(16,608,588)</u>	<u>(9,135,775)</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(9,222,563)	(5,852,593)
Loans and bank facilities		14,288,768	1,402,752
Purchase of treasury shares		-	(414,471)
Finance costs paid		(3,188,962)	(2,484,816)
<b>Net cash generated from/(used in) financing activities</b>		<u>1,877,243</u>	<u>(7,349,128)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(5,730,985)</u>	<u>(2,769,226)</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>16,211,148</u>	<u>13,169,982</u>
<b>Cash and cash equivalents at end of the period</b>	9	<u><u>10,480,163</u></u>	<u><u>10,400,756</u></u>

The accompanying notes on pages 8 to 16 form an integral part of this interim condensed consolidated financial information.

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

**Notes to interim condensed consolidated financial information (Unaudited)**  
**For the nine months period ended 30 September 2012**

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**1. Incorporation and activities**

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

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

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

<u>Company name</u>	<u>Legal entity</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership percentage %</u>
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

This interim condensed consolidated financial information for the nine month period ended 30 September 2012 includes the Parent Company and its subsidiaries. Certain subsidiaries' accounts were consolidated based on management accounts for the nine month period ended 30 September 2012. The total subsidiaries' assets and net losses included in this interim condensed consolidated financial information amounted to KD 15,542,682 and KD 22,356 as at 30 September 2012 (31 December 2011: KD 13,241,011 and KD 493,579 and 30 September 2011: KD 12,912,993 and KD 251,169). Management believes that no adjustments are needed to the subsidiaries' accounts at 30 September 2012 as no material changes took place during the month of September 2012 which may be material to the interim condensed consolidated financial information taken as a whole.

The accompanying interim condensed consolidated financial information was authorised for issue by Parent Company's board of director's on 12 November 2012.

**2. Significant accounting policies**

**Basis of preparation**

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

The interim condensed consolidated financial information does not include all the information and footnotes required for complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. The financial results for the nine months period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2011.

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

**Notes to interim condensed consolidated financial information (Unaudited)**  
For the nine months period ended 30 September 2012

**2. Significant accounting policies (Continued)**

**Basis of preparation (Continued)**

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 year ended 31 December 2011.

The revisions to IFRSs, effective as of 1 January 2012 will have no material impact on the Group's consolidated financial position or its performance.

**3. Property, plant and equipment**

	<b>30 September</b>	<b>(Audited)</b>	<b>30 September</b>
	<b>2012</b>	<b>31 December</b>	<b>2011</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Net carrying value at beginning of period/year	110,895,225	89,995,827	89,995,827
Additions and transfers	21,851,012	22,635,688	13,976,332
Financial statements translation differences	156	(2,860)	(58,221)
Depreciation for the period/year	<u>(1,453,310)</u>	<u>(1,733,430)</u>	<u>(1,252,084)</u>
Net carrying value at end of period/year	<u>131,293,083</u>	<u>110,895,225</u>	<u>102,661,854</u>

During 2008, the Group signed a contract with some suppliers and contractors to construct a new kiln factory. The total value of the contracts signed for constructing and completing works amounted to KD 96,302,010 as at 30 September 2012, and the total executed work amounted to KD 83,715,384 as at 30 September 2012 (31 December 2011: KD 69,420,288 and 30 September 2011: KD 63,876,545). All property, plant and equipment are built on leased/state-owned land by lease contracts for 5 years ending 2014.

**4. Investments in associates**

			<b>Book value</b>		
	<b>Country of</b>	<b>Ownership</b>	<b>30</b>	<b>(Audited)</b>	<b>30</b>
	<b>incorporation</b>	<b>percentage</b>	<b>September</b>	<b>31 December</b>	<b>September</b>
		<b>%</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
			<b>KD</b>	<b>KD</b>	<b>KD</b>
Kuwait Rocks Company K.S.C.C.	Kuwait	30.00	374,188	463,924	523,868
Marine Contracting and Services Company K.S.C.C.	Kuwait	33.39	<u>14,902,826</u>	<u>14,238,651</u>	<u>14,341,169</u>
			<u>15,277,014</u>	<u>14,702,575</u>	<u>14,865,037</u>

**Notes to interim condensed consolidated financial information (Unaudited)**  
**For the nine months period ended 30 September 2012**

**4. Investments in associates (Continued)**

The movement of investments in associates is as follows:

	<b>30 September</b>	<b>(Audited)</b>	<b>30 September</b>
	<b>2012</b>	<b>31 December</b>	<b>2011</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Balance at beginning of the period/year	14,702,575	15,332,644	15,332,644
Group's share of associates results	536,442	(184,402)	(31,619)
Group's share of associates' reserves	37,997	(115,873)	(106,194)
Cash dividends received	-	(329,794)	(329,794)
Balance at end of the period/year	<u>15,277,014</u>	<u>14,702,575</u>	<u>14,865,037</u>

The Group's share of results in associate companies are recorded based on reviewed interim condensed financial information for the period ended 30 June 2012.

The investment in Marine Contracting and Services Company K.S.C.C. includes goodwill of KD 493,168 as of 30 September 2012 (31 December 2011 and 30 September 2011: KD 493,168).

**5. Available for sale investments**

	<b>30 September</b>	<b>(Audited)</b>	<b>30 September</b>
	<b>2012</b>	<b>31 December</b>	<b>2011</b>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
Quoted shares	64,872,961	66,393,270	60,016,526
Unquoted shares	3,940,935	4,702,167	4,713,154
Foreign funds	<u>3,066,580</u>	<u>3,456,709</u>	<u>3,615,540</u>
	<u>71,880,476</u>	<u>74,552,146</u>	<u>68,345,220</u>

The quoted investments include investments of KD 25,968,133 as at 30 September 2012 in the shares of National Industrial Group Holding Company – K.S.C., a related party (31 December 2011: KD 30,554,824 and 30 September 2011: KD 24,734,728).

Unquoted investments were stated at cost since their fair values could not be reliably determined and there have not been active markets for such investments. However, the management believes that there is no impairment on the carrying value of these investments.

Available for sale investments include investments amounting to KD 3,066,580 as at 30 September 2012 (31 December 2011: KD 3,456,709, and 30 September 2011: KD 3,281,576) valued based on recent available valuation reports from investment managers.

Impairment of certain available for sale investments amounting to KD 1,656,775 at 30 September 2012 (31 December 2011: KD 2,066,964 and 30 September 2011: KD 1,363,799) were recognised as a result of the significant decrease in their value. This impairment was recognised in the interim condensed consolidated statement of income for the current period.



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**6. Inventories**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Raw materials	22,980,136	17,675,890	20,331,655
Finished goods	432,118	529,266	781,782
Letter of credit for purchase of inventory	-	-	109,156
	<u>23,412,254</u>	<u>18,205,156</u>	<u>21,222,593</u>

**7. Receivables and other debit balances**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Amounts under collection at banks	1,503,789	2,048,836	1,545,955
Receivables against unconditional bank guarantees	3,545,739	3,672,659	3,260,546
Ministry of Commerce – difference from subsidising cement to the public	1,954,484	1,944,773	1,795,838
Amounts due from related parties (Note 19)	1,739,710	1,778,452	1,822,159
Other trade receivables	5,548,758	5,386,136	4,383,806
Other debtors	367,235	369,334	1,040,699
	<u>14,659,715</u>	<u>15,200,190</u>	<u>13,849,003</u>
Provision for doubtful debts	<u>(1,888,108)</u>	<u>(1,874,733)</u>	<u>(2,705,798)</u>
	12,771,607	13,325,457	11,143,205
Prepaid expenses	180,399	238,247	313,182
Notes receivable	420,668	158,286	184,216
	<u>13,372,674</u>	<u>13,721,990</u>	<u>11,640,603</u>

**8. Investments at fair value through profit or loss**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Local quoted investments	1,593,331	1,816,396	1,880,275
Foreign investments	7,771,607	6,956,807	7,117,819
	<u>9,364,938</u>	<u>8,773,203</u>	<u>8,998,094</u>

Foreign investments as at 30 September 2012 include investments amounting to KD Nil (31 December 2011: Nil, and 30 September 2011: KD 6,494,376) that are priced based on recent available reports from investment managers.

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**9. Cash and cash equivalents**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Cash on hand and at banks	4,464,961	4,260,702	3,480,518
Cash in investment portfolios	804,613	5,460,697	2,827,081
Deposits placed with banks	5,210,589	6,468,026	3,879,999
Cheques under collection	-	21,723	213,158
	<u>10,480,163</u>	<u>16,211,148</u>	<u>10,400,756</u>

The average effective interest rate on bank deposits was 1.5% per annum as at 30 September 2012 (31 December 2011: 2.5% per annum, and 30 September 2011: 2.5% per annum). These deposits mature within three months from the date of deposit.

**10. Share capital**

The Parent Company's issued and fully paid capital is KD 63,765,554 distributed into 637,655,540 shares, each of a nominal value of 100 fils.

On 17 April 2011, the Extra Ordinary General Assembly has decided to increase share capital by 15% with a nominal value of 100 fils per share and share premium of 225 fils per share. On 25 September 2012 the Amiri Decree has been issued for approval on increasing share capital. The other approvals from the concerned authorities are in process.

**11. Treasury shares**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Number of shares	20,170,729	20,170,729	19,960,729
Percentage of issued shares (%)	3.16	3.16	3.13
Market value (KD)	8,269,999	9,278,535	10,579,186

**12. Loans and bank facilities**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
<b>Current portion</b>			
Bank facilities	5,266,995	3,418,404	1,000,562
Loans	13,517,569	26,414,570	19,846,969
Murabaha	-	-	3,000,000
	<u>18,784,564</u>	<u>29,832,974</u>	<u>23,847,531</u>
<b>Non-current portion</b>			
Loans	87,206,301	61,894,886	56,834,056
Murabaha	-	-	5,000,000
	<u>87,206,301</u>	<u>61,894,886</u>	<u>61,834,056</u>
Total loans and bank facilities	<u>105,990,865</u>	<u>91,727,860</u>	<u>85,681,587</u>

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**12. Loans and bank facilities (Continued)**

The average effective interest rate on loans and bank facilities was 4% per annum as at 30 September 2012 (31 December 2011: 4.25% per annum and 30 September 2011: 4.25% per annum).

Certain loans are guaranteed by the whole commercial establishments of the parent company's factory and its extensions with book value amounting to KD 19,668,089 as at 30 September 2012 (31 December 2011: KD 20,694,699, and 30 September 2011: KD 21,036,903). The loans are also guaranteed by available for sale investments amounting to KD 1,803,600 as at 30 September 2012 (31 December 2011: KD 2,129,250, and 30 September 2011: KD 1,786,900).

One of the main loans' covenants is that the Group will not distribute dividends if the ratio of current assets to current liabilities is 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' covenant also state that the ratio of net debts to operating profit not be more than (1:6) and the ratio of operating profit to interest 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. Trade and other payables**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
Suppliers	6,298,968	4,620,152	3,493,939
Deferred letters of credit for purchase of plant	7,092,838	6,159,403	3,177,831
Advance payments from customers	813,529	573,301	538,781
Accrued expenses and interest	1,947,415	2,371,029	1,772,635
Cash dividends payable	505,278	465,569	468,910
Notes payables	141,127	94,208	121,480
Contribution to Kuwait Foundation for the Advancement of Sciences	559,419	149,168	253,623
National Labor Support tax	8,598	320,897	274,446
Zakat	2,413	91,801	80,138
Others	3,211,552	3,093,074	3,270,536
	<u>20,581,137</u>	<u>17,938,602</u>	<u>13,452,319</u>

**14. Cost of sales**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	KD	KD	KD	KD
Raw material	7,563,525	4,851,354	27,475,912	16,865,282
Changes in finished goods	(108,636)	(303,552)	97,149	(265,223)
Salaries and benefits	735,444	339,390	2,070,859	1,497,263
Rent	147,347	209,422	200,472	544,274
Maintenance and spare parts	1,076,911	508,174	2,431,387	2,148,377
Others	1,131,388	886,177	4,536,762	2,740,145
	<u>10,545,979</u>	<u>6,490,965</u>	<u>36,812,541</u>	<u>23,530,118</u>



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**15. Other operating income**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Net income from investment properties	17,661	12,485	18,469	42,193
Income from foreign currency differences	4,388	80,370	100,239	292,093
Other income	576,352	74,109	1,054,146	1,031,698
	<u>598,401</u>	<u>166,964</u>	<u>1,172,854</u>	<u>1,365,984</u>

**16. Net (losses)/gains from investments**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>Investments at fair value through profit or loss:</b>				
Unrealised gains/(losses)	599,820	(515,715)	911,802	(274,949)
Cash dividends	3,538	-	3,538	-
Realised gain on sale	-	6,859	-	97,068
	<u>603,358</u>	<u>(508,856)</u>	<u>915,340</u>	<u>(177,881)</u>
<b>Available for sale investments:</b>				
Impairment	(770,596)	(72,496)	(1,656,775)	(1,363,799)
Realised (losses)/gains	-	(14,026)	11,849	309,333
Cash dividends	35,766	27,225	1,347,880	1,318,910
Portfolio management fees	(30,165)	(42,465)	(114,087)	(125,245)
	<u>(764,995)</u>	<u>(101,762)</u>	<u>(411,133)</u>	<u>139,199</u>
	<u>(161,637)</u>	<u>(610,618)</u>	<u>504,207</u>	<u>(38,682)</u>

**17. Earnings per share**

Earnings per share are calculated by dividing the profit for the period by the weighted average number of the existing ordinary shares determined based on number of existing shares of issued capital during the period, taking into account treasury shares. The calculation of earnings per share is as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net profit for the period (KD)	<u>2,428,116</u>	<u>3,019,136</u>	<u>11,266,301</u>	<u>11,706,465</u>
Weighted average number of outstanding shares during the period (shares)	<u>617,484,811</u>	<u>618,143,289</u>	<u>617,484,811</u>	<u>618,422,760</u>
Earnings per share (fils)	<u>3.93</u>	<u>4.88</u>	<u>18.25</u>	<u>18.93</u>

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**18. Dividends**

The General Assembly of shareholders held on 6 May 2012 approved the consolidated financial statements for the year ended 31 December 2011 in addition to the following:

Distributing cash dividends at 15 fils per share after deducting treasury shares (2010: 10 fils) and non-distribution of bonus shares for the year ended 31 December 2011 (5% for the year ended 31 December 2010).

**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, and subsidiaries in which the Parent 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 September 2012. Balances and transactions between the Parent 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:

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
<b>Interim condensed consolidated statement of financial position:</b>			
Trade and other receivables (Note 7)	1,739,710	1,778,452	1,822,159
Trade and other payables	-	676,552	-
Provision for employees' end of service indemnity	483,864	482,596	506,181
	<b>Three months ended 30 September</b>	<b>Nine months ended 30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>
	KD	KD	KD
<b>Interim condensed consolidated statement of income</b>			
Sales	955,366	1,174,807	3,569,907
<b>Senior management benefits</b>			
Executive committee fees	30,000	30,000	90,000
Salaries and other benefits	171,900	171,900	515,700

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**20. Contingent liabilities and capital commitments**

	<b>30 September 2012</b>	<b>(Audited) 31 December 2011</b>	<b>30 September 2011</b>
	KD	KD	KD
<b>Contingent liabilities</b>			
Letters of guarantee	248,847	248,847	248,847
<b>Capital commitments</b>			
Letters of credit	8,985,355	11,575,381	11,508,873
Uncalled subscription relating to available for sale investments	183,431	183,431	183,431
Uncalled subscription relating to investments in funds	369,948	369,948	369,948
Contracts for importing raw materials	10,640,839	7,693,775	7,582,365
Projects under construction	12,586,626	23,524,485	33,768,755

**21. Segment financial information**

The primary segments information is 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
- Investment sector

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

	<b>2012</b>			<b>2011</b>		
	<b>Manufacturin g sector</b>	<b>Investment sector</b>	<b>Total</b>	<b>Manufacturing Sector</b>	<b>Investment sector</b>	<b>Total</b>
	KD	KD	KD	KD	KD	KD
Sector revenues						
/(expenses)	50,036,236	1,059,118	51,095,354	40,170,323	(28,108)	40,142,215
Total profits/ (losses) of sectors	10,876,558	1,059,118	11,935,676	14,715,706	(28,108)	14,687,598
Segments assets	178,626,528	98,276,648	276,903,176	144,022,646	96,032,161	240,054,807
<b>Adjustments:</b>						
Total segments profit			11,935,676			14,687,598
Finance costs			(220,949)			(2,510,579)
Interest income			79,187			110,082
Total segments profit before deductions			<u>11,793,914</u>			<u>12,287,101</u>