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سوق الكويت للأوراق المالية

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شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

Interim condensed consolidated financial information (unaudited)
and the review report for the nine months ended 30 September 2013

3rd Quarter Report

14 NOV 2013

إدارة مركز المعلومات والتوثيق الآلي

سوق الكويت للأوراق المالية

نموذج رقم: QF-AD-0123 إصدار رقم: 1 تاريخ الإصدار: 2013/10/20 مراجعة رقم: 1 تاريخ المراجعة: 2013/10/20 صفحة 1 من 1



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**Interim condensed consolidated financial information (unaudited)
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KUWAIT CEMENT COMPANY

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

**Interim condensed consolidated financial information (unaudited)
and the review report for the nine months ended 30 September 2013**

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

Independent auditors' review report to the board of directors

Report on interim condensed consolidated financial information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Cement Company K.P.S.C. ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. The preparation and presentation of this interim condensed consolidated financial information is the responsibility of the Company's management in accordance with International Accounting Standard No.(34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

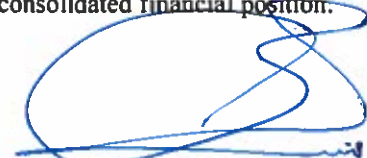
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

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

Report on other Legal and Regulatory Requirement

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. To the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Company's Articles of Association and Memorandum of Association have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business of the Group or on its consolidated financial position.


Bader Abdullah Al-Wazzan
Licence No. 62 "A"
Deloitte & Touche - Al Wazzan & Co.


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

4 November 2013

Interim condensed consolidated statement of financial position

As at 30 September 2013

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2013	31 December 2012 (audited)	30 September 2012
Assets				
Non-current assets				
Property, plant and equipment	3	152,733,797	136,284,797	131,293,083
Intangible assets		863,009	871,487	872,967
Investment properties		902,487	937,827	949,607
Investments in associates	4	14,749,328	14,679,545	15,277,014
Available for sale investments	5	75,413,977	71,446,765	71,880,476
		<u>244,662,598</u>	<u>224,220,421</u>	<u>220,273,147</u>
Current assets				
Inventories	6	26,143,106	25,679,118	23,412,254
Debtors and other debit balances	7	16,033,612	15,035,629	13,372,674
Investments at fair value through profit or loss	8	10,025,314	9,662,680	9,364,938
Cash on hand and with financial institutions	9	15,831,267	11,606,936	10,480,163
		<u>68,033,299</u>	<u>61,984,363</u>	<u>56,630,029</u>
Total assets		<u><u>312,695,897</u></u>	<u><u>286,204,784</u></u>	<u><u>276,903,176</u></u>
Equity and liabilities				
Equity				
Share capital	10	68,866,798	63,765,554	63,765,554
Share premium	10	16,632,735	5,154,935	5,154,935
Treasury shares	11	(13,497,645)	(13,487,906)	(13,487,906)
Gain from sale of treasury shares		445,592	445,592	445,592
Statutory reserve		37,512,173	37,512,173	35,962,809
Voluntary reserve		32,549,684	32,549,684	31,000,320
General reserve		18,930,128	18,930,128	18,930,128
Change in fair value reserve		(5,884,005)	(12,922,638)	(12,495,736)
Group's share in associates' reserves		(787,661)	(750,335)	(763,761)
Group's share in foreign currency translation reserve		(50,747)	-	-
Retained earnings		24,272,888	20,437,498	20,019,953
Total equity		<u>178,989,940</u>	<u>151,634,685</u>	<u>148,531,888</u>
Liabilities				
Non-current liabilities				
Loans, bank facilities and Murabaha	12	94,099,315	105,294,172	87,206,301
Provision for employees' end of service indemnity		1,952,826	1,836,865	1,799,286
		<u>96,052,141</u>	<u>107,131,037</u>	<u>89,005,587</u>
Current liabilities				
Loans, bank facilities and Murabaha	12	19,824,774	7,004,522	18,784,564
Payables and other credit balances	13	17,829,042	20,434,540	20,581,137
		<u>37,653,816</u>	<u>27,439,062</u>	<u>39,365,701</u>
Total equity and liabilities		<u><u>312,695,897</u></u>	<u><u>286,204,784</u></u>	<u><u>276,903,176</u></u>

The accompanying notes on pages from 7 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

Interim condensed consolidated statement of income for the nine months ended 30 September 2013

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
Sales		13,714,915	12,568,311	50,028,179	45,106,127
Cost of sales	14	(10,860,039)	(9,521,736)	(37,078,452)	(32,936,578)
Gross profit		2,854,876	3,046,575	12,949,727	12,169,549
Other operating income	15	301,264	598,401	881,029	1,172,854
Selling, general and administrative expenses		(830,582)	(879,326)	(2,494,969)	(2,447,376)
Operating profit		2,325,558	2,765,650	11,335,787	10,895,027
Financing charges		-	(69,429)	(108,619)	(220,949)
Interest income		15,449	9,515	41,629	79,187
Net gains/ (losses) from investments	16	77,125	(161,637)	1,980,724	504,207
Group's share of associates results	4	8,152	23,252	453,392	536,442
Net profit before deductions		2,426,284	2,567,351	13,702,913	11,793,914
Contribution to Kuwait Foundation for the Advancement of Sciences		(21,196)	(25,075)	(121,022)	(108,133)
National Labor Support tax		(57,321)	(61,811)	(296,112)	(245,557)
Zakat		(16,089)	(17,349)	(83,113)	(68,923)
Board of directors' remuneration		(35,000)	(35,000)	(105,000)	(105,000)
Net profit for the period		2,296,678	2,428,116	13,097,666	11,266,301
Earnings per share (fils)	17	3.42	3.89	20.17	18.05

The accompanying notes on pages from 7 to 16 form an integral part of this interim condensed consolidated financial information.

**Interim condensed consolidated statement of comprehensive income for the nine months ended 30 September 2013
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Net profit for the period	2,296,678	2,428,116	13,097,666	11,266,301
Other comprehensive income items				
<i>Items that may be reclassified subsequently to the statement of income:</i>				
Net unrealized profits/(losses) from available for sale investments	2,793,618	3,950,763	7,005,390	(2,732,915)
Transferred to statement of income from sale of available for sale investments	-	-	(352,502)	(14,316)
Impairment of available for sale investments	-	770,596	385,745	1,656,775
Group's share of associates' reserves	84,773	310	(37,326)	37,997
Group's share of foreign currency translation reserve	(31,889)	-	(50,747)	-
Total other comprehensive income items	2,846,502	4,721,669	6,950,560	(1,052,459)
Total comprehensive income for the period	5,143,180	7,149,785	20,048,226	10,213,842

The accompanying notes on pages from 7 to 16 form an integral part of this interim condensed consolidated financial information.



Interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gain from sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change in fair value reserve	Group's share in associates' reserves	Retained earnings	Total equity
Balance at 1 January 2012	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 items											
Net unrealized losses from available for sale investments	-	-	-	-	-	-	-	(2,732,915)	-	-	(2,732,915)
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	-	-	(14,316)	-	-	(14,316)
Impairment of available for sale investments	-	-	-	-	-	-	-	1,656,775	-	-	1,656,775
Group's share of associates' reserves	-	-	-	-	-	-	-	-	37,997	-	37,997
Total other comprehensive income items	-	-	-	-	-	-	-	(1,090,456)	37,997	-	(1,052,459)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	(9,262,272)	(9,262,272)
Balance at 30 September 2012	63,765,554	5,154,935	(13,487,906)	445,592	35,962,809	31,000,320	18,930,128	(12,495,736)	(763,761)	20,019,953	148,531,888

The accompanying notes on pages from 7 to 16 form an integral part of this interim condensed consolidated financial information.



Interim condensed consolidated statement of changes in equity for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gain from sale of treasury shares	Statutory reserve	Voluntary reserve	General reserve	Change in fair value reserve	Group's share in associates' reserves	Group's share in foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2013	63,765,554	5,154,935	(13,487,906)	445,592	37,512,173	32,549,684	18,930,128	(12,922,638)	(750,335)	-	20,437,498	151,634,648
Net profit for the period	-	-	-	-	-	-	-	-	-	-	13,097,666	13,097,666
Other comprehensive income items												
Net unrealized profits from available for sale investments	-	-	-	-	-	-	-	7,005,390	-	-	-	7,005,390
Transferred to statement of income from sale of available for sale investments	-	-	-	-	-	-	-	(352,502)	-	-	-	(352,502)
Impairment of available for sale investments	-	-	-	-	-	-	-	385,745	-	-	-	385,745
Group's share of associates' reserves (note 4)	-	-	-	-	-	-	-	-	(37,326)	-	-	(37,326)
Group's share in foreign currency translation reserve	-	-	-	-	-	-	-	-	-	(50,747)	-	(50,747)
Total other comprehensive income items	-	-	-	-	-	-	-	7,038,633	(37,326)	(50,747)	-	6,950,560
Purchase of treasury shares	-	-	(9,739)	-	-	-	-	-	-	-	-	(9,739)
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(9,262,276)	(9,262,276)
Share capital increase (note 10)	5,101,244	11,477,800	-	-	-	-	-	-	-	-	-	16,579,044
Balance at 30 September 2013	68,866,798	16,632,735	(13,497,645)	445,592	37,512,173	32,549,684	18,930,128	(5,884,005)	(787,661)	(50,747)	24,272,888	178,989,941

The accompanying notes on pages from 7 to 16 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows for the nine months ended 30 September 2013

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September	
		2013	2012
Cash flows from operating activities			
Net profit for the period		13,097,666	11,266,301
<i>Adjustments:</i>			
Depreciation and amortization		1,775,554	1,527,009
Provision for doubtful debts	7	23,700	13,375
Net gain on investments	16	(2,091,847)	(618,294)
Financing charges		108,619	220,949
Interest income		(41,629)	(79,187)
Group's share of associates' results	4	(453,392)	(536,442)
Provision for employees' end of service indemnity		115,961	88,350
Net operating profit before working capital changes		12,534,632	11,882,061
Inventories		(463,988)	(5,207,098)
Debtors and other debit balances		(1,021,683)	335,941
Investments at fair value through profit or loss		113,412	320,067
Payable and other credit balances		(738,456)	1,669,389
Net cash generated from operating activities		10,423,917	9,000,360
Cash flows from investing activities			
Paid to purchase of property, plant and equipment		(16,913,198)	(17,975,481)
Paid to purchase of intangible assets		(30,140)	-
Paid to purchase of available for sale investments		(534,663)	(2,361,656)
Proceeds from sale of available for sale investments		3,806,970	2,297,944
Dividends received		1,761,198	1,351,418
Interest income received		41,629	79,187
Net cash used in investing activities		(11,868,204)	(16,608,588)
Cash flows from financing activity			
Dividends paid		(9,209,378)	(9,222,563)
Net movement on loans, bank facilities and Murabaha		1,625,395	14,288,768
Purchase of treasury shares		(9,739)	-
Finance charges paid		(3,316,704)	(3,188,962)
Capital increase	10	16,579,044	-
Net cash generated from financing activities		5,668,618	1,877,243
Net increase/(decrease) in cash and cash equivalents		4,224,331	(5,730,985)
Cash and cash equivalents at beginning of the period		11,226,936	16,211,148
Cash and cash equivalents at end of the period	9	15,451,267	10,480,163

The accompanying notes on pages from 7 to 16 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

1. Incorporation and activities

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

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

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

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

The Company used the financial information prepared by the subsidiary's management to prepare this interim condensed consolidated financial information for the nine month period ended 30 September 2013. The total assets of subsidiaries' amounted to KD 22,170,099, as at 30 September 2013 (31 December 2012: KD 17,458,697, 30 September 2012: KD 15,542,682) and total net profits amounted to KD 1,147,272, for the nine months period ended 30 September 2013 (net loss of KD 22,356 for the nine month period ended 30 September 2012).

On 26 November 2012, the Companies Law No. 25 of 2012 has been issued and published in the official gazette on 29 November 2012 to replace the Commercial Companies Law No. 15 of 1960. Subsequently on 28 March 2013, the Companies' Law has been amended by virtue of Law Decree No. 97 of 2013 ("Decree").

In accordance with article No. (2) and (3) of the Decree, the executive regulations which issued by the Minister of Commerce and Industry and published in the official gazette on 6 October 2013 determine the basis and rules to be applied by the Company to adjust its status according to the Companies' Law, as amended during one year from the published date.

The accompanying interim condensed consolidated financial information was authorized for issue by Company's board of director's on 4 November 2013.

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 financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the nine month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2012.

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 2012 except for the adoption of the amended IFRS that have become effective from 1 January 2013:

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Group does not have any assets with these characteristics so there has been no effect on the interim condensed consolidated financial information.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and of SIC-12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 "Interests in Joint Ventures". The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs must be accounted for using the equity method. The standard has no significant effect on the interim condensed consolidated financial information.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. The Group will disclose additional disclosure in the annual consolidated financial statements of the Group.

As a consequence of the new IFRS 11 and IFRS 12; IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any significant impact on the financial position or performance of the Group.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The Group expects that certain amounts disclosed in the financial statements as a result of application of this standard shall be affected in addition to more extensive disclosures. The adoption of this standard has resulted in an additional disclosure in the interim condensed consolidated financial information (note 22). The Group will disclose additional disclosure in the annual consolidated financial statements of the Group.

IAS 1: Presentation of Financial Statements

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendment affects presentation only and has no impact on the Group's financial position or performance. The application of the amendment did not result in an impact on the interim condensed consolidated statements of comprehensive income.

The other amendments on the International Standards Financial Reporting that are applicable to annual periods beginning on or after 1 January 2013 have no impact any material impact on the accounting policies, financial position or performance of the Group.

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

3. Property, plant and equipment

	30 September 2013	31 December 2012 (audited)	30 September 2012
Net book value at beginning of period/year	136,284,797	110,895,225	110,895,225
Additions	18,138,976	27,362,703	21,851,012
Foreign currency translation differences	11,620	(5,620)	156
Depreciation for the period/year	(1,701,596)	(1,967,511)	(1,453,310)
Net book value at end of the period/year	<u>152,733,797</u>	<u>136,284,797</u>	<u>131,293,083</u>

The main projects under progress represent in construction a new kiln for the production of clinker. The total estimated value of the project is KD 123,329,973, while the total cost of the completed work amounted to KD 117,533,956 as at 30 September 2013 (31 December 2012: KD 102,943,355, 30 September 2012: KD 98,461,163).

All property, plant and equipment are built on lands leased from Government Property Management for 5 years ended 2014.

Borrowing costs capitalised on projects in progress amounted to KD 2,931,390 during the nine months ended 30 September 2013 (KD 4,043,799 during the year ended 31 December 2012, KD 2,942,533 during the nine months ended 30 September 2012).

4. Investments in associates

	Country of incorporation	Percentage of holdings %	Book value		
			30 September 2013	31 December 2012 (audited)	30 September 2012
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	374,188
Marine Contracting and Services Co. K.S.C.C	Kuwait	33.39	14,749,328	14,679,545	14,902,826
			<u>14,749,328</u>	<u>14,679,545</u>	<u>15,277,014</u>

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

	30 September 2013	31 December 2012 (audited)	30 September 2012
Balance at beginning of the period/year	14,679,545	14,702,575	14,702,575
Group's share of associates' results	453,392	(74,453)	536,442
Group's share of associates' reserves	(37,326)	51,423	37,997
Cash dividends received	(346,283)	-	-
Balance at end of the period/year	<u>14,749,328</u>	<u>14,679,545</u>	<u>15,277,014</u>

The Group's shares of results in associate companies are recognised based on interim condensed financial information (unaudited) for the period ended 30 June 2013.

Notes to the interim condensed consolidated financial information for the nine months ended 30 September 2013
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise mentioned)

5. Available for sale investments

	30 September 2013	31 December 2012 (audited)	30 September 2012
Quoted shares	68,816,708	64,440,307	64,872,961
Unquoted shares	3,710,948	3,932,124	3,940,935
Foreign funds	2,886,321	3,074,334	3,066,580
	<u>75,413,977</u>	<u>71,446,765</u>	<u>71,880,476</u>

The quoted investments include investments amounting to KD 31,959,874 as at 30 September 2013 in the shares of National Industries Group Holding K.P.S.C., which is one of the major shareholders in the Group (KD 26,570,562 as at 31 December 2012, KD 27,071,893 as at 30 September 2012).

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. The available information for these investments did not indicate the existence of any impairment in value.

Available for sale investments include investments amounting to KD 1,799,799 as at 30 September 2013 (KD 2,617,055 as at 31 December 2012, KD 3,066,580 as at 30 September 2012) valued based on recent available valuation reports from investment managers during the period as no reports were available for these investments as at the date of financial information.

Impairment of certain quoted available for sale investments was recognised at KD 385,745 as at 30 September 2013 (KD 1,656,775 as at 30 September 2012) as a result the significant decrease of their value. This impairment was recognised in the interim condensed consolidated statement of income for the current period (note 16).

6. Inventories

	30 September 2013	31 December 2012 (audited)	30 September 2012
Raw materials	25,486,931	25,243,961	22,980,136
Finished goods	656,175	435,157	432,118
	<u>26,143,106</u>	<u>25,679,118</u>	<u>23,412,254</u>

7. Debtors and other debit balances

	30 September 2013	31 December 2012 (audited)	30 September 2012
Amounts under collection at banks	925,860	1,251,900	1,503,789
Receivables against unconditional bank guarantees Ministry of Commerce – difference from subsiding cement to the public	3,772,735	3,774,544	3,545,739
Due from related parties (note 19)	2,414,427	2,091,144	1,954,484
Other trade receivables	2,061,520	1,386,449	1,739,710
Total trade receivables	6,968,903	6,831,770	5,548,758
Other debtors	16,143,445	15,335,807	14,292,480
	386,546	325,354	367,235
	<u>16,529,991</u>	<u>15,661,161</u>	<u>14,659,715</u>
Provision for doubtful debts	(1,944,630)	(1,920,930)	(1,888,108)
	<u>14,585,361</u>	<u>13,740,231</u>	<u>12,771,607</u>
Prepaid expenses	448,949	307,645	180,399
Notes receivable	999,302	987,753	420,668
	<u>16,033,612</u>	<u>15,035,629</u>	<u>13,372,674</u>

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8. Investments at fair value through profit or loss

	30 September 2013	31 December 2012 (audited)	30 September 2012
Local quoted investments	1,546,885	1,617,016	1,593,331
Foreign investments	8,478,429	8,045,664	7,771,607
	<u>10,025,314</u>	<u>9,662,680</u>	<u>9,364,938</u>

Quoted investments were evaluation according to the latest purchase order. Foreign investment was evaluated based on the latest available reports from the investment managers during the period.

9. Cash on hand and with financial institutions

	30 September 2013	31 December 2012 (audited)	30 September 2012
Cash on hand and at banks	9,309,705	4,937,920	4,464,961
Cash at investment portfolios	1,213,914	1,044,160	804,613
Deposits placed with banks	5,163,455	5,185,470	5,210,589
Cheques under collection	144,193	439,386	-
	<u>15,831,267</u>	<u>11,606,936</u>	<u>10,480,163</u>
Less: deposits for more than three months	(380,000)	(380,000)	-
Cash and cash equivalents	<u>15,451,267</u>	<u>11,226,936</u>	<u>10,480,163</u>

The average effective interest rate on bank deposits was 0.825% as at 30 September 2013 (1.25% as at 31 December 2012, 1.5% as at 30 September 2012).

10. Share capital

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 a share premium of 225 fils per share. On 25 September 2012, Amiri decree was issued approving the capital increase. Other approvals from the concerned authorities are obtained. The Board of Directors called for the increase of share capital to be on two installments. During the current period, the first installment has been fully subscribed of 51,012,443 shares at nominal value of KD 5,101,244 and share premium of KD 11,477,800.

The Company's issued and paid capital is KD 68,866,798 distributed into 688,667,982 shares as at 30 September 2013 (KD 63,765,554 distributed into 637,655,540 shares as at 31 December 2012 and as at 30 September 2012) each of a nominal value of 100 fils and all shares are in cash.

11. Treasury shares

	30 September 2013	31 December 2012 (audited)	30 September 2012
Number of shares - share	20,200,729	20,170,729	20,170,729
Percentage to issued shares (%)	2.93	3.16	3.16
Market value (KD)	7,373,266	8,875,121	8,269,999

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12. Loans, bank facilities and Murabaha

	30 September 2013	31 December 2012 (audited)	30 September 2012
Current portion			
Bank facilities	-	8,839	5,266,995
Loans	12,508,107	4,329,016	13,517,569
Murabaha	7,316,667	2,666,667	-
	<u>19,824,774</u>	<u>7,004,522</u>	<u>18,784,564</u>
Non-current portion			
Loans	56,104,315	62,171,299	87,206,301
Murabaha	37,995,000	43,122,873	-
	<u>94,099,315</u>	<u>105,294,172</u>	<u>87,206,301</u>
Total loans, bank facilities and Murabaha	<u>113,924,089</u>	<u>112,298,694</u>	<u>105,990,865</u>

The average effective interest rate on the loans, bank facilities and Murabaha was 3.625% as at 30 September 2013 (4 % as at 31 December 2012 and 4% as at 30 September 2012).

Certain loans are guaranteed by the fully commercial shop of the factory and its extensions with book value amounting to KD 18,299,276 as at 30 September 2013 (KD 19,325,886 as at 31 December 2012, KD 19,668,089 as at 30 September 2012). The loans are also guaranteed by available for sale investments amounting to KD 2,129,250 as at 30 September 2013 (KD 1,770,200 as at 31 December 2012, KD 1,803,600 as at 30 September 2012).

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

13. Payables and other credit balances

	30 September 2013	31 December 2012 (audited)	30 September 2012
Suppliers	8,748,298	10,153,965	6,298,968
Retention payable	3,985,553	3,098,211	2,853,141
Accrued interest and expenses	2,227,133	2,573,573	1,947,415
Notes payable	566,295	428,740	141,127
Customers - advance payments	989,886	1,074,407	813,529
Dividends payable	556,614	503,716	505,278
Deferred letter of credits for purchase equipment	238,461	1,932,453	7,092,838
Contribution to Kuwait Foundation for the Advancement of Sciences	121,022	140,728	559,419
National Labor Support tax	296,112	336,023	8,598
Zakat	83,113	94,315	2,413
Other	16,555	98,409	358,411
	<u>17,829,042</u>	<u>20,434,540</u>	<u>20,581,137</u>

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14. Cost of sales	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Raw material	8,340,673	7,563,525	30,270,000	27,475,912
Change in finished goods	(95,493)	(108,636)	(221,018)	97,149
Salaries and benefits	1,123,113	735,444	3,089,674	2,070,859
Lease rentals	22,216	147,347	58,992	200,472
Supplies and maintenance	1,003,412	1,076,911	2,520,879	2,431,387
Others	466,118	107,145	1,359,925	660,799
	<u>10,860,039</u>	<u>9,521,736</u>	<u>37,078,452</u>	<u>32,936,578</u>
15. Other operating income	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Net income from investment properties	23,010	17,661	80,617	18,469
Profits from exchange differences	213,200	4,388	145,464	100,239
Other income	65,054	576,352	654,948	1,054,146
	<u>301,264</u>	<u>598,401</u>	<u>881,029</u>	<u>1,172,854</u>
16. Net gains/ (losses) from investments	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Investments at fair value through profit or loss:				
Unrealized gain	53,828	599,820	444,543	911,802
Realized gains	-	-	31,503	-
Cash dividends	21,264	3,538	92,816	3,538
	<u>75,092</u>	<u>603,358</u>	<u>568,862</u>	<u>915,340</u>
Available for sale investments:				
Impairment	-	(770,596)	(385,745)	(1,656,775)
Realised gains	-	-	586,631	11,849
Cash dividends	37,045	35,766	1,322,099	1,347,880
Portfolio management fees	(35,012)	(30,165)	(111,123)	(114,087)
	<u>2,033</u>	<u>(764,995)</u>	<u>1,411,862</u>	<u>(411,133)</u>
	<u>77,125</u>	<u>(161,637)</u>	<u>1,980,724</u>	<u>504,207</u>
17. Earnings per share				
Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding for issued capital during the period taking into account treasury shares. Earnings per share are calculated as follows:				
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Net profit for the period	<u>2,296,678</u>	<u>2,428,116</u>	<u>13,097,666</u>	<u>11,266,301</u>
Weighted average number of outstanding shares during the period (shares)	<u>672,337,193</u>	<u>624,173,074</u>	<u>649,331,208</u>	<u>624,173,074</u>
Earnings per share (fils)	<u>3.42</u>	<u>3.89</u>	<u>20.17</u>	<u>18.05</u>

Earnings per share are calculated by considering the capital increase for the current and comparative period (note 10).

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18. Dividends

On 1 May 2013, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2012, and approved distributing cash dividends at 15 fils per share after deducting treasury shares (2011: 15 fils).

19. Related party transactions

Related parties comprise of the Company's shareholders who are members in the board of directors, board of directors, key management personnel, associates, and subsidiaries in which the company has representatives in their board. In the normal course of business, and by approval of the Group's management, transactions were done with such related parties during the period ended 30 September 2013. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

The following is a summary of significant related party balances and transactions:

	30 September 2013	31 December 2012 (audited)	30 September 2012	
Interim condensed consolidated statement of financial position:				
Debtor and other debit balances	2,061,520	1,386,449	1,739,710	
Provision for employees' end of service indemnity	485,664	484,318	483,864	
	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Interim condensed consolidated statement of income:				
Sales	745,474	955,366	2,838,792	3,569,907
Key management benefits				
Executive committees fees	30,000	30,000	90,000	90,000
Salaries and other benefits	171,900	171,900	515,700	515,700

20. Contingent liabilities and capital commitments

	30 September 2013	31 December 2012 (audited)	30 September 2012
Contingent liabilities			
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Letters of credit	1,039,397	3,388,048	8,985,355
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	7,893,987	4,953,794	10,640,839
Projects in progress	5,796,017	9,988,612	12,586,626

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21. Segment financial information

The primary segments information as follows:

Operating segments

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

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

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

	2013			2012		
	Manufacturing sector	Investment sector	Total	Manufacturing sector	Investment sector	Total
Segments revenues	50,683,127	2,514,733	53,197,860	46,160,273	1,059,118	47,219,391
Total segments profit	11,255,170	2,514,733	13,769,903	10,876,558	1,059,118	11,935,676
Segments assets	210,390,877	102,305,020	312,695,897	178,626,528	98,276,648	276,903,176
Adjustments:						
Total segments profit			13,769,903			11,935,676
Financing charges			(108,619)			(220,949)
Interest income			41,629			79,187
Total segments profit before deductions			<u>13,702,913</u>			<u>11,793,914</u>

22. Fair value measurements

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

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

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

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

	Level 1	Level 2	Total
30 September 2013			
Available for sale investments	68,816,708	2,886,321	71,703,029
Investments at fair value through profit or loss	1,546,885	8,478,429	10,025,314
31 December 2012			
Available for sale investments	64,440,307	3,074,334	67,514,641
Investments at fair value through profit or loss	1,617,016	8,045,664	9,662,680
30 September 2012			
Available for sale investments	64,872,961	3,066,580	67,939,541
Investments at fair value through profit or loss	1,593,331	7,771,607	9,364,938

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques 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.