



REF. **536/2019** الإشارة

Kuwait **19 MAR 2019** الكويت

Messrs. Kuwait Boursa Company Esq.

Greetings,

**Subject: Form of Annual Financial Statements' Results**  
**For Fiscal Year Ended on 31/12/2018**

With reference to the above subject, we would like to inform you that the Board of Directors of *Kuwait Cement Company* has convened on Tuesday 19/03/2019 noontime and endorsed the combined financial statements of the *Company* for the fiscal year ended on 31/12/2018.

We enclose herewith the Form of Annual Financial Statements' Results designated for the companies listed on Kuwait Stock Exchange (Boursa).

*Please accept utmost respect,,,*

***(The Original Signed in Arabic Version)***

***Rashed Abdullaziz Al-Rashed***

**Chairman of Board of Directors**

Annual Financial Statement Results Form  
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية السنوية  
الشركات الكويتية (د.ك.)

Financial Year Ended on	2018/12/31	السنة المالية المنتهية في
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Company Name		اسم الشركة
Kuwait Cement Company KPSC		شركة أسمنت الكويت ش.م.ك عامة
Board of Directors Meeting Date		تاريخ اجتماع مجلس الإدارة
Tuesday 19/03/2019		يوم الثلاثاء الموافق 2019/03/19

التغير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2017/12/31	2018/12/31	
%(54)	17,191,582	7,942,887	صافي الربح/الخسارة العاصم مساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
%(54)	24.11	11.14	ربحية/خسارة السهم الأساسية والمخفضة (فلس) Basic & Diluted Earnings per Share (fils)
%(16)	73,063,291	61,558,610	الموجودات المتداولة Current Assets
%(1)	305,743,642	301,911,527	إجمالي الموجودات Total Assets
%(1)	46,797,103	46,743,755	المطلوبات المتداولة Current Liabilities
%1	108,323,581	108,753,494	إجمالي المطلوبات Total Liabilities
%(2)	197,275,588	193,012,675	إجمالي حقوق الملكية العاصم مساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
%(1)	97,933,505	96,514,310	إجمالي الإيرادات التشغيلية Total Operating Revenue
%(48)	17,087,216	8,897,386	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
%(23)	%39	%30	أرباح (خسائر) مرحلة / رأس المال المدفوع Retained Profit (Loss) / Paid-Up Share Capital

التغير (%) Change (%)	الربع الرابع المقارن Fourth Quarter Comparative Period	الربع الرابع الحالي Fourth Quarter Current Period	البيان Statement
	2017/12/31	2018/12/31	
(97)%	4,937,930	165,865	صافي الربح/الخسارة الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
(97)%	6.93	0.23	ربحية/خسارة السهم الأساسية والمخفضة (فلس) Basic & Diluted Earnings per Share (fils)
(6)%	27,166,258	25,597,803	إجمالي الإيرادات التشغيلية Total Operating Revenue
(80)%	5,767,584	1,178,738	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

Increase/Decrease in Net Profit/(Loss) is due to	سبب ارتفاع/انخفاض صافي الربح/الخسارة
<ul style="list-style-type: none"> <li>Decrease of gross profit amounting to KD 7,525,589.</li> <li>Decrease of other operating income amounting to KD 421,297.</li> <li>Decrease of net gains from investments amounting to KD 1,732,356.</li> <li>Decrease of finance cost amounting to KD 351,899.</li> </ul>	<ul style="list-style-type: none"> <li>انخفاض مجمل الربح بمبلغ 7,525,589 دينار كويتي.</li> <li>انخفاض إيرادات النشاط الأخرى بمبلغ 421,297 دينار كويتي.</li> <li>انخفاض صافي أرباح استثمارات بمبلغ 1,732,356 دينار كويتي.</li> <li>انخفاض أعباء تمويل بمبلغ 351,899 دينار كويتي.</li> </ul>
Total Revenue realized from dealing with related parties (value, KWD)	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ دل.ك.)
3,906,969	3,906,969
Total Expenditures incurred from dealing with related parties (value, KWD)	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ دل.ك.)
1,249,499	1,249,499

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
%15	10,695,370 دينار كويتي	توزيعات نقدية	Cash Dividend
-	-	توزيعات أسهم منحة مجانية	Stock Dividend
-	-	توزيعات أخرى	Other Dividend
-	-	عدم توزيع أرباح	No Dividends
-	-	زيادة رأس المال	Capital Increase
-	-	تخفيض رأس المال	Capital Decrease
	علاوة الإصدار Issue Premium		

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
 شركة اسمنت الكويت (س.م.ك.ع.) KUWAIT CEMENT COMPANY (K.S.C.P.)		رئيس مجلس الإدارة	راشد عبدالعزيز الراشد

• Auditor Report Attached

• مرفق تقرير مراقب الحسابات



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**Independent Auditors' Report  
To the Shareholders of Kuwait Cement Company K.P.S.C.  
State of Kuwait**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Kuwait Cement Company K.P.S.C. (“the Parent Company”) and its subsidiaries, (collectively referred to as “the Group”) which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements including summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (“IESBA Code”) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters. We identified the following key audit matters:

**Independent Auditors' Report  
To the Shareholders of Kuwait Cement Company K.P.S.C. (continued)  
State of Kuwait**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

**Impairment of investment in an associate**

Investments in associates include an associate at carrying value of KD 16,258,955 and its fair value is KD 16,258,955. Management assessed operating value of the associate at end of the financial year to determine whether there is any impairment. It has been concluded that the recoverable value of the associate is higher than its carrying value at date of the consolidated financial statements. This part was significant for our audit, as the audit process is complex and depends on judgments and estimates that are affected by the unexpected future market conditions or economic circumstances, especially those related to expectations of cash flows and applied rates.

There are number of main significant judgments taken in determining inputs for impairment model, which include:

- Revenue Growth
- Pre-tax rate used for deducting the projected cash flows.
- Growth rate used to arrive at the terminal value

See note 8 on the consolidated financial statements for its related disclosures.

**Valuation of financial assets at fair value through other comprehensive income**

Investment valuation of financial assets at fair value through other comprehensive income is subjective in nature, in the first place for instruments classified within level 2 and 3, because it is assessed by inputs other than the quoted prices in an active market. Fair value is determined by applying valuation techniques, which often include practicing the judgment by management and using assumptions and estimates. Due to significance of financial assets at fair value through other comprehensive income and its related uncertainty of estimates, and whereas the audit process is complex and is based on judgments and assumptions that are affected by the unexpected future market positions or economic conditions. Taking into consideration the aspect of being subjective in nature for valuation of instruments classified within levels 2 and 3. This aspect was significant to our audit.

See Note 9 on the consolidated financial statements for its related disclosures.

**How our audit addressed the matter**

Audit procedures performed by us included carrying out the following procedures and other matters:

- 1- Engaging our valuation experts to help in valuation of appropriateness of the discount rates applied and other assessment factors;
- 2- Valuation of appropriateness of the applied projections on key inputs such as sales volume, revenue growth rates and operating costs which included comparison of such inputs to data derived from external sources, in addition to our assessment based on our knowledge of the customer and segment.
- 3- We carried out a sensitivity analysis, which included valuation of effect of the reasonably possible decrease in the growth rates and projected cash flows for assessment of the effect on the currently estimated usage value.
- 4- Valuation of adequacy of the disclosure in note 8 to the financial statements, including disclosures related to key estimates, judgments and sensitivity.

**How our audit addressed the matter**

Audit procedures performed by us included carrying out the following procedures and other matters:

1. It was focused on carrying out procedures to assess the applied techniques for valuation of financial assets at fair value through other comprehensive income. As part of our audit, we used our valuation experts to help in valuation of applied forms and assumptions.
2. We have valued the price to carrying value, price to earnings used through measurement of the same in the comparable companies and market information. In addition, we have valued growth rates, discount rates and final growth rates for valuations that are made using the discounted cash flows:
3. Valuation of adequacy of the disclosure in note 9 to the consolidated financial statements, especially completeness and accuracy of information and its related sensitivity, as well as fair value disclosures mentioned in note (3.4).



**Independent Auditors' Report  
To the Shareholders of Kuwait Cement Company K.P.S.C. (continued)  
State of Kuwait**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Other Information**

Management is responsible for the other information. The other information comprises the board of directors report (but does not include the consolidated financial statements and our auditors' report thereon) and group's annual report. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed concerning the other information we received before date of our report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditors' Report  
To the Shareholders of Kuwait Cement Company K.P.S.C. (continued)  
State of Kuwait**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

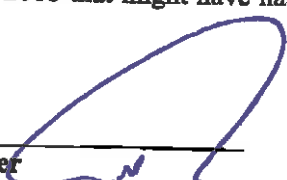
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

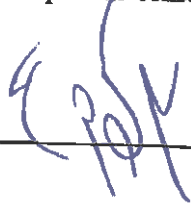
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the current period, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies' Law No. 1 of 2016 and its executive regulations, as amended, and by the Parent Company's memorandum of incorporation and articles of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies' Law No. 1 of 2016, and its executive regulations, as amended, and by the Parent Company's memorandum of incorporation and articles of association, as amended, have occurred during the financial year ended 31 December 2018 that might have had a material effect on the business of the Group or its consolidated financial position.

  
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Kuwait: 19 March 2019