

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

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

Interim condensed consolidated financial information (unaudited)
With report on review for the nine months ended 30 September 2014

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Kuwait Cement Company K.S.C.P.
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.S.C.P. ("The Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2014, 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 Company's management is responsible for the preparation and presentation of this condensed consolidated interim 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 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 condensed consolidated interim 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

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of accounts of the Company. We further report that nothing have come to our attention indicating any contravention during the nine month period ended 30 September 2014, of the Companies' Law No. 25 of 2012, as amended, and its executive regulations, or the Company's articles and memorandum of association, which might have materially affected the Group's activities or its consolidated financial position.

Qais M. Al Nisf
Licence No. 38 "A"
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Kuwait: 10 November 2014

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of financial position as at 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2014	31 December 2013 (audited)	30 September 2013
Assets				
Non-current assets				
Property, plant and equipment	3	160,375,202	155,460,323	152,733,797
Intangible assets		844,083	856,139	863,009
Investment properties		872,695	890,706	902,487
Investments in associates	4	15,451,936	15,029,843	14,749,328
Available for sale investments	5	74,698,323	71,569,566	75,413,977
		252,242,239	243,806,577	244,662,598
Current assets				
Inventories	6	19,394,718	20,895,761	26,143,106
Receivables and other debit balances	7	21,272,186	18,193,790	16,033,612
Investments at fair value through profit or loss	8	9,937,822	9,405,863	10,025,314
Cash on hand and with financial institutions	9	25,382,014	18,442,018	15,831,267
		75,986,740	66,937,432	68,033,299
Total assets		328,228,979	310,744,009	312,695,897
Equity and liabilities				
Equity				
Share Capital	10	73,330,387	73,330,387	68,866,798
Share premium		26,675,810	26,675,810	16,632,735
Treasury shares	11	(13,497,645)	(13,497,645)	(13,497,645)
Gains on sale of treasury shares		445,592	445,592	445,592
Statutory reserve		39,309,913	39,309,913	37,512,173
Voluntary reserve		34,347,424	34,347,424	32,549,684
General reserve		18,930,128	18,930,128	18,930,128
Change of fair value reserve		(4,973,960)	(9,369,876)	(5,884,005)
Group's share in associates' reserves		(707,129)	(713,055)	(787,661)
Group's share in foreign currency translation reserve		3,127	(51,555)	(50,747)
Retained earnings		25,983,557	24,739,790	24,272,888
Total equity		199,847,204	194,146,913	178,989,940
Liabilities				
Non-current liabilities				
Loans, bank facilities and murabaha	12	84,208,488	73,469,975	94,099,315
Provision for employees' end of service indemnity		2,200,810	1,977,598	1,952,826
		86,409,298	75,447,573	96,052,141
Current liabilities				
Loans, bank facilities and murabaha	12	21,329,299	23,282,253	19,824,774
Payables and other credit balances	13	20,643,178	17,867,270	17,829,042
		41,972,477	41,149,523	37,653,816
Total liabilities		128,381,775	116,597,096	133,705,957
Total equity and liabilities		328,228,979	310,744,009	312,695,897

The accompanying notes are 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.P.
And its subsidiaries
State of Kuwait

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of income
for the nine month period ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
Sales		16,773,569	13,714,915	59,536,040	50,028,179
Cost of sales	14	(12,569,461)	(10,860,039)	(42,555,115)	(37,078,452)
Gross profit		4,204,108	2,854,876	16,980,925	12,949,727
Other operating (expenses)/income	15	(635,309)	301,264	696,715	881,029
Selling, general and administrative expenses		(961,257)	(824,618)	(3,227,959)	(2,471,269)
Operating profit		2,607,542	2,331,522	14,449,681	11,359,487
Provision for doubtful debts		(15,472)	(5,964)	(37,146)	(23,700)
Financing charges		(694,803)	-	(2,147,563)	(108,619)
Interest income		20,747	15,449	35,384	41,629
Net gain from investments	16	521,240	77,125	2,015,633	1,980,724
Group's share of associates results	4	119,971	8,152	416,167	453,392
Net profit before deductions		2,559,225	2,426,284	14,732,156	13,702,913
Contribution to KFAS		(20,528)	(21,196)	(125,887)	(121,022)
National Labor Support Tax		(57,038)	(57,321)	(329,236)	(296,112)
Zakat		(16,010)	(16,089)	(92,410)	(83,113)
Board of directors' remuneration		(35,000)	(35,000)	(105,000)	(105,000)
Net profit for the period		2,430,649	2,296,678	14,079,623	13,097,666
Earnings per share (fils)	17	3.40	3.42	19.74	20.17

The accompanying notes are an integral part of this interim condensed consolidated financial information.

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of comprehensive income for the nine month period ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net profit for the period	2,430,649	2,296,678	14,079,623	13,097,666
Other comprehensive income items:				
Items that may be reclassified subsequently to the interim condensed statement of income:				
Available for sale investments:				
Net unrealized profits from available for sale investments	3,482,446	2,793,618	4,755,763	7,005,390
Transferred to statement of income from sale of available for sale investments	(308,134)	-	(359,847)	(352,502)
Impairment in value of available for sale investments	-	-	-	385,745
	3,174,312	2,793,618	4,395,916	7,038,633
Investments in associates:				
Group's share in associates' reserves	13,123	84,773	5,926	(37,326)
Differences of translation of financial statement with foreign currency:				
Group's share in foreign currency translation reserve	59,800	(31,889)	54,682	(50,747)
Total other comprehensive income items for the period	3,247,235	2,846,502	4,456,524	6,950,560
Total comprehensive income for the period	5,677,884	5,143,180	18,536,147	20,048,226

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شركة اسمنت الكويت
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Interim condensed consolidated statement of changes in equity
for the nine month period ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change of 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	151,634,685
Net profit for the period	-	-	-	-	-	-	-	-	-	-	13,097,666	13,097,666
Total other comprehensive income/(loss) items	-	-	-	-	-	-	-	7,038,633	(37,326)	(50,747)	-	6,950,560
Purchase of treasury shares	-	-	(9,739)	-	-	-	-	-	-	-	-	(9,739)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(9,262,276)	(9,262,276)
Capital increase	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	178,989,940

	Share capital	Share premium	Treasury shares	Gains on sale of treasury shares	Statutory reserves	Voluntary reserve	General reserve	Change of 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 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(9,369,876)	(713,055)	(51,555)	24,739,790	194,146,913
Net profit for the period	-	-	-	-	-	-	-	-	-	-	14,079,623	14,079,623
Total other comprehensive income items	-	-	-	-	-	-	-	4,395,916	5,926	54,682	-	4,456,524
Cash dividends (note 18)	-	-	-	-	-	-	-	-	-	-	(12,835,856)	(12,835,856)
Balance at 30 September 2014	73,330,387	26,675,810	(13,497,645)	445,592	39,309,913	34,347,424	18,930,128	(4,973,960)	(707,129)	3,127	25,983,557	199,847,204

The accompanying notes are an integral part of this interim condensed consolidated financial information.

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

شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

Interim condensed consolidated statement of cash flows
for the nine month period ended 30 September 2014 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September 2014	2013
Cash flows from operating activities			
Net profit for the period		14,079,623	13,097,666
Adjustments:			
Depreciation and amortization		1,908,431	1,775,554
Net gain from investments	16	(2,123,663)	(2,091,847)
Financing charges		2,147,563	108,619
Interest income		(35,384)	(41,629)
Group's share of associates results	4	(416,167)	(453,392)
Provision for employees' end of service benefits		223,212	115,961
Provision for doubtful debts	7	37,146	23,700
Net operating profit before working capital changes		15,820,761	12,534,632
Inventories		1,501,043	(463,988)
Receivables and other debit balances		(3,115,542)	(1,021,683)
Investments at fair value through profit or loss		12,640	113,412
Payables and other credit balances		3,154,174	(738,456)
Net cash generated from operating activities		17,373,076	10,423,917
Cash flows from investing activities			
Paid for purchase of property, plant and equipment		(6,908,678)	(16,913,198)
Paid for purchase of intangible assets		(27,296)	(30,140)
Paid for purchase of available for sale investments		(517,292)	(534,663)
Proceeds on sale of available for sale investments		2,096,731	3,806,970
Dividends received		1,266,784	1,761,198
Interest income received		35,384	41,629
Net cash used in investing activities		(4,054,367)	(11,868,204)
Cash flows from financing activities			
Withdrawn from loans, bank facilities and murabaha		21,398,458	17,307,728
Paid for loans, bank facilities and murabaha		(12,612,899)	(15,682,333)
Dividend paid		(12,772,632)	(9,209,378)
Finance charges paid		(2,391,640)	(3,316,704)
Purchase of treasury shares		-	(9,739)
Capital increase		-	16,579,044
Net cash (used in)/generated from financing activities		(6,378,713)	5,668,618
Net increase in cash and cash equivalents		6,939,996	4,224,331
Cash and cash equivalents at the beginning of the period		18,442,018	11,226,936
Cash and cash equivalents at the end of the period	9	25,382,014	15,451,267

The accompanying notes are an integral part of this interim condensed consolidated financial information.

1. Incorporation and activities

Kuwait Cement Company K.P.S.C "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 utilization of the surplus available in the financial and real estate portfolios managed by specialized 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").

Company name	Legal entity	Activity	Country of incorporation	% of ownership
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 financial information prepared by the subsidiary's management was used to prepare condensed consolidated interim financial information for the nine month period ended 30 September 2014. The total assets of subsidiaries amounted to KD 27,317,388 as at 30 September 2014 (31 December 2013: KD 23,068,396 and 30 September 2013: 22,170,099) and net profits amounted to KD 1,727,231 for the nine month period ended 30 September 2014 (30 September 2013: KD 1,147,272).

The accompanying interim condensed consolidated financial information was authorized for issue by Company's board of director's on 10 November 2014.

2. Significant accounting policies

2.1 Basis of preparation

The condensed consolidated interim financial information is prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information. The operating results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2013.

2. Significant accounting policies (Continued)

2.1 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 financial year ended 31 December 2013 except for the adoption of the amended IFRS that have become effective from 1 January 2014 and are applicable to the Group:

- IAS 32 Offsetting Financial Assets and Financial Liabilities
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)

The adoption of these standards did not have material impact on the Group's interim condensed consolidated financial information, and the disclosure in the Group's annual financial statements shall be according to the requirements of these standards.

2.2 Fair value estimation

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:

30 September 2014	**Level 1**	**Level 2**	**Total**
Available for sale investments	69,179,688	1,473,018	70,652,706
Investments at fair value through profit or loss	1,562,604	8,375,218	9,937,822

31 December 2013	**Level 1**	**Level 2**	**Total**
Available for sale investments	64,921,973	2,923,584	67,845,557
Investments at fair value through profit or loss	1,523,510	7,882,353	9,405,863

30 September 2013	**Level 1**	**Level 2**	**Total**
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

2. Significant accounting policies (Continued)

2.2 Fair value estimation (continued)

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 maximize 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.

3. Property, plant and equipment

	30 September 2014	31 December 2013 (audited)	30 September 2013
Net carrying value at beginning of period/year	155,460,323	136,284,797	136,284,797
Additions	6,741,749	21,478,996	18,138,976
Disposals	-	(17,390)	-
Foreign currency translation differences	24,198	11,676	11,620
Depreciation for the period / year	(1,851,068)	(2,297,756)	(1,701,596)
Net carrying value at end of period/year	160,375,202	155,460,323	152,733,797

The most important projects under process represents in a construction of new Kiln for producing clinker. The total estimated value of the project is KD 126,907,613 whereas the total cost of the completed work amounted to KD 124,647,277 as at 30 September 2014 (31 December 2013: KD 120,244,208 and 30 September 2013: KD 117,533,956).

All property, plant and equipment located on land leased from the state owned under lease for a term of five years ending in 2014.

Borrowing costs capitalized on projects in progress were nil for the nine month period ended 30 September 2014 (31 December 2013: KD 3,871,496 and 30 September 2013: KD 2,931,390).

4. Investments in associates

	Country of incorporation	Voting capital and ownership interest %	Carrying amount 30 September 2014	31 December 2013 (audited)	30 September 2013
Kuwait Rocks Co. K.S.C.C.	Kuwait	30.00	-	-	-
Marine Contracting and Services Co. K.S.C.C.	Kuwait	33.39	15,451,936	15,029,843	14,749,328
			15,451,936	15,029,843	14,749,328

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

	30 September 2014	31 December 2013 (audited)	30 September 2013
Balance at beginning of the period/year	15,029,843	14,679,545	14,679,545
Group's share of associates results	416,167	659,302	453,392
Group's share in associates' reserves	5,926	37,280	(37,326)
Cash dividends received	-	(346,284)	(346,283)
Balance at end of the period/year	15,451,936	15,029,843	14,749,328

The Group's share in results of associate companies are recognized based on the unaudited interim condensed financial information for the period ended 30 June 2014.

5. Available for sale investments

	30 September 2014	31 December 2013 (audited)	30 September 2013
Quoted shares	69,179,688	64,921,973	68,816,708
Unquoted shares	4,045,617	3,724,009	3,710,948
Foreign funds	1,473,018	2,923,584	2,886,321
	74,698,323	71,569,566	75,413,977

The quoted investments included, investments amounted to KD 29,741,482 as at 30 September 2014 in the shares of National Industries Company K.S.C.P. one of the major shareholders in the Company (31 December 2014: KD 29,077,218 and 30 September 2013: KD 31,959,874).

Unquoted investments were stated at cost less impairment, if any, 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 1,470,288 as at 30 September 2014 (31 December 2013: KD 1,829,025, and 30 September 2013: KD 1,799,799) valuated 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 available for sale investments was recognized at KD 105,950 for the nine month period ended 30 September 2014 (30 September 2013: KD 385,745) as a result of the significant decrease of their value. This impairment was recognized in the interim condensed consolidated statement of income for the current period.

6. Inventories

	30 September 2014	31 December 2013 (audited)	30 September 2013
Raw materials	18,768,774	20,342,781	25,486,931
Finished goods	625,944	552,980	656,175
	19,394,718	20,895,761	26,143,106

7. Receivables and other debit balances

	30 September 2014	31 December 2013 (audited)	30 September 2013
Amounts under collection at banks	699,482	792,360	925,860
Receivables against unconditional bank guarantees	4,115,365	3,818,221	3,772,735
Ministry of Commerce – difference from subsidising cement to the public	3,965,539	2,382,730	2,414,427
Related parties (see note 19)	1,641,668	1,881,338	2,061,520
Other trade receivables	10,453,116	9,373,814	6,968,903
Total trade receivables	20,875,170	18,248,463	16,143,445
Other receivables	402,731	416,866	386,546
	21,277,901	18,665,329	16,529,991
Provision for doubtful debts	(2,036,573)	(1,999,427)	(1,944,630)
	19,241,328	16,665,902	14,585,361
Prepaid expenses	492,054	297,243	448,949
Notes receivable	1,538,804	1,230,645	999,302
	21,272,186	18,193,790	16,033,612

8. Investments at fair value through profit or loss

	30 September 2014	31 December 2013 (audited)	30 September 2013
Local quoted investments	1,562,604	1,523,510	1,546,885
Foreign investments	8,375,218	7,882,353	8,478,429
	9,937,822	9,405,863	10,025,314

Quoted investments were valuated according to valuation bases set out in note (2.2). 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 2014	31 December 2013 (audited)	30 September 2013
Cash on hand and at banks	10,573,190	10,396,521	9,309,705
Cash at investment portfolios	2,550,698	2,360,342	1,213,914
Deposits placed with banks	12,224,412	5,685,155	5,163,455
Cheques under collection	33,714	-	144,193
	25,382,014	18,442,018	15,831,267
Less: deposit for more than three months	-	-	(380,000)
Cash and cash equivalents	25,382,014	18,442,018	15,451,267

The average effective interest rate on term deposits was 0.715 % as at 30 September 2014 (31 December 2013: 0.825% and 30 September 2013: 0.825%).

10. Share Capital

The authorized, issued and fully paid capital comprises of KD 73,330,387 allocated over 733,303,870 shares as at 30 September 2014 (31 December 2013: KD 73,330,387 allocated over 733,303,870 shares and 30 September 2013: KD 68,866,798 allocated over 688,667,982 shares) of nominal value 100 fils per share and all shares are in cash.

Registration in the commercial register is under process.

11. Treasury shares

	30 September 2014	31 December 2013 (audited)	30 September 2013
Number of shares (No's)	20,200,729	20,200,729	20,200,729
Percentage of issued shares (%)	2.75	2.75	2.93
Market value (KD)	9,090,328	7,373,266	7,373,266

The Company is committed to keeping reserves, retained earnings and share premium equal to the purchased treasury shares along acquisition period according to the instructions of the concerned regulatory authorities.

12. Loans, bank facilities and Murabaha

	30 September 2014	31 December 2013 (audited)	30 September 2013
Non-current portion			
Loans	49,818,383	41,703,546	56,104,315
Murabaha	34,390,105	31,766,429	37,995,000
	84,208,488	73,469,975	94,099,315
Current portion			
Loans	14,584,818	17,403,682	12,508,107
Murabaha	6,744,481	5,878,571	7,316,667
	21,329,299	23,282,253	19,824,774
Total loans, bank facilities and Murabaha	105,537,787	96,752,228	113,924,089

12. Loans, bank facilities and Murabaha (Continued)

The average effective interest rate on the loans, bank facilities and Murabaha was 3.25 % as at 30 September 2014 (31 December 2012: 3.625% and 30 September 2013: 3.625%).

Certain loans are guaranteed by the fully commercial shop of the factory and its extensions with book value amounting to KD 16,930,463 as at 30 September 2014 (31 December 2013: KD 17,957,073 and 30 September 2013: KD 18,299,276). The loans are also guaranteed by available for sale investments amounting to KD 1,887,100 as at 30 September 2014 (31 December 2013: KD 1,937,200 and 30 September 2013: KD 2,129,250).

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 2014	31 December 2013 (audited)	30 September 2013
Suppliers	10,664,442	7,079,463	8,748,298
Retentions	4,050,968	4,023,624	3,985,553
Accrued interest and expenses	2,161,254	2,671,593	2,227,133
Notes payable	553,253	1,595,302	566,295
Clients - advance payments	1,852,440	1,061,921	989,886
Dividends payable	616,772	553,548	556,614
Deferred letter of credits for purchase of equipment	-	166,929	238,461
Contribution to KFAS	292,176	166,843	121,022
National Labor Support Tax	329,236	406,406	296,112
Zakat	103,459	125,749	83,113
Other	19,178	15,892	16,555
	20,643,178	17,867,270	17,829,042

14. Cost of sales

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Raw material	10,390,217	8,340,673	36,914,340	30,270,000
Change in finished goods	77	(95,493)	(72,964)	(221,018)
Salaries and benefits	1,125,405	1,123,113	3,201,271	3,089,674
Supplies and maintenance	572,168	1,003,412	1,708,882	2,520,879
Other	481,594	488,334	803,586	1,418,917
	12,569,461	10,860,039	42,555,115	37,078,452

15. Other operating (expenses)/income

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net income from investment properties	28,787	23,010	85,530	80,617
Net (losses)/profits from exchange differences	(829,668)	213,200	(767,626)	145,464
Other income	165,572	65,054	1,378,811	654,948
	(635,309)	301,264	696,715	881,029

16. Net gain from investments

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Investments at fair value through statement of income:				
Unrealized profits	133,550	53,828	531,960	444,543
Realised gains	-	-	12,640	31,503
Cash dividends	-	21,264	112,318	92,816
	133,550	75,092	656,918	568,862
Available for sale investments:				
Impairment	(56,595)	-	(105,950)	(385,745)
Realised gains	362,734	-	418,229	586,631
Cash dividends	117,643	37,045	1,154,466	1,322,099
Portfolio management fees	(36,092)	(35,012)	(108,030)	(111,123)
	387,690	2,033	1,358,715	1,411,862
	521,240	77,125	2,015,633	1,980,724

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: The calculation of earnings per share is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net profit for the period	2,430,649	2,296,678	14,079,623	13,097,666
Weighted average number of outstanding shares during the period (shares)	713,103,141	672,337,193	713,103,141	649,331,208
Earnings per share (fils)	3.40	3.42	19.74	20.17

Earnings per share are calculated by considering the bonus factor for the comparative period.

18. Dividends

On 7 May 2014, the General Assembly of shareholders approved the consolidated financial statements for the year ended 31 December 2013, and approved cash dividends of 18 fils per share after deducting treasury shares (2012: 15 fils).

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, 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 2014. 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.

Following is a summary of significant related party transactions:

	30 September 2014	31 December 2013 (audited)	30 September 2013
Condensed Consolidated interim statement of financial position			
Receivables and other debit balances (Note 7)	1,641,668	1,881,338	2,061,520
Provision for employees' end of service	474,078	487,070	485,664

	For the three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Interim condensed consolidated statement of income				
Sales	939,637	745,474	3,077,875	2,838,792
Key management benefits				
Executive committees fees	30,000	30,000	90,000	90,000
Salaries and other benefits	169,800	171,900	511,500	515,700

20. Contingent liabilities and capital commitments

	30 September 2014	31 December 2013 (audited)	30 September 2013
Contingent liabilities			
Letters of guarantee	248,847	248,847	248,847
Capital commitments			
Letters of credit	950,878	894,667	1,039,397
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	15,070,094	6,612,252	7,893,987
Projects in progress	2,260,336	4,939,068	5,796,017

20. Contingent liabilities and capital commitments (Continued)

There is a dispute between the company and a supplier about the financial obligations resulting from the termination of the raw materials supply contract between both parties where that party submitted a financial claim, while company's management during the current period has applied with the Court's judicial arbitration for discharging it from any financial obligations resulting from termination of that contract. The expected financial impact for this claim can not be determined reliably at the moment where the arbitration proceedings are still in the initial stages. Company's management believes that the provisions made for that are enough and there is no need to any additional provisions.

21. Segment financial information

The management has grouped the Group's products and services into the following operating segments under IFRS 8 as follows:

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:

	2014			2013		
	Manufacturing sector	Investment Sector	Total	Manufacturing sector	Investment Sector	Total
Segments revenues	60,914,851	2,517,330	63,432,181	50,683,127	2,514,733	53,197,860
Total segments profit	14,327,005	2,517,330	16,844,335	11,255,170	2,514,733	13,769,903
Segments assets	224,717,505	103,511,474	328,228,979	210,390,877	102,305,020	312,695,897
Adjustments:						
Gross segments profit			16,844,335			13,769,903
Financing charges			(2,147,563)			(108,619)
Interest income			35,384			41,629
Net segments profit before deductions			14,732,156			13,702,913