

Interim condensed consolidated financial information and review report

Gulf Cable and Electrical Industries Company – KPSC

and Subsidiaries

Kuwait

31 March 2020 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Gulf Cable and Electrical Industries Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company – KPSC (“Parent Company”) and its subsidiaries (“the Group”) as of 31 March 2020 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 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 International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2020 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
13 August 2020

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Revenue			
Sales		17,056,390	14,858,257
Cost of sales		(15,405,832)	(13,252,803)
Gross profit		1,650,558	1,605,454
Investment income	5	74,247	3,396,306
Share of results of associate	7	(52,430)	-
Interest income		1,933	6,149
Other income		2,927	7,714
Foreign currency exchange gain		89,375	71,491
		1,766,610	5,087,114
Expenses and other charges			
General and administrative expenses		(800,726)	(862,569)
Commercial expenses		(313,622)	(266,297)
(Provision for)/ reversal of provision for obsolete and slow moving inventories – net		(1,330)	58,429
Reversal of provision for doubtful debts – net	10	-	95,659
Finance costs		(64,745)	(124,405)
		(1,180,423)	(1,099,183)
Profit before income tax		586,187	3,987,931
Income tax relating to overseas subsidiary		-	(8,450)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		586,187	3,979,481
Provision for contribution to KFAS		(5,913)	(39,776)
Provision for NLST		(17,865)	(27,780)
Provision for Zakat		(7,146)	(11,020)
Provision for board of directors' remuneration		(77,500)	(77,500)
Profit for the period		477,763	3,823,405
Profit /(loss) for the period attributable to:			
Owners of the Parent Company		482,882	3,821,479
Non-controlling interests		(5,119)	1,926
Profit for the period		477,763	3,823,405
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	2 Fils	18 Fils

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Profit for the period	477,763	3,823,405
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	148,151	24,596
Total other comprehensive income that may be reclassified subsequently to consolidated statement of profit or loss	148,151	24,596
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Equity investments at fair value through other comprehensive income - Net change in fair value arising during the period	(12,530,187)	11,539,329
Total other comprehensive (loss)/income that will not be reclassified subsequent to consolidated statement of profit or loss	(12,530,187)	11,539,329
Total other comprehensive (loss)/income	(12,382,036)	11,563,925
Total comprehensive (loss)/income for the period	(11,904,273)	15,387,330
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Parent Company	(11,907,302)	15,384,051
Non-controlling interests	3,029	3,279
	(11,904,273)	15,387,330

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		7,505,641	7,680,430	5,806,044
Investment in associate	7	1,011,921	1,064,351	1,048,274
Investments at fair value through other comprehensive income	8	96,269,700	108,616,152	112,676,810
		104,787,262	117,360,933	119,531,128
Current assets				
Inventories	9	37,613,347	34,422,188	40,847,514
Trade accounts receivable	10	18,276,039	17,078,319	13,952,223
Other receivables and prepayments	11	1,824,071	1,091,297	7,698,832
Cash and bank balances	12	23,334,006	24,467,421	9,821,740
		81,047,463	77,059,225	72,320,309
Total assets		185,834,725	194,420,158	191,851,437
Equity and liabilities				
Equity				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Statutory reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		26,109,322	26,109,322	25,631,110
Treasury shares	13	(121,656)	-	-
Other components of equity	14	31,134,472	43,560,477	35,657,676
Retained earnings		13,384,812	12,866,109	8,577,914
Total equity attributable to the owners of the Parent Company		162,646,418	174,675,376	162,006,168
Non-controlling interests		454,551	451,522	472,615
Total equity		163,100,969	175,126,898	162,478,783
Non-current liabilities				
Provision for employees' end of service benefits		3,915,020	3,828,844	3,679,911
Current liabilities				
Trade accounts payable		5,228,470	2,242,276	2,162,301
Other payables and accruals		6,212,085	5,964,659	12,543,864
Short term loans	15	3,706,950	3,657,450	7,057,838
Ijara finance payable		130,000	130,000	-
Murabaha payables	16	3,531,745	3,469,106	3,482,203
Due to banks	12	9,486	925	446,537
		18,818,736	15,464,416	25,692,743
Total liabilities		22,733,756	19,293,260	29,372,654
Total equity and liabilities		185,834,725	194,420,158	191,851,437


 Bader Naser Al-Kharafi
 Chairman

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

Equity attributable to the owners of the Parent Company											
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Treasury shares KD	Other components of equity (note 14) KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance at 31 December 2019 (Audited)	20,993,131	29,160,075	20,993,131	20,993,131	26,109,322	-	43,560,477	12,866,109	174,675,376	451,522	175,126,898
Purchase of treasury shares (13)	-	-	-	-	-	(121,656)	-	-	(121,656)	-	(121,656)
Transactions with owners	-	-	-	-	-	(121,656)	-	-	(121,656)	-	(121,656)
Profit/(loss) for the period	-	-	-	-	-	-	-	482,882	482,882	(5,119)	477,763
Other comprehensive (loss)/income	-	-	-	-	-	-	(12,390,184)	-	(12,390,184)	8,148	(12,382,036)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(12,390,184)	482,882	(11,907,302)	3,029	(11,904,273)
Profit on sale of investments at FVTOCI (Note 8)	-	-	-	-	-	-	(35,821)	35,821	-	-	-
Balance at 31 March 2020 (Unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	26,109,322	(121,656)	31,134,472	13,384,812	162,646,418	454,551	163,100,969
Balance at 31 December 2018 (Audited)	20,993,131	29,160,075	20,993,131	20,993,131	25,631,110	-	24,592,071	9,926,581	152,289,230	469,336	152,758,566
Cash dividend (Note 17)	-	-	-	-	-	-	-	(5,667,113)	(5,667,113)	-	(5,667,113)
Transactions with owners	-	-	-	-	-	-	-	(5,667,113)	(5,667,113)	-	(5,667,113)
Profit for the period	-	-	-	-	-	-	-	3,821,479	3,821,479	1,926	3,823,405
Other comprehensive income	-	-	-	-	-	-	11,562,572	-	11,562,572	1,353	11,563,925
Total comprehensive income for the period	-	-	-	-	-	-	11,562,572	3,821,479	15,384,051	3,279	15,387,330
Profit on sale of investments at FVTOCI (Note 8)	-	-	-	-	-	-	(496,967)	496,967	-	-	-
Balance at 31 March 2019 (Unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	25,631,110	-	35,657,676	8,577,914	162,006,168	472,615	162,478,783

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		477,763	3,823,405
Adjustments:			
Depreciation		224,668	254,374
Provision for employees' end of service benefits		108,730	89,009
Finance costs		64,745	124,405
Interest income		(1,933)	(6,149)
Dividend income		(2,673)	(3,355,927)
Other investment income		(4,728)	(14,418)
Gain on sale of investments at fair value through profit or loss		-	(690)
Share of results of associate		52,430	-
Gain on sale of property, plant and equipment		(199)	(1,386)
Provision/(reversal of provision) for obsolete and slow moving inventories – net		1,330	(58,429)
Reversal of provision for doubtful debts – net		-	(95,659)
Foreign exchange loss on non-operating liabilities		112,139	32,375
		1,032,272	790,910
Changes in operating assets and liabilities:			
Inventories		(3,192,489)	(1,131,655)
Trade accounts receivable		(1,197,720)	4,174,565
Other receivables and prepayments		(732,941)	(202,405)
Trade accounts payable		2,986,194	446,389
Other payables and accruals		241,652	(592,703)
Employees' end of service benefits paid		(22,554)	(122,720)
Net cash (used in)/from operating activities		(885,586)	3,362,381
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(16,905)	(304,011)
Proceeds from sale of property, plant and equipment		200	1,386
Purchase of Investments at fair value through other comprehensive income		(375,890)	(211,455)
Proceeds from sale of Investments at fair value through other comprehensive income		192,155	3,906,508
Proceeds from sale of investments at fair value through profit or loss		-	691
Dividend income received		2,673	171,197
Other investment income received		4,895	1,854
Interest income received		1,933	6,149
Net cash (used in)/from investing activities		(190,939)	3,572,319
FINANCING ACTIVITIES			
Payment of cash dividends		(11,886)	(137,235)
Repayment of short term loans		-	(915,900)
Purchase of treasury shares		(121,656)	-
Finance costs paid		(47,085)	(108,890)
Net cash used in financing activities		(180,627)	(1,162,025)
(Decrease)/increase in cash and cash equivalents		(1,257,152)	5,772,675
Foreign currency adjustment		115,176	16,197
Cash and cash equivalents at beginning of the period	12	24,466,496	3,586,331
Cash and cash equivalents at end of the period	12	23,324,520	9,375,203

The notes set out on pages 7 to 19 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Gulf Cable and Electrical Industries Company – KPSC (“the Parent Company”) is a registered Kuwaiti Public Shareholding Company, which was established on 15 March 1975. The shares of the Parent Company are listed on Kuwait Stock Exchange.

The Group comprises the Parent Company and its subsidiaries.

Pursuant to the decision of the extraordinary general assembly held on 22 June 2020, the objectives of the Parent Company were amended, and the authentication of the commercial register for the amendments is still under process. The objectives became as follows:

Objectives for which the Parent Company was incorporated are as follows:

- 1- Produce all kinds of electrical and telephone cables of various sizes and varieties;
- 2- Produce all kinds of electric and telephone wires of various sizes and varieties;
- 3- Produce the wires necessary for the production of light bulbs;
- 4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry;
- 5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry;
- 6- Various manufacturing relating to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry;
- 7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry;
- 8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry;
- 9- Trade in all kinds of these products;
- 10- Import machinery, plant, equipment and tools necessary to achieve the Company’s objectives;
- 11- Import the raw materials for this industry;
- 12- Invest the surplus funds in investment portfolios in order to serve the Company’s objectives.
13. Owning real estate and movables for the benefit of the Company

The Parent Company may have interest or participate in any aspect in the entities which practice similar activities or which may assist it in the achievement of its objectives in Kuwait and abroad. The Parent Company may also purchase these entities or affiliate them therewith.

The address of the Parent Company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2020 was authorised for issue by the Parent Company’s board of directors on 13 August 2020.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2020 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2019, except for the changes described in note 3.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Parent Company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2019.

The Group has consolidated its subsidiaries using management accounts for the period ended 31 March 2020.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2020 which have been adopted by the Group. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 – Amendments	1 January 2020
IAS 1 and IAS 8 – Amendments	1 January 2020

IFRS 3 – Amendments

The Amendments to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only with respect to Definition of Business. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business

The application of the amendments did not have a significant impact on the Group’s interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IAS 1 and IAS 8 – Amendments

The amendments to IAS 1 and IAS 8 clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’.

The application of the amendments did not have a significant impact on the Group’s interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s interim condensed consolidated financial information.

4 Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2019.

5 Investment income

	Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Dividend income	2,673	3,355,927
Other investment income	4,728	8,128
Gain on sale of investments at fair value through profit or loss	-	690
Income from wakala investment	-	6,290
Foreign currency exchange gain	66,846	25,271
	74,247	3,396,306

Notes to the interim condensed consolidated financial information (continued)

6 Basic and diluted earnings per share attributable to the owners of the Parent Company

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

	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	482,882	3,821,479
Weighted average number of shares outstanding during the period (excluding treasury shares)	209,927,353	209,931,309
Basic and diluted earnings per share attributable to the owners of the Parent Company	2 Fils	18 Fils

7 Investment in associate

Details of the investment in associate is given below:

Name	Country of incorporation	Ownership percentage			Principal activities
		31 March 2020 (Unaudited) %	31 Dec. 2019 (Audited) %	31 March 2019 (Unaudited) %	
Team Holding Company – KSC (Closed) - (Unquoted)	Kuwait	47.5	47.5	47.5	Financing and investment

Movement in the carrying amount of the investment in associates is as follows:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Carrying amount at the beginning of the period/year	1,064,351	1,048,274	-
Investment made during the period/year	-	-	1,048,274
Share of results for the period/year	(52,430)	16,077	-
Carrying amount at the end of period/year	1,011,921	1,064,351	1,048,274

The Group's share of result of the associate has been accounted for using equity method based on management accounts as at and for the period ended 31 March 2020.

Notes to the interim condensed consolidated financial information (continued)

8 Investments at fair value through other comprehensive income

The components of investments at fair value through other comprehensive income are as follows:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Local quoted securities held through managed portfolios	37,806,430	43,490,942	54,290,538
Local unquoted securities held through managed portfolios	4,151,710	4,151,710	4,965,691
Foreign quoted securities held through managed portfolios	16,265,901	21,535,449	21,779,136
Foreign unquoted securities held through managed portfolios	3,300,291	3,300,291	-
Foreign unquoted securities	31,234,529	31,735,457	29,553,769
Local unquoted securities	5,250	5,250	8,410
Local managed funds	3,505,589	4,397,053	2,079,266
	96,269,700	108,616,152	112,676,810

These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, the management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.

During the period, the Group sold investments at fair value through other comprehensive income with a total cost of KD156,334 (31 March 2019: KD3,409,541) for a total consideration of KD192,155 (31 March 2019: KD3,906,508) resulting in a profit of KD35,821 (31 March 2019: KD496,967) recognized in retained earnings within equity.

Managed funds include investments in units of private equity investments. Fair value of these investments is determined using net asset values reported by the investment managers and the management believes that this represent the best estimate of fair value available for these investments.

9 Inventories

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Raw materials	12,815,514	12,362,868	16,385,984
Finished goods	13,209,909	12,909,851	14,937,351
Work-in-progress	6,554,104	5,924,804	7,100,286
Spare parts	2,442,255	2,414,834	2,101,278
	35,021,782	33,612,357	40,524,899
Less: provision for obsolete and slow moving inventories	(1,214,081)	(1,208,267)	(1,634,913)
	33,807,701	32,404,090	38,889,986
Goods in transit and prepaid letters of credit	3,805,646	2,018,098	1,957,528
	37,613,347	34,422,188	40,847,514

Notes to the interim condensed consolidated financial information (continued)

10 Trade accounts receivable

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Trade accounts receivable	24,140,706	22,929,357	19,826,900
Less: provision for doubtful debts	(5,864,667)	(5,851,038)	(5,874,677)
	18,276,039	17,078,319	13,952,223

11 Other receivables and prepayments

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Financial assets:			
Staff receivable	134,498	152,590	123,097
Amount due from related party – net	-	-	3,284,674
Dividend income receivable	-	-	3,184,730
Brokers receivables	981,964	450,034	475,349
Other receivables	235,845	232,872	119,911
	1,352,307	835,496	7,187,761
Non-financial assets:			
Prepaid expenses	471,764	255,801	511,071
	1,824,071	1,091,297	7,698,832

12 Cash and cash equivalents

Cash and cash equivalents in the interim condensed consolidated statement of cash flows comprise of the following accounts:

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Cash in hand	51,920	64,109	15,967
Cash held in managed portfolios	19,806,692	20,010,149	3,881,218
Bank balances	3,475,394	4,393,163	2,659,555
Wakala investment with original maturity not exceeding three months	-	-	3,265,000
Total cash and bank balances	23,334,006	24,467,421	9,821,740
Less: due to banks	(9,486)	(925)	(446,537)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	23,324,520	24,466,496	9,375,203

Notes to the interim condensed consolidated financial information (continued)

13 Treasury shares

The Group holds treasury shares as follows:

	31 March 2020 (Unaudited)	31 Dec. 2019 (Audited)	31 March 2019 (Unaudited)
Number of shares	260,000	-	-
Percentage of issued shares	0.12%	-	-
Market value (KD)	118,560	-	-
Cost (KD)	121,656	-	-

14 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2019 (Audited)	43,064,933	495,544	43,560,477
Exchange differences arising on translation of foreign operations	-	140,003	140,003
Investments at fair value through other comprehensive income: - Net change in fair value arising during the period	(12,530,187)	-	(12,530,187)
Total other comprehensive (loss)/income for the period	(12,530,187)	140,003	(12,390,184)
Profit on sale of investments at FVTOCI (note 8)	(35,821)	-	(35,821)
Balance at 31 March 2020 (Unaudited)	30,498,925	635,547	31,134,472
Balance at 31 December 2018 (Audited)	24,102,073	489,998	24,592,071
Exchange differences arising on translation of foreign operations	-	23,243	23,243
Investments at fair value through other comprehensive income: - Net change in fair value arising during the period	11,539,329	-	11,539,329
Total other comprehensive income for the period	11,539,329	23,243	11,562,572
Profit on sale of investments at FVTOCI (note 8)	(496,967)	-	(496,967)
Balance at 31 March 2019 (Unaudited)	35,144,435	513,241	35,657,676

15 Short term loans

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Kuwait Dinar facilities	916,050	916,050	-
USD facilities	2,790,900	2,741,400	7,057,838
	3,706,950	3,657,450	7,057,838

Notes to the interim condensed consolidated financial information (continued)

15 Short term loans (continued)

The short term loans denominated in Kuwaiti Dinar are unsecured and carry interest rate ranging from 0.75% to 1.00% (31 December 2019: 0.75% to 1.00%) per annum above Central Bank of Kuwait discount rate. Those loans mature on various dates ending on 30 April 2020 and renewed subsequently (31 December 2019: various dates ending 30 April 2020).

The USD loans facilities carry interest rate of 1.75% (31 December 2019: 1.75% and 31 March 2019: 1.75%) per annum above three-month LIBOR. Those loans mature on various dates ending 7 April 2020 and renewed subsequently (31 December 2019: various dates ending 7 March 2020 and 31 March 2019: various dates ending 1 June 2019).

16 Murabaha payables

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
USD murabaha facilities	3,531,745	3,469,106	3,482,203
	3,531,745	3,469,106	3,482,203

The murabaha facilities were granted to the Group by a local Islamic Bank and carry profit rate ranging from 3.31% (31 December 2019: 3.73% and 31 March 2019: 4.46%) per annum. The murabaha payables mature on various dates ending on 4 September 2020 and are renewable (31 December 2019: various dates ending on 13 May 2020 and 31 March 2019: various dates ending on 4 September 2019, renewable).

17 General Assembly of the Shareholders and dividend distribution

The annual general assembly of the shareholders held on 22 June 2020 approved the consolidated financial statements of the Group for the year ended 31 December 2019 and cash dividend of 40% (2018: 27%) equivalent to 40 Fils (2018: 27 Fils) per share of the paid up share capital amounting to KD8,362,923 for the year ended 31 December 2019 (2018: KD5,667,113).

Further, the shareholders approved the board of directors' remuneration of KD310,000 for the year ended 31 December 2019 (2018: KD310,000).

18 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to the Group's profit or loss.

Notes to the interim condensed consolidated financial information (continued)

18 Segmental information (continued)

The Group's reportable segments are cable manufacture and investment. The information relating to these segments are as follows:

	Cable manufacture KD	Investment KD	Total KD
For the three months ended 31 March 2020 (Unaudited):			
Revenue	17,056,390	21,817	17,078,207
Segment profit/(loss)	620,819	(34,632)	586,187
Unallocated expenses			(108,424)
Profit for the period			477,763
Additions to property, plant and equipment	16,905	-	16,905
Depreciation	224,668	-	224,668
Finance costs	41,075	23,670	64,745
Dividend income	-	2,673	2,673
Total assets	68,690,410	117,144,315	185,834,725
Total liabilities	(19,906,539)	(2,827,217)	(22,733,756)
Net assets	48,783,871	114,317,098	163,100,969
For the three months ended 31 March 2019 (Unaudited):			
Revenue	14,858,257	3,396,306	18,254,563
Segment profit	653,196	3,334,735	3,987,931
Unallocated expenses			(164,526)
Profit for the period			3,823,405
Additions to property, plant and equipment	304,011	-	304,011
Depreciation	254,374	-	254,374
Finance costs	94,109	30,296	124,405
Dividend income	-	3,355,927	3,355,927
Total assets	64,461,850	127,389,587	191,851,437
Total liabilities	(25,055,836)	(4,316,818)	(29,372,654)
Net assets	39,406,014	123,072,769	162,478,783

Notes to the interim condensed consolidated financial information (continued)

19 Related party balances and transactions

Related parties represent subsidiaries, associate, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note. Details of balances and transactions between the Group and its related parties are disclosed below.

	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Other receivables and prepayments (net) – note 11	-	-	3,284,674
Trade accounts payables	14,692	13,831	12,281
		Three months ended 31 March 2020 (Unaudited) KD	Three months ended 31 March 2019 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:			
Sales		19,756	269,402
Expenses		(861)	(1,200)
Key management compensation:			
Salaries and other short term benefits		162,170	125,828
End of service benefits		12,570	8,328
Provision for directors' remuneration		77,500	77,500
		252,240	211,656

20 Contingent liabilities

Contingent liabilities at 31 March 2020 in respect of outstanding letters of guarantee amounted to KD5,595,755 (31 December 2019: KD4,244,215 and 31 March 2019: KD6,004,175).

21 Capital commitments

At the period end, the Group had capital commitments to purchase new machinery and equipment amounting to KD53,534 (31 December 2019: KD54,753 and 31 March 2019: KD67,632).

22 Fair value measurement

22.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.1 Fair value hierarchy (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

22.2 Fair value measurement of financial instruments

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2020 (Unaudited):				
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	37,806,430	-	-	37,806,430
Local unquoted securities held through managed portfolios	-	-	4,151,710	4,151,710
Foreign quoted securities held through managed portfolios	16,265,901	-	-	16,265,901
Foreign unquoted securities held through managed portfolios	-	-	3,300,291	3,300,291
Foreign unquoted securities	-	-	31,234,529	31,234,529
Local unquoted securities	-	-	5,250	5,250
Local managed funds	-	3,505,589	-	3,505,589
	54,072,331	3,505,589	38,691,780	96,269,700
31 December 2019 (Audited):				
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	43,490,942	-	-	43,490,942
Local unquoted securities held through managed portfolios	-	-	4,151,710	4,151,710
Foreign quoted securities held through managed portfolios	21,535,449	-	-	21,535,449
Foreign unquoted securities held through managed portfolios	-	-	3,300,291	3,300,291
Foreign unquoted securities	-	-	31,735,457	31,735,457
Local unquoted securities	-	-	5,250	5,250
Local managed funds	-	4,397,053	-	4,397,053
	65,026,391	4,397,053	39,192,708	108,616,152

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.2 Fair value measurement of financial instruments

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2019 (Unaudited):				
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	54,290,538	-	-	54,290,538
Local unquoted securities held through managed portfolios	-	-	4,965,691	4,965,691
Foreign quoted securities held through managed portfolios	21,779,136	-	-	21,779,136
Foreign unquoted securities	-	-	29,553,769	29,553,769
Local unquoted securities	-	-	8,410	8,410
Local managed fund	-	2,079,266	-	2,079,266
	76,069,674	2,079,266	34,527,870	112,676,810

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Level 3 fair value measurements

The Group's financial assets classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	(Unquoted securities) (Investments at fair value through OCI)		
	31 March 2020 (Unaudited) KD	31 Dec. 2019 (Audited) KD	31 March 2019 (Unaudited) KD
Opening balance at the beginning of the period/year	39,192,708	34,437,004	34,437,004
Additions	-	3,300,291	-
Disposals	-	(142,879)	-
Net changes in fair value	(500,928)	1,598,292	90,866
Closing balance at the end of period/year	38,691,780	39,192,708	34,527,870

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair value of financial instruments that are not traded in an active market (e.g unquoted securities) is determined by using valuation techniques. Fair value for the unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.2 Fair value measurement for financial instruments (continued)

Level 3 fair value measurements (continued)

The investment managers in determining the fair value of these investments use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Investment managers used techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

The impact on interim condensed consolidated statement of profit or loss and profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

23 Effects of COVID-19

The outbreak of Coronavirus (“COVID-19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local equity markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remain unclear at this time. Management of the Group is actively monitoring the effects COVID-19 may have on its business operations and reported amounts of the financial and non-financial assets, which represent management’s best assessment based on current available information.