

Interim condensed consolidated financial information and review report
Gulf Cables and Electrical Industries Group Company – KPSC
and Subsidiaries
Kuwait
31 March 2024 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cables and Electrical Industries Group Company – KPSC (“Parent Company”) and its subsidiaries (“the Group”) as of 31 March 2024 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.

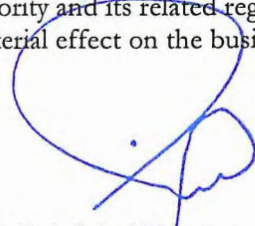
Conclusion

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 violations 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 2024 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2024 that might have had a material effect on the business or financial position of the Parent Company.



Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
14 May 2024

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Revenue			
Sales and contracting revenue		24,621,963	28,733,560
Cost of revenue		(21,783,859)	(26,390,761)
Gross profit		2,838,104	2,342,799
Change in fair value of investments at fair value through profit or loss		(58,561)	(93,791)
Dividend income		9,210,000	14,090,553
Other investments (loss)/gain		(20,628)	11,926
Share of results of associates and joint venture	7	1,565,759	470,391
Interest and other income		63,993	75,004
Foreign currency exchange gain		125,879	142,151
		13,724,546	17,039,033
Expenses and other charges			
General and administrative expenses		(1,581,164)	(1,727,089)
Commercial expenses		(685,529)	(892,634)
Provision reversal /(charge) for obsolete and slow-moving inventories - net		50,633	(186,564)
Provision charge for doubtful debts - net		(115,306)	(395,259)
Provision charge for other receivables		-	(200,000)
Finance costs		(407,417)	(487,193)
		(2,738,783)	(3,888,739)
Profit before provision for taxation and Board of Directors' remuneration		10,985,763	13,150,294
Provision for taxation	5	(452,319)	(598,606)
Board of directors' remuneration		(76,250)	(77,500)
Profit for the period		10,457,194	12,474,188
Profit for the period attributable to:			
Owners of the Parent Company		10,453,568	12,472,716
Non-controlling interests		3,626	1,472
Profit for the period		10,457,194	12,474,188
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	50 Fils	60 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 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Profit for the period	10,457,194	12,474,188
<i>Other comprehensive income/(loss):</i>		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Share of other comprehensive income of associates	3,503	3,773
Exchange differences arising on translation of foreign operations	(41,678)	7,218
	(38,175)	10,991
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Share of other comprehensive income of associates	4,954,058	(1,922,752)
Net change in fair value of investments at FVTOCI	17,159,960	(14,522,233)
	22,114,018	(16,444,985)
Total other comprehensive income/(loss)	22,075,843	(16,433,994)
Total comprehensive income/(loss) for the period	32,533,037	(3,959,806)
<i>Total comprehensive income/(loss) for the period attributable to:</i>		
Owners of the Parent Company	32,531,703	(3,961,675)
Non-controlling interests	1,334	1,869
	32,533,037	(3,959,806)

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

	Note	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Assets				
Non-current assets				
Goodwill		3,603,180	3,603,180	3,603,180
Property, plant and equipment		8,948,027	9,248,051	9,349,507
Right-of-use assets		434,953	489,322	432,623
Investment in associates and joint venture	7	89,558,140	83,034,820	87,673,637
Investments at fair value through other comprehensive income	8	121,390,472	103,795,144	93,845,042
		223,934,772	200,170,517	194,903,989
Current assets				
Inventories	9	41,442,816	37,937,162	33,345,220
Trade accounts receivable		22,101,270	27,647,083	33,841,423
Other receivables and prepayments		2,169,005	1,705,791	1,320,474
Investments at fair value through profit or loss		3,164,651	3,214,470	2,983,048
Cash and cash equivalents	10	16,386,737	9,965,807	13,701,281
		85,264,479	80,470,313	85,191,446
Total assets		309,199,251	280,640,830	280,095,435
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
Treasury shares	11	(1,596,960)	(1,361,022)	(1,686,080)
Statutory, voluntary and general reserves		74,109,625	74,109,625	71,893,702
Other components of equity	12	80,945,386	58,867,251	48,863,000
Retained earnings		58,960,985	48,507,417	54,637,082
Total equity attributable to the owners of the Parent Company		262,572,242	230,276,477	223,860,910
Non-controlling interests		505,252	503,918	525,216
Total equity		263,077,494	230,780,395	224,386,126
Non-current liabilities				
Provision for employees' end of service benefits		4,981,945	4,879,549	4,616,790
Term loans	13	19,985,500	23,691,000	15,000,000
Islamic financing	14	-	-	12,618,421
Lease liabilities		258,515	293,408	291,843
		25,225,960	28,863,957	32,527,054
Current liabilities				
Trade accounts payable		3,728,491	3,914,516	2,509,588
Other payables and accruals		8,131,601	8,860,218	11,040,892
Lease liabilities		227,124	189,270	151,416
Term loans	13	8,094,495	7,466,495	6,684,495
Islamic financing	14	-	-	1,815,789
Due to banks	10	714,086	565,979	980,075
		20,895,797	20,996,478	23,182,255
Total liabilities		46,121,757	49,860,435	55,709,309
Total equity and liabilities		309,199,251	280,640,830	280,095,435


Bader Naser Al-Kharafi
Vice 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							Non- controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory, voluntary and general reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2024 (Audited)	20,993,131	29,160,075	(1,361,022)	74,109,625	58,867,251	48,507,417	230,276,477	503,918	230,780,395
Purchase of treasury shares	-	-	(235,938)	-	-	-	(235,938)	-	(235,938)
Profit for the period	-	-	-	-	-	10,453,568	10,453,568	3,626	10,457,194
Other comprehensive income/(loss)	-	-	-	-	22,078,135	-	22,078,135	(2,292)	22,075,843
Total comprehensive income for the period	-	-	-	-	22,078,135	10,453,568	32,531,703	1,334	32,533,037
Balance at 31 March 2024 (Unaudited)	20,993,131	29,160,075	(1,596,960)	74,109,625	80,945,386	58,960,985	262,572,242	505,252	263,077,494
Balance at 1 January 2023 (Audited)	20,993,131	29,160,075	(1,686,080)	71,893,702	65,297,391	42,164,366	227,822,585	523,347	228,345,932
Profit for the period	-	-	-	-	-	12,472,716	12,472,716	1,472	12,474,188
Other comprehensive (loss)/income	-	-	-	-	(16,434,391)	-	(16,434,391)	397	(16,433,994)
Total comprehensive (loss)/income for the period	-	-	-	-	(16,434,391)	12,472,716	(3,961,675)	1,869	(3,959,806)
Balance at 31 March 2023 (Unaudited)	20,993,131	29,160,075	(1,686,080)	71,893,702	48,863,000	54,637,082	223,860,910	525,216	224,386,126

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 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		10,457,194	12,474,188
Adjustments:			
Depreciation		457,927	425,251
Finance costs		407,417	487,193
Interest income		(59,563)	(1,710)
Dividend income		(9,210,000)	(14,090,553)
Share of results of associates and joint venture		(1,565,759)	(470,391)
Loss on sale/disposal of property, plant and equipment		17	-
Provision (reversal)/charge for obsolete and slow-moving inventories – net		(50,633)	186,564
Provision charge for doubtful debts - net		115,306	395,259
Provision charge for other receivables		-	200,000
Provision charge for employees' end of service benefits		162,704	152,888
		714,610	(241,311)
Changes in operating assets and liabilities:			
Inventories		(3,455,020)	3,853,629
Investments at fair value through profit or loss		49,820	(2,386,281)
Trade accounts receivable		5,430,506	(3,136,452)
Other receivables and prepayments		(437,832)	508,414
Trade accounts payable		(186,024)	(1,150,579)
Other payables and accruals		(834,400)	2,124,872
Employees' end of service benefits paid		(60,308)	(133,694)
Net cash from/(used in) operating activities		1,221,352	(561,402)
INVESTING ACTIVITIES			
Purchase to property, plant and equipment		(108,205)	(475,161)
Purchase of investments at FVTOCI		(435,366)	(56,394)
Dividend income received		9,210,000	14,090,553
Interest income received		34,181	1,710
Net cash from investing activities		8,700,610	13,560,708
FINANCING ACTIVITIES			
Payment of cash dividends		(22,185)	(27,423)
Purchase of treasury shares		(235,938)	-
Net movement in term loans		(3,077,500)	(2,350,000)
Net movement in Islamic financing		-	(5,453,947)
Finance costs paid		(276,490)	(478,265)
Net cash used in financing activities		(3,612,113)	(8,309,635)
Increase in cash and cash equivalents		6,309,849	4,689,671
Foreign currency adjustment		(37,026)	5,488
Cash and cash equivalents at beginning of the period	10	9,399,828	8,026,047
Cash and cash equivalents at end of the period	10	15,672,651	12,721,206

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 Cables and Electrical Industries Group 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.

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.
- 14- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti and non-Kuwaiti limited liability companies and participating in the establishment of, lending and managing of these companies and acting as guarantor for these companies.
- 15- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support for them.

The Parent Company may have interest or participate in any aspect in the authorities and companies 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 authorities and companies 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 2024 was authorised for issue by the Parent Company’s board of directors on 14 May 2024.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2024 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated 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 2023, except for the changes described in Note 3.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”).

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 IFRS Accounting 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 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2023.

The Group has consolidated its subsidiaries using management accounts for the period ended 31 March 2024.

3 Changes in accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new and amended IFRS Accounting Standards effective as of 1 January 2024 as described in Note 3.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended IFRS Accounting Standards adopted by the Group

The following new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Description</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Amendments Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities as either current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption 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 IFRS Accounting Standards adopted by the Group (continued)

IAS 1 Amendments - Classification of liabilities as current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements disclosures

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

IFRS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

The adoption 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)

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, 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 2023.

5 Provision for taxation

	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Provision for contribution to Kuwait Foundation for Advancement of Science	94,366	126,880
Provision for Zakat	102,174	134,630
Provision for National Labour Support Tax	255,779	337,096
	452,319	598,606

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 after excluding treasury shares. As there are no dilutive instruments outstanding, basic and diluted loss per share are identical.

	Three months ended 31 March 2024 (Unaudited)	Three months ended 31 March 2023 (Unaudited)
Profit for the period attributable to the owners of the Parent Company – KD	10,453,568	12,472,716
Weighted average number of shares outstanding during the period (excluding treasury shares)	208,473,144	208,064,607
Basic and diluted earnings per share attributable to the owners of the Parent Company	50 Fils	60 Fils

7 Investment in associates and joint venture

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Investment in associates (7.1)	87,012,719	80,509,610	85,176,002
Investment in joint venture (7.2)	2,545,421	2,525,210	2,497,635
	89,558,140	83,034,820	87,673,637

Notes to the interim condensed consolidated financial information (continued)

7 Investment in associates and joint venture (continued)

7.1 Investment in associates

7.1.1 Details of the Group's associates are as follows:

Name	Country of incorporation	Effective interest held by Group at period/year end			Principal activities
		31 March 2024 (Unaudited) %	31 Dec. 2023 (Audited) %	31 March 2023 (Unaudited) %	
Team Holding Company – KSC (Closed) - (Unquoted)	Kuwait	47.50	47.50	47.50	Financing and investment
National Investment Company – KPSC (Quoted)	Kuwait	26.98	26.98	26.98	Financial services
Heavy Engineering Industries and Shipbuilding – KPSC (Quoted)	Kuwait	28.33	28.33	28.33	Industrial

7.1.2 The movement in the carrying value of the investment in associates during the period/year is as follows:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
At the beginning of the period/year	80,509,610	86,634,171	86,634,171
Share of results for the period/year	1,545,548	3,168,860	460,810
Share of other comprehensive gain/(loss)	4,957,561	(2,042,288)	(1,918,979)
Dividends received	-	(7,251,133)	-
At the end of period/year	87,012,719	80,509,610	85,176,002

7.2 Investment in joint venture

This represents the Group's participation in a joint venture "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company – WLL" (Kuwait) having a total share capital of KD5,000,000 in which the Group has 50% ownership. The joint venture's main objective is manufacture of electric and electronic wires and cables. The movement in the carrying amount of the investment in the joint venture is as follows:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
At the beginning of the period/year	2,525,210	2,488,054	2,488,054
Share of results for the period/year	20,211	37,156	9,581
	2,545,421	2,525,210	2,497,635

Notes to the interim condensed consolidated financial information (continued)

8 Investments at fair value through other comprehensive income

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Local quoted securities held through managed portfolios (Note 8.1)	64,983,253	47,482,615	46,446,756
Local unquoted securities held through managed portfolios	1,429,198	1,156,267	1,064,171
Foreign quoted securities held through managed portfolios and others	388,603	243,512	211,234
Foreign unquoted securities held through managed portfolios	3,211,038	2,882,469	3,201,237
Foreign unquoted securities	45,701,135	47,018,251	38,035,346
Local managed funds	5,677,245	5,012,030	4,886,298
	121,390,472	103,795,144	93,845,042

- 8.1 The Group's investments in local quoted shares include an investment in a local listed company (Boursa Kuwait Securities Company). Due to restrictions on sale of this investment for a five-year period, the Group had applied a discount of 15% and 20% on the market value as at 31 December 2023 and 31 March 2023, respectively. During the period, the restrictions on sale of this investment have been removed. Accordingly, the Group has discontinued applying the discount on the above quoted bid price when determining its fair value.
- 8.2 These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, 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.
- 8.3 Local managed funds represents units held in funds. 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Raw materials	11,834,194	11,837,750	8,837,476
Finished goods	16,596,345	15,343,453	13,108,047
Work-in-progress	8,387,989	7,714,621	6,717,290
Spare parts	3,050,853	3,092,494	2,978,622
	39,869,381	37,988,318	31,641,435
Less: provision for obsolete and slow-moving inventories	(1,106,842)	(1,158,140)	(1,284,736)
	38,762,539	36,830,178	30,356,699
Goods in transit and prepaid letters of credit	2,680,277	1,106,984	2,988,521
	41,442,816	37,937,162	33,345,220

Notes to the interim condensed consolidated financial information (continued)

10 Cash and cash equivalents

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Cash in hand	134,115	102,868	55,732
Cash held in managed portfolios	23,210	74,827	662,465
Bank balances	11,464,824	5,025,026	12,815,739
Time deposits issued with original maturity not exceeding three months	4,764,588	4,763,086	167,345
Cash and cash equivalents for the purpose of interim condensed consolidated statement of financial position	16,386,737	9,965,807	13,701,281
Less: due to banks	(714,086)	(565,979)	(980,075)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	15,672,651	9,399,828	12,721,206

Due to banks represent overdraft facilities which carry commercial interest rates and are payable on demand.

11 Treasury shares

The Group holds treasury shares as follows:

	31 March 2024 (Unaudited)	31 Dec. 2023 (Audited)	31 March 2023 (Unaudited)
Number of shares	1,629,993	1,450,955	1,866,702
Percentage of issued shares	0.78%	0.69%	0.89%
Market value (KD)	2,074,981	1,864,477	2,044,039
Cost of treasury shares (KD)	1,596,960	1,361,022	1,686,080

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

12 Other components of equity

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Other reserves KD	Total KD
Balance at 1 January 2024 (Audited)	58,013,541	603,284	238,334	12,092	58,867,251
Group's share in associates' other comprehensive income	4,954,058	3,503	-	-	4,957,561
Exchange differences arising on translation of foreign operations	-	(39,386)	-	-	(39,386)
Change in fair value of investments at FVTOCI	17,159,960	-	-	-	17,159,960
Total other comprehensive income/(loss) for the period	22,114,018	(35,883)	-	-	22,078,135
Balance at 31 March 2024 (Unaudited)	80,127,559	567,401	238,334	12,092	80,945,386

Notes to the interim condensed consolidated financial information (continued)

12 Other components of equity (continued)

	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Other reserves KD	Total KD
Balance at 1 January 2023 (Audited)	64,608,815	598,596	77,888	12,092	65,297,391
Group's share in associates' other comprehensive income	(1,922,752)	3,773	-	-	(1,918,979)
Exchange differences arising on translation of foreign operations	-	6,821	-	-	6,821
Change in fair value of investments at FVTOCI	(14,522,233)	-	-	-	(14,522,233)
Total other comprehensive (loss)/income for the period	(16,444,985)	10,594	-	-	(16,434,391)
Balance at 31 March 2023 (Unaudited)	48,163,830	609,190	77,888	12,092	48,863,000

13 Term loans

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Short term loan (13.1)	1,184,495	1,284,495	500,000
Long term loans (13.2)	26,895,500	29,873,000	21,184,495
	28,079,995	31,157,495	21,684,495
Due within one year	8,094,495	7,466,495	6,684,495
Due after one year	19,985,500	23,691,000	15,000,000
	28,079,995	31,157,495	21,684,495

13.1 Short-term loan amounting to KD1,184,495 (31 December 2023: KD1,284,495 and 31 March 2023: KD 500,000) are repayable on different dates ending 31 January 2025.

13.2 Long-term loans represent the following:

- A long-term loan amounting to KD15,000,000 (31 December 2023: KD17,500,000 and 31 March 2023: KD20,000,000) repayable in 12 semi-annual installments of KD2,500,000 and matures on 20 December 2027.
- A long-term loan amounting to KD4,820,000 (31 December 2023: KD5,000,000 and 31 March 2023: Nil) repayable in 11 quarterly installments of KD180,000 each with a balloon repayment amounting to KD3,020,000 on 1 January 2027.
- A long-term loan amounting to KD4,818,000 (31 December 2023: KD5,000,000 and 31 March 2023: Nil) repayable in 11 quarterly installments of KD182,000 each with a balloon repayment amounting to KD2,998,000 on 31 December 2026.

Notes to the interim condensed consolidated financial information (continued)

13 Term loans (continued)

- A long-term loan amounting to KD2,257,500 (31 December 2023: KD2,373,000 and 31 March 2023: KD1,184,495) is repayable on various dates and matures on 1 September 2026.

The above loans are denominated in Kuwaiti Dinar and carry commercial interest rates.

14 Islamic financing

Islamic financing was repaid during the year ended 31 December 2023.

15 General Assembly of the shareholders and dividend

The Annual General Assembly of the shareholders held on 22 April 2024 approved the consolidated financial statements of the Group for the year ended 31 December 2023 and cash dividend of 65% (2022: 60%) equivalent to 65 Fils (2022: 60 Fils) per share of the paid-up share capital.

Further, the shareholders approved the board of directors' remuneration of KD305,000 for the year ended 31 December 2023 (2022: KD305,000).

16 Segmental information

The Group activities are concentrated in three main segments: cable manufacture, investment and rendering services. The segments' results are reported to the senior management in the Group.

The following is the segments information, which conforms with the internal reporting presented to management:

	Cable manufacture KD	Investment KD	Rendering of services KD	Total KD
For the three months ended 31 March 2024 (Unaudited):				
Total revenue	22,851,836	10,696,570	1,770,127	35,318,533
Segment profit/(loss)	950,894	10,177,833	(142,964)	10,985,763
Unallocated expenses				(528,569)
Profit for the period				10,457,194
Additions to property, plant and equipment	37,945	-	70,260	108,205
Depreciation	(305,870)	-	(152,057)	(457,927)
Finance costs	(2,961)	(341,803)	(62,653)	(407,417)
Dividend income	-	9,210,000	-	9,210,000
Total assets	86,605,212	214,172,792	8,421,247	309,199,251
Total liabilities	(15,963,677)	(25,080,534)	(5,077,546)	(46,121,757)
Net assets	70,641,535	189,092,258	3,343,701	263,077,494

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Rendering of services KD	Total KD
For the three months ended 31 March 2023 (Unaudited):				
Total revenue	27,643,660	14,479,079	1,089,900	43,212,639
Segment (loss)/profit	(547,491)	13,977,225	(279,440)	13,150,294
Unallocated expenses				(676,106)
Profit for the period				12,474,188
Additions to property, plant and equipment	368,012	-	107,149	475,161
Depreciation	(297,422)	-	(127,829)	(425,251)
Finance costs	(2,712)	(453,076)	(31,405)	(487,193)
Dividend income	-	14,090,553	-	14,090,553
Total assets	90,983,236	182,241,829	6,870,370	280,095,435
Total liabilities	(18,081,689)	(34,470,529)	(3,157,091)	(55,709,309)
Net assets	72,901,547	147,771,300	3,713,279	224,386,126
31 December 2023 (audited):				
Total assets	82,009,674	190,155,580	8,475,576	280,640,830
Total liabilities	(17,020,118)	(27,846,331)	(4,993,986)	(49,860,435)
Net assets	64,989,556	162,309,249	3,481,590	230,780,395

17 Related party balances and transactions

Related parties represent subsidiaries, associate, joint venture, 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 other related parties are disclosed below.

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from a joint venture – included within other receivables and prepayments	31,668	31,204	24,367
Trade account payable	7,231	7,231	7,231
Purchase of property, plant and equipment	-	406,250	-

Notes to the interim condensed consolidated financial information (continued)

17 Related party balances and transactions (continued)

	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
<i>Amounts included in the Interim condensed consolidated statement of profit or loss:</i>		
Sales	-	11,993
Expenses	(82,141)	(49,253)
<i>Key management compensation:</i>		
Salaries and other short-term benefits	157,271	170,488
End of service benefits	15,144	25,829
Provision for directors' remuneration	76,250	77,500
	248,665	273,817

18 Contingent liabilities

Contingent liabilities as at 31 March 2024 in respect of outstanding letters of guarantee amounted to KD9,285,787 (31 December 2023: KD8,686,851 and 31 March 2023: KD9,223,666).

19 Capital commitments

Capital commitments at 31 March 2024 in respect of contracted capital expenditure amounted to KD921,076 (31 December 2023: KD893,634 and 31 March 2023: KD923,779).

20 Fair value measurement

20.1 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:

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

20.2 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:

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2024 (Unaudited):				
Investments at FVTPL:				
Quoted equity securities	3,164,651	-	-	3,164,651
Investments at FVTOCI:				
Quoted equity securities	65,371,856	-	-	65,371,856
Unquoted equity securities	-	-	50,341,371	50,341,371
Local managed funds	-	5,677,245	-	5,677,245
	68,536,507	5,677,245	50,341,371	124,555,123
31 December 2023 (Audited):				
Investments at FVTPL:				
Quoted equity securities	3,214,470	-	-	3,214,470
Investments at FVTOCI:				
Quoted equity securities	5,436,885	42,289,242	-	47,726,127
Unquoted equity securities	-	-	51,056,987	51,056,987
Local managed funds	-	5,012,030	-	5,012,030
	8,651,355	47,301,272	51,056,987	107,009,614
31 March 2023 (Unaudited):				
Investments at FVTPL:				
Quoted equity securities	2,983,048	-	-	2,983,048
Investments at FVTOCI:				
Quoted equity securities	5,143,955	41,514,035	-	46,657,990
Unquoted equity securities	-	-	42,300,754	42,300,754
Local managed funds	-	4,886,298	-	4,886,298
	8,127,003	46,400,333	42,300,754	96,828,090

There have been no transfers between level 1 and 2 during the reporting period.

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 except for investment in quoted equity securities with a carrying value of KD59,586,757 at 31 March 2024 were classified under level “2” fair value hierarchy as at 31 December 2023 (KD42,289,242) and 31 March 2023 (KD41,514,035) are now classified under level “1” hierarchy as at 31 March 2024 for the reasons mentioned in note 8.1.

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:

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

	(Unquoted equity securities) (Investments at FVTOCI)		
	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Opening balance	51,056,987	48,572,571	48,572,571
Change in fair value	(715,616)	2,484,416	(6,271,817)
Closing balance	50,341,371	51,056,987	42,300,754

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.

The investment managers and Group's finance team 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. In determining fair value, techniques such as recent transactions prices and adjusted net book value have been used.

The impact on interim condensed consolidated statement of 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%.

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