

Interim condensed consolidated financial information and review report
Gulf Cable and Electrical Industries Company – KPSC
and Subsidiaries
Kuwait

30 September 2017 (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 (together "the Group"), as of 30 September 2017 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 nine-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 the basis of preparation set out in Note 2.

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 nine-month period ended 30 September 2017 that might have had a material effect on the business or financial position of the Parent Company.

Anwar Y. Al-Qatami, F.C.C.A.
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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
14 November 2017

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Interim condensed consolidated statement of profit or loss

	Notes	Three months ended (Unaudited)		Nine months ended (Unaudited)	
		30 Sept. 2017 KD	30 Sept. 2016 KD	30 Sept. 2017 KD	30 Sept. 2016 KD
Revenue					
Sales		14,256,380	20,768,375	44,877,564	69,212,476
Cost of sales		(11,789,618)	(18,222,986)	(38,214,634)	(61,301,815)
Gross profit		2,466,762	2,545,389	6,662,930	7,910,661
Investment income	5	305,758	49,666	5,911,111	3,976,965
Interest income		2,651	3,503	6,645	7,608
Other income		2,571	408	25,270	46,194
Foreign currency exchange gain		115,501	185,993	437,922	522,214
		2,893,243	2,784,959	13,043,878	12,463,642
Expenses and other charges					
General and administrative expenses		(831,039)	(693,927)	(2,755,312)	(2,173,818)
Commercial expenses		(358,424)	(526,695)	(1,261,028)	(1,416,069)
Impairment of available for sale investments	7	-	-	(428,912)	(1,792,860)
Provision for doubtful debts		(500,788)	(92,293)	(500,788)	(307,940)
Reversal of provision/(provision for) obsolete and slow moving inventories		161,569	(233,358)	112,235	(233,358)
Finance costs		(195,725)	(280,698)	(613,073)	(867,311)
		(1,724,407)	(1,826,971)	(5,446,878)	(6,791,356)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and directors' remuneration		1,168,836	957,988	7,597,000	5,672,286
(Provision for)/reversal of provision for contribution to KFAS		(11,614)	7,326	(75,808)	(39,967)
Provision for NLST		(38,471)	(32,681)	(103,520)	(56,913)
Provision for Zakat		(15,388)	(13,072)	(39,408)	(21,765)
Provision for directors' remuneration		(77,500)	(77,500)	(232,500)	(232,500)
Profit for the period		1,025,863	842,061	7,145,764	5,321,141
Profit/(loss) for the period attributable to:					
Owners of the parent company		1,018,485	845,317	7,129,605	5,339,358
Non-controlling interests		7,378	(3,256)	16,159	(18,217)
Profit for the period		1,025,863	842,061	7,145,764	5,321,141
Basic and diluted earnings per share attributable to the owners of the parent company	6	5 Fils	4 Fils	34 Fils	25 Fils

The notes set out on pages 8 to 22 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 (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2017 KD	30 Sept. 2016 KD	30 Sept. 2017 KD	30 Sept. 2016 KD
Profit for the period	1,025,863	842,061	7,145,764	5,321,141
Other comprehensive (loss)/income:				
<i>Items that will be reclassified subsequently into the statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(24,904)	(9,799)	(107,806)	(54,917)
Available for sale investments:				
- Net changes in fair value arising during the period	11,256,171	477,800	12,351,075	(4,083,828)
- Transferred to interim condensed consolidated statement of profit or loss on sale	101,801	461	161,393	415,013
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	-	428,912	1,792,860
Total other comprehensive income/(loss)	11,333,068	468,462	12,833,574	(1,930,872)
Total comprehensive income for the period	12,358,931	1,310,523	19,979,338	3,390,269
Total comprehensive income/(loss) attributable to:				
Owners of the parent company	12,352,922	1,314,319	19,969,108	3,411,508
Non-controlling interests	6,009	(3,796)	10,230	(21,239)
	12,358,931	1,310,523	19,979,338	3,390,269

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		5,613,196	6,225,700	6,557,822
Available for sale investments	7	108,036,791	103,234,598	91,494,831
		113,649,987	109,460,298	98,052,653
Current assets				
Inventories	8	41,730,175	34,986,114	36,961,497
Trade accounts receivable	9	17,878,465	25,395,659	26,471,477
Other receivables and prepayments		924,944	513,251	598,125
Due from related parties	17	3,763,893	1,220,710	1,503,154
Cash and bank balances	10	8,058,558	5,618,100	6,803,040
		72,356,035	67,733,834	72,337,293
Total assets		186,006,022	177,194,132	170,389,946
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
Legal reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		23,841,483	23,841,483	23,270,944
Other components of equity	11	23,311,633	10,472,130	(1,167,838)
Retained earnings		7,529,478	4,598,499	3,645,525
Equity attributable to the owners of the parent company		146,822,062	131,051,580	117,888,099
Non-controlling interests		451,402	441,172	435,456
Total equity		147,273,464	131,492,752	118,323,555
Non-current liabilities				
Provision for employees' end of service benefits		2,818,847	2,494,655	2,484,526
		2,818,847	2,494,655	2,484,526
Current liabilities				
Trade accounts payable		1,619,065	1,704,733	2,967,493
Other payables and accruals		7,120,661	7,462,225	7,232,010
Due to related parties	17	8,921	7,001	7,001
Current portion of long term loan	12	-	3,691,200	3,634,800
Short term loans	13	11,111,000	17,728,000	23,087,000
Murabaha payables	14	14,955,061	12,601,410	12,408,866
Due to banks	10	1,099,003	12,156	244,695
		35,913,711	43,206,725	49,581,865
Total liabilities		38,732,558	45,701,380	52,066,391
Total equity and liabilities		186,006,022	177,194,132	170,389,946


Bader Naser Al-Kharafi
Chairman

The notes set out on pages 8 to 22 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 KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	components of equity (note 11) KD	Retained earnings KD		
Balance at 1 January 2017 (audited)	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	10,472,130	4,598,499	441,172	131,492,752
Cash dividend (Note 15)	-	-	-	-	-	-	(4,198,626)	-	(4,198,626)
Transactions with owners	-	-	-	-	-	-	(4,198,626)	-	(4,198,626)
Profit for the period	-	-	-	-	-	-	7,129,605	16,159	7,145,764
Total other comprehensive income/(loss) for the period	-	-	-	-	-	12,839,503	-	(5,929)	12,833,574
Total comprehensive income for the period	-	-	-	-	-	12,839,503	7,129,605	10,230	19,979,338
Balance at 30 September 2017 (unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	23,311,633	7,529,478	451,402	147,273,464

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company								Non-controlling interests KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 11) KD	(Accumulated losses)/retained earnings KD	Sub-total KD		
Balance at 1 January 2016 (audited)	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	760,012	(1,693,833)	114,476,591	456,695	114,933,286
Profit/(loss) for the period	-	-	-	-	-	-	5,339,358	5,339,358	(18,217)	5,321,141
Total other comprehensive loss	-	-	-	-	-	(1,927,850)	-	(1,927,850)	(3,022)	(1,930,872)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(1,927,850)	5,339,358	3,411,508	(21,239)	3,390,269
Balance at 30 September 2016 (unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(1,167,838)	3,645,525	117,888,099	435,456	118,323,555

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2017 (Unaudited) KD	Nine months ended 30 Sept. 2016 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		7,145,764	5,321,141
Adjustments:			
Depreciation		1,103,996	1,100,696
Provision for employees' end of service benefits		508,778	195,408
Finance costs		613,073	867,311
Interest income		(6,645)	(7,608)
Interest income from time deposit		(33,134)	-
Dividend income		(4,774,953)	(4,490,234)
Other investment income		(23,675)	(31,430)
(Gain)/loss on sale of available for sale investments		(1,085,733)	577,036
Impairment of available for sale investments		428,912	1,792,860
Provision for doubtful debts		500,788	307,940
(Reversal of provision)/provision for obsolete and slow moving inventories		(112,235)	233,358
Foreign currency exchange gain on non-operating liabilities		(310,970)	(223,674)
		3,953,966	5,642,804
Changes in operating assets and liabilities:			
Inventories		(6,631,826)	8,244,698
Trade accounts receivable		7,016,406	(9,674,019)
Other receivables and prepayments		(404,808)	576,128
Net movement due from/to related parties		(2,541,263)	322,879
Trade accounts payable		(85,668)	(413,870)
Other payables and accruals		(516,945)	1,267,791
Employees' end of service benefits paid		(184,586)	(203,426)
Net cash from operating activities		605,276	5,762,985
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(523,363)	(137,922)
Purchase of available for sale investments		(6,513,782)	(478,527)
Proceeds from sale of available for sale investments		15,309,790	826,622
Dividend income received		4,774,953	4,416,453
Other investment income received		16,791	27,574
Net movement on time deposit against a letter of guarantee issued		(34,188)	-
Interest income received		39,779	7,608
Net cash from investing activities		13,069,980	4,661,808
FINANCING ACTIVITIES			
Cash dividend paid		(4,047,133)	(73,942)
Proceeds from term loans		2,000,000	10,000,000
Repayment of term loans		(12,157,000)	(15,913,862)
Proceeds from murabaha payables		2,513,421	2,505,329
Repayment of murabaha payables		-	(2,462,575)
Finance costs paid		(589,186)	(844,295)
Net cash used in financing activities		(12,279,898)	(6,789,345)
Increase in cash and cash equivalents		1,395,358	3,635,448
Foreign currency adjustment		(75,935)	(31,469)
Cash and cash equivalents at beginning of the period	10	2,105,944	2,954,366
Cash and cash equivalents at end of the period	10	3,425,367	6,558,345
Non cash transactions			
Available for sale investments		-	(73,781)
Dividend income		-	73,781

The notes set out on pages 8 to 22 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.

Objectives for which the company was incorporated:

- 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.

The 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 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 nine-month period ended 30 September 2017 was authorised for issue by the parent company’s board of directors on 14 November 2017.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2017 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

Operating results for the nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2016.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the parent company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the most recent annual consolidated financial statements of the group for the year ended 31 December 2016 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

The group has consolidated its subsidiaries using management accounts for the period ended 30 September 2017.

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 2017 which have been adopted by the group but did not have any significant impact on the financial position or the results for the period. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 7 Statement of Cash Flows- Amendments	1 January 2017

IAS 7 Statement of Cash Flows- Amendments

The Amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes)

The Amendments:

- require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement
- suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including:
 - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses
 - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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. Information on new standards, amendments and interpretations that are expected to be relevant to the group's consolidated financial statements is provided below. 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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments	No stated date
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IFRS 9 Financial Instruments: Classification and Measurement

The IASB published IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)

- an expected credit loss-based impairment will need to be recognised on the trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless an irrevocable designation is made to present them in other comprehensive income.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to own credit risk.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 “Revenues”, IAS 11 “Construction Contract” and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- Timing – whether revenue is required to be recognized over time or at a single point in time
- Variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- Time value – when to adjust a contract price for a financing component
- Specific issues, including –
 - non-cash consideration and asset exchanges
 - contract costs
 - rights of return
 - return and other customer options
 - supplier repurchase options
 - warranties
 - principal versus agent
 - licencing
 - breakage
 - non-refundable upfront fees, and
 - consignment and bill-and-hold arrangements.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 16 Leases

IFRS 16 will replace IAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, management is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for finance and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

Annual Improvements to IFRSs 2014-2016 Cycle

Amendments to IAS 28 - Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Amendment is effective for annual periods beginning on or after 1 January 2018.

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 judgments 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 2016.

5 Investment income

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2017 KD	30 Sept. 2016 KD	30 Sept. 2017 KD	30 Sept. 2016 KD
Dividend income from available for sale investments	52,555	29,121	4,774,953	4,490,234
Gain/(loss) on sale of available for sale investments	229,640	2,554	1,085,733	(577,036)
Interest income from time deposit	13,329	-	33,134	-
Other investment income	10,234	17,991	17,291	63,767
	305,758	49,666	5,911,111	3,976,965

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 owners of the parent company by the weighted average number of shares outstanding during the period as follows:

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2017	30 Sept. 2016	30 Sept. 2017	30 Sept. 2016
Profit for the period attributable to the owners of the parent company(KD)	1,018,485	845,317	7,129,605	5,339,358
Weighted average number of shares outstanding during the period	209,931,309	209,931,309	209,931,309	209,931,309
Basic and diluted earnings per share	5 Fils	4 Fils	34 Fils	25 Fils

7 Available for sale investments

The components of available for sale investments are as follows:

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Local quoted securities held through managed portfolios	63,697,653	59,104,579	50,422,971
Local unquoted securities held through managed portfolios	5,666,427	6,295,164	5,723,283
Foreign quoted securities held through managed portfolios	10,455,644	9,613,806	7,248,322
Foreign unquoted securities held through managed portfolios	446,397	446,397	446,397
Foreign unquoted securities	25,527,867	25,527,867	25,527,867
Local unquoted securities	35,857	44,414	44,414
Local managed fund	2,195,634	1,895,193	1,774,400
Foreign managed funds	11,312	307,178	307,177
	108,036,791	103,234,598	91,494,831

During the period the group recognised impairment loss of KD428,912 (31 December 2016: KD1,792,860 and 30 September 2016: KD1,792,860) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios by third parties and unquoted securities amounting to KD589,368 (31 December 2016: KD1,826,866 and 30 September 2016: KD1,254,985) are stated at cost less impairment due to the unpredictable nature of significant future cash flows and the unavailability of other financial information to arrive at a reliable measure of fair value. Management has performed an analysis of the underlying investments which indicates that there is no impairment.

Managed funds represent investments in units of private equity funds amounting to KD2,206,946 (31 December 2016: KD2,202,371 and 30 September 2016: KD2,081,577). Fair value of these investments are determined using net asset values reported by the investment managers and the management believes that these represent the best estimate of fair values available for these investments.

Notes to the interim condensed consolidated financial information (continued)

8 Inventories

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Raw materials	14,267,694	15,185,142	16,628,111
Finished goods	13,918,095	11,549,849	13,194,085
Work-in-progress	5,158,203	5,548,379	5,802,366
Spare parts	1,952,167	1,942,894	1,927,870
	35,296,159	34,226,264	37,552,432
Less: Provision for obsolete and slow moving inventories	(1,213,647)	(1,328,241)	(970,780)
	34,082,512	32,898,023	36,581,652
Goods in transit and prepaid letters of credit	7,647,663	2,088,091	379,845
	41,730,175	34,986,114	36,961,497

9 Trade accounts receivable

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Trade accounts receivable	19,364,924	26,730,895	27,587,045
Provision for doubtful debts	(1,486,459)	(1,335,236)	(1,115,568)
	17,878,465	25,395,659	26,471,477

10 Cash and cash equivalents

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

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Cash in hand	70,651	9,906	90,686
Cash held in managed portfolios	1,781,460	257,132	486,990
Time deposit against a letter of guarantee issued	3,534,188	3,500,000	-
Bank balances	2,672,259	1,851,062	6,225,364
Cash and bank balances	8,058,558	5,618,100	6,803,040
Less: Time deposit blocked against a letter of guarantee issued	(3,534,188)	(3,500,000)	-
Less: Due to banks	(1,099,003)	(12,156)	(244,695)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	3,425,367	2,105,944	6,558,345

Time deposit carries annual effective interest rate of 1.5% (31 December 2016: 1% and 30 September 2016: Nil %) and is secured against a letter of guarantee issued (Note 18).

Notes to the interim condensed consolidated financial information (continued)

11 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2017 (audited)	9,881,981	590,149	10,472,130
Exchange differences arising on translation of foreign operations	-	(101,877)	(101,877)
Available for sale investments :			
- Net change in fair value arising during the period	12,351,075	-	12,351,075
- Transferred to interim condensed consolidated statement of profit or loss on sale	161,393	-	161,393
- Transferred to interim condensed consolidated statement of profit or loss on impairment	428,912	-	428,912
Total other comprehensive income/(loss) for the period	12,941,380	(101,877)	12,839,503
Balance at 30 September 2017 (unaudited)	22,823,361	488,272	23,311,633
Balance at 1 January 2016 (audited)	235,473	524,539	760,012
Exchange differences arising on translation of foreign operations	-	(51,895)	(51,895)
Available for sale investments :			
- Net change in fair value arising during the period	(4,083,828)	-	(4,083,828)
- Transferred to interim condensed consolidated statement of profit or loss on sale	415,013	-	415,013
- Transferred to interim condensed consolidated statement of profit or loss on impairment	1,792,860	-	1,792,860
Total other comprehensive loss	(1,875,955)	(51,895)	(1,927,850)
Balance at 30 September 2016 (unaudited)	(1,640,482)	472,644	(1,167,838)

12 Long term loan

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
USD 50,000,000 facility	-	3,691,200	3,634,800
Installments due within next twelve months	-	(3,691,200)	(3,634,800)
Installments due after next twelve months	-	-	-

Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan was unsecured and carried floating interest rate of 2.15% (31 December 2016: 2.15% and 30 September 2016: 2.15%) per annum above six month LIBOR. The loan was repayable in four semi-annual instalments of US\$5,000,000 each and five semi-annual instalments of US\$6,000,000 each ending on 18 September 2017. The loan has been fully settled during the period.

Notes to the interim condensed consolidated financial information (continued)

13 Short term loans

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Kuwait Dinar facility	2,000,000	8,500,000	14,000,000
USD facility	9,111,000	9,228,000	9,087,000
	11,111,000	17,728,000	23,087,000

The short term loans denominated in Kuwaiti Dinars are unsecured and carry interest rate of 1.25% (31 December 2016: 1% and 30 September 2016: 1.00% - 1.65%) per annum above Central Bank of Kuwait discount rate. The USD facility carries interest rate of 1.75% (31 December 2016: 1.75% and 30 September 2016: 1.75% - 3%) per annum above three month LIBOR. The loans mature on various dates ending on 27 December 2017.

14 Murabaha payables

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
USD murabaha facilities	14,955,061	12,601,410	12,408,866
	14,955,061	12,601,410	12,408,866

The murabaha facilities were granted to the group by a local Islamic bank and carry average profit rate of 3.20% (31 December 2016: 2.69% and 30 September 2016: 2.59%). The murabaha payables mature on various dates ending on 28 March 2018 and are renewable.

15 Annual General Assembly of the Shareholders

The annual general assembly of the shareholders held on 10 May 2017 approved the consolidated financial statements of the group for the year ended 31 December 2016 and approved cash dividend of 20% equivalent to 20 Fils per share of paid up share capital amounting to KD4,198,626 for the year ended 31 December 2016 and was paid following that approval.

16 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 group profit or loss. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its annual consolidated financial statements.

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

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
Three months ended 30 September 2017 (unaudited)			
Revenue	14,256,380	305,758	14,562,138
Segment profit	950,398	218,438	1,168,836
Unallocated expenses			(142,973)
Profit for the period			1,025,863
Additions to property, plant and equipment	313,921	-	313,921
Depreciation	349,264	-	349,264
Finance costs	144,062	51,663	195,725
Dividend income	-	52,555	52,555
Nine months ended 30 September 2017 (unaudited)			
Revenue	44,877,564	5,911,111	50,788,675
Segment profit	2,415,370	5,181,630	7,597,000
Unallocated expenses			(451,236)
Profit for the period			7,145,764
Additions to property, plant and equipment	523,363	-	523,363
Depreciation	1,103,996	-	1,103,996
Impairment of available for sale investments	-	428,912	428,912
Finance costs	447,875	165,198	613,073
Dividend income	-	4,774,953	4,774,953
Total assets	68,844,582	117,161,440	186,006,022
Total liabilities	(33,531,815)	(5,200,743)	(38,732,558)

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
Three months ended 30 September 2016 (unaudited)			
Revenue	20,768,375	49,666	20,818,041
Segment profit/(loss)	1,011,986	(53,998)	957,988
Unallocated expenses			(115,927)
Profit for the period			842,061
Additions to property, plant and equipment	51,052	-	51,052
Depreciation	363,017	-	363,017
Finance costs	207,851	72,847	280,698
Dividend income	-	29,121	29,121
Nine months ended 30 September 2016 (unaudited)			
Revenue	69,212,476	3,976,965	73,189,441
Segment profit	3,862,933	1,809,353	5,672,286
Unallocated expenses			(351,145)
Profit for the period			5,321,141
Additions to property, plant and equipment	137,922	-	137,922
Depreciation	1,100,696	-	1,100,696
Impairment of available for sale investments	-	1,792,860	1,792,860
Finance costs	581,820	285,491	867,311
Dividend income	-	4,490,234	4,490,234
Total assets	78,067,151	92,322,795	170,389,946
Total liabilities	(43,275,268)	(8,791,123)	(52,066,391)

17 Related party balances and transactions

Related parties represent 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 transactions between the group and other related parties are disclosed below.

Notes to the interim condensed consolidated financial information (continued)

17 Related party balances and transactions (continued)

	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Due from related parties	3,763,893	1,220,710	1,503,154
Due to related parties	8,921	7,001	7,001

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2017 KD	30 Sept. 2016 KD	30 Sept. 2017 KD	30 Sept. 2016 KD
Amounts included in interim condensed consolidated statement of profit or loss				
Sales	-	31,321	2,236	90,958
Industrial expenses	3,360	906	7,307	4,977
Provision for doubtful debts	340,151	-	340,151	250,000
Key management compensation:				
Salaries and other short term benefits	84,672	104,613	306,333	340,658
End of service benefits	7,725	6,138	137,865	18,453
Provision for directors' remuneration	77,500	77,500	232,500	232,500
	169,897	188,251	676,698	591,611

18 Contingent liabilities

Contingent liabilities at 30 September 2017 in respect of outstanding letters of guarantee amounted to KD12,324,290 (31 December 2016: KD11,404,356 and 30 September 2016: KD11,370,116). Letters of guarantee issued include a letter of guarantee of KD5,000,000 secured by a time deposit amounting to KD3,534,188 (31 December 2016: KD3,500,000 and 30 September 2016: KD Nil) (Note 10).

19 Capital commitments

At the period end, the group had capital commitments to purchase new machinery and equipment amounting to KD45,508 (31 December 2016: KD6,541 and 30 September 2016: KD12,283).

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.

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.1 Fair value hierarchy (continued)

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).

Management considers that the carrying amounts of loans and receivables and all financial liabilities, which are stated at amortised cost, approximate their fair values. Certain available for sale investment is carried at cost for reason specified in note 7.

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.

20.2 Fair value measurement for financial instruments

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

30 September 2017 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investment:				
Local quoted securities held through managed portfolios	63,697,653	-	-	63,697,653
Local unquoted securities held through managed portfolios	-	-	5,523,456	5,523,456
Foreign quoted securities held through managed portfolios	10,455,644	-	-	10,455,644
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	35,857	35,857
Local managed fund	-	2,195,634	-	2,195,634
Foreign managed fund	-	11,312	-	11,312
	74,153,297	2,206,946	31,087,180	107,447,423
31 December 2016 (Audited)				
Available for sale investment:				
Local quoted securities held through managed portfolios	59,104,579	-	-	59,104,579
Local unquoted securities held through managed portfolios	-	-	4,929,856	4,929,856
Foreign quoted securities held through managed portfolios	9,613,806	-	-	9,613,806
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,253	29,253
Local managed fund	-	1,895,193	-	1,895,193
Foreign managed funds	-	307,178	-	307,178
	68,718,385	2,202,371	30,486,976	101,407,732

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement for financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 September 2016 (Unaudited)				
Available for sale investment:				
Local quoted securities held through managed portfolios	50,422,971	-	-	50,422,971
Local unquoted securities held through managed portfolios	-	-	4,929,856	4,929,856
Foreign quoted securities held through managed portfolios	7,248,322	-	-	7,248,322
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,253	29,253
Local managed fund	-	1,774,400	-	1,774,400
Foreign managed funds	-	307,177	-	307,177
	57,671,293	2,081,577	30,486,976	90,239,846

There have been no transfers between levels 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.

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:

	Available for sale investments (Unquoted securities)		
	30 Sept. 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 Sept. 2016 (Unaudited) KD
Opening balance	30,486,976	30,454,502	30,454,502
Transfer from available for sale investments previously measured at cost	808,586	-	-
Addition	-	73,781	73,781
Net changes in fair value	(208,382)	(41,307)	(41,307)
Closing balance	31,087,180	30,486,976	30,486,976

The group's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The impact on interim condensed consolidated statement of profit or loss and 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%.

Notes to the interim condensed consolidated financial information (continued)

21 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

22 Comparative figures

Certain comparative figures have been reclassified to conform to current period presentation of the interim condensed consolidated financial information. Such reclassification did not affect previously reported total assets and equity or net results for the year/period previously reported.