Consolidated financial statements and independent auditors' report

Gulf Cable and Electrical Industries Company – KSC and Subsidiary

Kuwait

31 December 2007

Contents

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Independent auditors' report

To the shareholders of
Gulf Cable and Electrical Industries Company – KSC
Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Gulf Cable and Electrical Industries Company (A Kuwaiti Shareholding Company) (the parent company) and its Subsidiary (the group), which comprise the consolidated balance sheet as at 31 December 2007, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and the explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The parent company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2007, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the parent company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, and by the parent company's articles of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law, nor of the articles of association of the parent company, as amended, have occurred during the year that might have had a material effect on the business of the group or on its financial position.

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of Grant Thornton – Anwar Al-Qatami & Co.

Fawzia Mubarak Al-Hassawi
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Kuwait
16 March 2008

Consolidated statement of income

	Notes	Year ended 31 Dec. 2007 KD	Year ended 31 Dec. 2006 KD
Sales		**83,982,574**	65,913,777
Cost of sales	5	**(58,765,272)**	(44,495,889)
Gross profit		**25,217,302**	21,417,888
Dividend income		**3,730,277**	2,921,454
Investment income		**358,605**	310,269
Realised gain/(loss) on sale of available for sale of investments		**4,138,017**	(28,471)
Interest income	6	**200,588**	241,649
Other revenue		**30,429**	42,388
(Loss)/gain on foreign exchange		**(128,058)**	299,074
		33,547,160	25,204,251
Expenses and other charges			
Administrative expenses	5	**(1,855,340)**	(1,288,316)
Commercial expenses	5	**(1,472,724)**	(809,887)
Provision for doubtful debts		**(342,095)**	(382,961)
Provision for obsolete stock		**(106,914)**	(402,397)
Interest expense	8	**(911,181)**	(1,354,239)
Impairment of goodwill	12	**(759,684)**	-
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		**28,099,222**	20,966,451
Contribution to KFAS		**(281,428)**	(209,877)
NLST		**(624,113)**	(461,526)
Zakat		**(15,447)**	-
Directors' remuneration		**(310,000)**	(240,000)
Profit for the year		**26,868,234**	20,055,048
Attributable to:			
Shareholders of the parent company		**26,911,812**	20,076,316
Minority interest		**(43,578)**	(21,268)
Profit for the year		**26,868,234**	20,055,048
Earnings per share	9	**167 Fils**	134 Fils

The notes set out on pages 8 to 24 form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	31 Dec. 2007 KD	31 Dec. 2006 KD
Assets			
Non-current assets			
Property, plant and equipment	10	**11,627,112**	11,849,389
Available for sale investments	11	**248,450,493**	142,039,113
Goodwill	12	**-**	759,684
		260,077,605	154,648,186
Current assets			
Inventories	13	**34,712,801**	26,054,689
Trade accounts receivable	14	**27,518,805**	18,536,462
Other receivables and prepayments		**3,063,895**	125,737
Fixed deposits	21	**200,614**	2,639,245
Cash and bank balances	21	**2,982,536**	1,008,681
		68,478,651	48,364,814
Total assets		**328,556,256**	203,013,000
Equity and liabilities			
Equity attributable to the shareholders of the parent company			
Share capital	15	**16,148,562**	13,921,913
Share premium	16	**29,160,075**	26,443,807
Legal reserve	17	**13,899,182**	11,084,902
Voluntary reserve	17	**13,899,182**	11,084,902
General reserve		**16,788,145**	16,788,145
Fair value reserve		**163,861,329**	90,735,973
Foreign currency translation reserve		**(353,687)**	15,705
Retained earnings		**31,584,259**	21,534,789
		284,987,047	191,610,136
Minority interest		**311,743**	513,871
Total equity		**285,298,790**	192,124,007
Non-current liabilities			
Long-term provisions	18	**1,376,202**	1,203,417
Long term loan	19	**2,573,906**	3,233,318
		3,950,108	4,436,735
Current liabilities			
Trade accounts payable		**1,018,834**	666,786
Other payables and accruals	20	**5,634,751**	4,737,233
Current portion of long term loan	19	**571,979**	359,257
Short term loans	19	**27,398,658**	-
Due to banks	21	**4,683,136**	688,982
		39,307,358	6,452,258
Total liabilities		**43,257,466**	10,888,993
Total equity and liabilities		**328,556,256**	203,013,000

Bader Naser Al-Kharafi
Chairman and Managing Director

The notes set out on pages 8 to 24 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company									Minority interest	Total
	Share capital KD	**Share premium** KD	**Legal reserve** KD	**Voluntary reserve** KD	**General reserve** KD	**Fair value reserve** KD	**Foreign currency translation reserve** KD	**Retained earnings** KD	**Sub-total** KD	KD	KD
Balance at 31 December 2005	9,684,295	-	8,986,130	8,986,130	16,788,145	75,561,350	-	11,950,808	131,956,858	-	131,956,858
Change in fair value	-	-	-	-	-	15,174,623	-	-	15,174,623	-	15,174,623
Movement in foreign currency translation reserve	-	-	-	-	-	-	15,705	-	15,705	1,274	16,979
Net income recognised directly in equity	-	-	-	-	-	15,174,623	15,705	-	15,190,328	1,274	15,191,602
Profit/(loss) for the year	-	-	-	-	-	-	-	20,076,316	20,076,316	(21,268)	20,055,048
Total recognised income and expense for the year	-	-	-	-	-	15,174,623	15,705	20,076,316	35,266,644	(19,994)	35,246,650
Payment of cash dividend	-	-	-	-	-	-	-	(4,842,147)	(4,842,147)	-	(4,842,147)
Issue of bonus shares	1,452,644	-	-	-	-	-	-	(1,452,644)	-	-	-
Issue of share capital	2,784,974	26,443,807	-	-	-	-	-	-	29,228,781	-	29,228,781
Transfer to reserves	-	-	2,098,772	2,098,772	-	-	-	(4,197,544)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	533,865	533,865
Balance at 31 December 2006	13,921,913	26,443,807	11,084,902	11,084,902	16,788,145	90,735,973	15,705	21,534,789	191,610,136	513,871	192,124,007

Consolidated statement of changes in equity (continued)

	Attributable to shareholders of the parent company									Minority interest	Total
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 31 December 2006	13,921,913	26,443,807	11,084,902	11,084,902	16,788,145	90,735,973	15,705	21,534,789	191,610,136	513,871	192,124,007
Realised gain from sale of available for sale investments	-	-	-	-	-	(4,138,017)	-	-	(4,138,017)	-	(4,138,017)
Change in fair value	-	-	-	-	-	77,263,373	-	-	77,263,373	-	77,263,373
Movement in foreign currency translation reserve	-	-	-	-	-	-	(369,392)	-	(369,392)	(21,858)	(391,250)
Net income/(loss) recognised directly in equity	-	-	-	-	-	73,125,356	(369,392)	-	72,755,964	(21,858)	72,734,106
Profit/(loss) for the year	-	-	-	-	-	-	-	26,911,812	26,911,812	(43,578)	26,868,234
Total recognised income and expense for the year	-	-	-	-	-	73,125,356	(369,392)	26,911,812	99,667,776	(65,436)	99,602,340
Payment of cash dividend (Note 22)	-	-	-	-	-	-	-	(9,127,448)	(9,127,448)	-	(9,127,448)
Issue of bonus shares (Note 22)	2,106,334	-	-	-	-	-	-	(2,106,334)	-	-	-
Issue of share capital (Note 15)	120,315	2,716,268	-	-	-	-	-	-	2,836,583	-	2,836,583
Transfer to reserves	-	-	2,814,280	2,814,280	-	-	-	(5,628,560)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(136,692)	(136,692)
Balance at 31 December 2007	**16,148,562**	**29,160,075**	**13,899,182**	**13,899,182**	**16,788,145**	**163,861,329**	**(353,687)**	**31,584,259**	**284,987,047**	**311,743**	**285,298,790**

The notes set out on pages 8 to 24 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2007 KD	Year ended 31 Dec. 2006 KD
OPERATING ACTIVITIES			
Profit for the year		**26,868,234**	20,055,048
Adjustments:			
Depreciation		**913,596**	1,128,214
Provision for staff indemnity		**201,811**	133,858
Interest expense		**911,181**	1,354,239
Interest income		**(200,588)**	(241,649)
Dividend income		**(3,730,277)**	(2,921,454)
Investment income		**(358,605)**	(310,269)
Realised (gain)/loss on sale of available for sale investments		**(4,138,017)**	28,471
Impairment of goodwill		**759,684**	-
Gain on disposal of property, plant and equipment		**-**	(1,447)
		21,227,019	19,225,011
Changes in operating assets and liabilities:			
Inventories		**(8,658,112)**	(12,717,516)
Trade accounts receivable		**(8,982,343)**	(9,135,172)
Other receivables and prepayments		**(2,938,158)**	(48,667)
Trade accounts payable		**352,048**	(317,908)
Other payables and accruals		**831,209**	(127,783)
Staff indemnity paid		**(29,026)**	(27,568)
Net cash from/(used in) operating activities		**1,802,637**	(3,149,603)
INVESTING ACTIVITIES			
Capital expenditure		**(1,141,311)**	(644,382)
Net book value of property, plant and equipment disposed		**3,364**	-
Proceeds from disposal of property, plant and equipment		**-**	1,447
Purchase of available for sale investments		**(40,063,375)**	(3,597,827)
Proceeds from redemption / sale of available for sale investments		**10,915,367**	383,078
Acquisition of subsidiary		**(136,692)**	(7,344,025)
Dividend income received		**3,730,277**	2,921,454
Investment income received		**358,605**	310,269
Interest received		**200,588**	241,649
Net cash used in investing activities		**(26,133,177)**	(7,728,337)
FINANCING ACTIVITIES			
Proceeds from share capital		**2,836,583**	29,228,781
Payment of dividends		**(9,055,466)**	(4,858,804)
Proceeds from/(payment of) term loans		**26,951,968**	(12,985,744)
Interest paid		**(911,181)**	(1,354,239)
Net cash from financing activities		**19,821,904**	10,029,994
Decrease in cash and cash equivalents		**(4,508,636)**	(847,946)
Foreign currency translation		**49,706**	16,979
Cash and cash equivalents at beginning of the year	21	**2,958,944**	3,789,911
Cash and cash equivalents at end of the year	21	**(1,499,986)**	2,958,944

The notes set out on pages 8 to 24 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

31 December 2007

1 Incorporation and activities

Gulf Cable and Electrical Industries Company – KSC ("the parent company") is a registered Kuwaiti shareholding company, which was established on 15 March 1975. Its shares are listed on the Kuwait Stock Exchange.

The address of the parent company's registered office is PO Box 1196, Safat 13012, State of Kuwait.

The group comprises the parent company and its 94.5% subsidiary Gulf Cable and Multi Industries Company – JSC, Jordan. The principal activities of the group are the manufacture and supply of cables and related products and the holding of investments

The board of directors approved these consolidated financial statements for issue on 16 March 2008 and are subject to the approval of the general assembly of the shareholders.

2 Adoption of new and revised International Financial Reporting Standards

In the current year, the group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements, and IFRIC 10 Interim Financial Reporting and Impairment effective for annual reporting periods beginning 1 November 2006.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends disclosure requirements previously set out in IAS 32 Financial Instruments: Presentation and Disclosures. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the group's financial statements now feature:

- A sensitivity analysis, to explain the group's market risk exposure in regards to its financial instruments, and
- Net gain or loss on each category of financial assets

each at the balance sheet date. The first time adoption of IFRS 7, however, has not resulted in any prior-period adjustments of cash flows, net income or balance sheet line items.

IAS 1 Presentation of Financial Statements

In accordance with the amendments to IAS 1 Presentation of Financial Statements, the group now reports on its capital management's objectives, policies and procedures in each annual financial report.

2 Adoption of new and revised International Financial Reporting Standards (continued)

IFRIC 10 Interim Financial Reporting and Impairment
IFRIC 10 Interim Financial Reporting and Impairment prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at amortised cost to be reversed at a subsequent balance sheet date. This interpretation does not have any impact on the group's financial statements.

The following new Standards and Interpretations which are yet to become effective have not been adopted:

- IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)
- IFRS 8 Operating Segments (effective for annual periods on or after 1 January 2009)
- IAS 23 (Revised) Borrowing costs (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)
- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008)
- IFRIC 14 IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2008)

Based on the group's current business model and accounting policies, management does not expect material impact on the group's financial statements in the period of initial applications of the above interpretations.

IFRS 8 Operating Segments is a disclosure standard which may result in a redesignation of the group's reportable segments but is not expected to have any impact on the results or financial position of the group.

IAS 1 Presentation of Financial Statements has been revised to require that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two separate statements (i.e. a statement of income and a statement of comprehensive income). Components of comprehensive income such as changes in revaluation surplus, gains and losses on remeasuring available for sale investments and gains and losses arising from translating the financial statements of foreign operation may not be presented in the statement of changes in equity. The application of the revised standard is not expected to result in any prior period adjustments of cash flow, net income or balance sheet line items in the initial period of application.

IAS 23 Borrowing Costs has been amended resulting into elimination of the previously available option to expense all borrowing costs when incurred. Under the revised standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised. The application of the revised standard is not expected to have a material impact on the financial statements in the period of initial application.

The group does not intend to apply any of the above pronouncements early.

The following standards, amendments and interpretations are mandatory for reporting periods beginning on or after 1 January 2007 but they are not relevant to the group's operations:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies; and
- IFRIC 9 Reassessment of Embedded Derivatives.

3 Significant accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2006. The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under historical cost convention, modified to include measurement at fair value of available for sale investments.

The consolidated financial statements have been presented in Kuwaiti Dinar which is the functional currency of the parent company.

Basis of consolidation
Subsidiaries are those enterprises controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Inter company balances and transactions, including inter company profits and unrealised profits and losses are eliminated on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Revenue recognition
Sales represent the invoiced value of goods, net of discounts, supplied by the group during the year. Interest income is recognised on a time proportion basis taking account of the principal outstanding and the rate applicable. Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment is depreciated with effect from the date of purchase by equal annual instalments over the estimated useful lives of the assets.

Capital expenditure on assets in the course of construction are carried under "assets under construction" and are capitalised and transferred to the appropriate asset category once completed, from which time depreciation is applied using the rate applicable to the category concerned.

Available for sale investments
Available for sale investments are initially recognised at cost, being the fair value of the consideration given including all acquisition costs associated with the investments.

After initial recognition, available for sale investments are remeasured at fair value. For investments traded in organised financial markets, fair value is determined based on the closing bid prices on the balance sheet date.

For investments where there is no quoted market price, reasonable estimate of the fair value is determined by reference to an earnings multiple, or an industry specific earnings multiple or a value based on a similar publicly traded company. Fair value estimates take into account liquidity constraints and assessments for any permanent impairment. Investments whose fair value can not be reliably measured are carried at cost.

Any gain or loss arising from remeasurement to fair value for available for sale investments is recognized in the equity under fair value reserve account until the investment is sold, collected, or otherwise disposed of or the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in the equity is included in the consolidated statement of income.

3 Significant accounting policies (continued)

Trade date and settlement date accounting
All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the group commits to purchase or sell the assets. Regular way purchases or sales, are transactions that require the delivery of asset within the time frame generally established by regulation or convention in the market place concerned.

Impairment
At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in the consolidated statement of income.

Inventories
Inventories are valued at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items. Cost is determined on a weighted average basis. In the case of finished goods and work-in-progress, cost comprises direct materials, direct labour and an appropriate allocation of manufacturing fixed and variable overheads.

Provision for doubtful receivables
Specific provision is made at the balance sheet date for those balances where recovery is considered to be doubtful.

Provision for staff indemnity
Provision is made for amounts payable under the Kuwait labour law applicable to employees' accumulated periods of service as at the balance sheet date.

Warranty provision
A warranty provision is made to cover potential costs for the replacement of cables previously supplied, which may prove to be defective. The provision is based upon the total sales of the last ten years multiplied by a rate of 0.14% (2006: 0.16%).

Provisions
Provisions are recognised where the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Cash and cash equivalents
Cash and cash equivalents as presented in the consolidated statement of cash flows consist of fixed deposits maturing within three months, cash and bank balances and due to banks. Those fixed deposits which are due to mature after three months are considered as operating assets.

Foreign currencies
Foreign currency transactions are converted into functional currency of each company at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the rates of exchange ruling at the balance sheet date. All exchange differences arising are reflected in the consolidated statement of income.

As at the reporting date, the assets and liabilities of foreign subsidiary are translated into the parent company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the balance sheet date, and the statement of income items are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

3 Significant accounting policies (continued)

Derivative financial instruments
The group uses derivative financial instruments, such as interest rate swaps to mitigate its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at cost, being the fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The group does not adopt hedge accounting, and any realised and unrealised (from changes in fair value) gain or losses are recognised directly in the consolidated statement of income.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the group is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting polices, which are described in note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same; or
- other valuation models.

Impairment of account receivables
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were KD28,850,895 (2006: KD19,526,457), and the provision for doubtful debts was KD1,332,090 (2006: KD989,995). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the balance sheet date, gross inventories were KD30,881,365 (2006: KD24,707,384), with provision for old and obsolete inventories of KD1,080,327 (2006: KD973,413). Any difference between the amounts actually realised in future periods and the amount expected will be recognised in the consolidated statement of income.

Critical judgement in applying accounting policies
In the process of applying the group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of investments
Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, or available for sale.

The group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as investment at fair value through income statement depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of income statement in the management accounts, they are classified as at fair value through statement of income.

All other investments are classified as available for sale.

5 Staff costs

Costs relating to the salaries and benefit entitlements of the group's employees are included in the following accounts:

	2007 KD	2006 KD
Cost of sales	1,653,139	1,376,965
Administrative expenses	1,306,146	915,624
Commercial expenses	271,473	232,537
	3,230,758	2,525,126

6 Interest income

	2007 KD	2006 KD
Bank balances	48,479	53,380
Fixed deposits	152,109	188,269
Interest income on financial assets not at fair value	200,588	241,649

7 Net gain on financial assets

Net gain on financial assets, analysed by category, is as follows:

	2007 KD	2006 KD
Bank balances	48,479	53,380
Fixed deposits	152,109	188,269
Available for sale investments	8,226,899	3,203,252
Net realised gain	8,427,487	3,444,901
Net unrealised gain recognised in equity	73,125,356	15,174,623
	81,552,843	18,619,524

8 Interest expense

Total interest expense relates to term loans which are financial liabilities stated at amortised cost.

9 Earnings per share

Earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the parent company by weighted average number of shares as follows:

	2007	2006
Profit for the year attributable to the shareholders of the parent company (KD)	26,911,812	20,076,316
Weighted average shares in issue during the year (number)	161,274,660	149,716,154
Earnings per share	167 Fils	134 Fils

The weighted average number of shares for the calculation of earnings per share has been adjusted to reflect the bonus issue in April 2007 (Note 22).

10 Property, plant and equipment

	Land KD	Buildings KD	Plant and machinery KD	Vehicles, furniture and equipment KD	Agriculture farm and related facilities KD	Assets under construction KD	Total KD
Cost							
At 1 January 2007	284,947	5,505,523	14,973,616	942,435	585,487	6,248,896	28,540,904
Additions	-	-	81,046	102,500	-	957,765	1,141,311
Transfer	-	372,396	4,100,438	-	-	(4,472,834)	-
Disposals	-	-	(4,270)	(500)	-	-	(4,770)
Foreign currency adjustment	(17,996)	(39,855)	(257,429)	(2,125)	(36,976)	(104,398)	(458,779)
At 31 December 2007	266,951	5,838,064	18,893,401	1,042,310	548,511	2,629,429	29,218,666
Accumulated depreciation							
At 1 January 2007	-	4,450,373	11,423,459	796,521	21,162	-	16,691,515
Charge for the year	-	113,650	716,684	53,145	30,117	-	913,596
Relating to disposals	-	-	(1,281)	(125)	-	-	(1,406)
Foreign currency adjustment	-	(681)	-	-	(11,470)	-	(12,151)
At 31 December 2007	-	4,563,342	12,138,862	849,541	39,809	-	17,591,554
Net book value							
At 31 December 2007	266,951	1,274,722	6,754,539	192,769	508,702	2,629,429	11,627,112

10 Property, plant and equipment (continued)

	Land KD	Buildings KD	Plant and machinery KD	Vehicles, furniture and equipment KD	Agriculture farm and related facilities KD	Assets under construction KD	Total KD
Cost							
At 1 January 2006	-	5,245,198	14,364,543	852,396	-	329,381	20,791,518
Additions	284,947	260,325	1,507	103,241	585,487	6,527,081	7,762,588
Transfer	-	-	607,566	-	-	(607,566)	-
Disposals	-	-	-	(13,202)	-	-	(13,202)
At 31 December 2006	284,947	5,505,523	14,973,616	942,435	585,487	6,248,896	28,540,904
Accumulated depreciation							
At 1 January 2006	-	4,344,842	10,470,204	761,457	-	-	15,576,503
Charge for the year	-	105,531	953,255	48,266	21,162	-	1,128,214
Relating to disposals	-	-	-	(13,202)	-	-	(13,202)
At 31 December 2006	-	4,450,373	11,423,459	796,521	21,162	-	16,691,515
Net book value							
At 31 December 2006	284,947	1,055,150	3,550,157	145,914	564,325	6,248,896	11,849,389

The estimated useful lives for the calculation of depreciation are as follows:

Buildings	20 to 25 years
Plant and machinery	10 years
Vehicles, furniture and equipment	4 to 10 years
Agriculture farm and related facilities	5 to 10 years

The buildings are situated on land leased from the Ministry of Finance on long-term leases, commencing from 1977 and for periods of either 5 or 25 years. The five year leases are renewed periodically and the 25 year lease was renewed in 2002 for five years.

11 Available for sale investments

	2007 KD	2006 KD
Managed portfolios	**212,191,444**	108,788,537
Quoted shares	**19,606,860**	17,568,810
Quoted funds	**5,339,594**	3,577,357
Quoted preference shares	**-**	466,073
Unquoted shares	**8,717,431**	8,948,440
Unquoted funds	**2,595,164**	2,689,896
	248,450,493	142,039,113

Unquoted investments include investments in private equity funds amounting to KD2,595,164 (2006: KD2,689,896). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Investments amounting to KD1,650,000 (2006: KD1,650,000) are stated at cost due to the unpredictable nature of future cash flows and the unavailability of other information to arrive at a reliable measure of fair value. Management is not aware of any indication of impairment in respect of these investments.

12 Goodwill

During the year, management performed impairment review, based on value in use, of its subsidiary. As a result of review, goodwill was determined to be impaired which was charged to the consolidated statement of income.

13 Inventories

	2007 KD	2006 KD
Raw materials	**10,001,005**	10,876,949
Finished goods	**12,338,840**	8,436,006
Work-in-progress	**7,324,003**	4,283,655
Spare parts	**1,217,516**	1,110,774
	30,881,364	24,707,384
Provision for obsolete stock	**(1,080,327)**	(973,413)
	29,801,037	23,733,971
Goods in transit and prepaid letters of credit	**4,911,764**	2,320,718
	34,712,801	26,054,689

14 Trade accounts receivable

	2007 KD	2006 KD
Trade account receivable	**28,850,895**	19,526,457
Provision for doubtful debts	**(1,332,090)**	(989,995)
	27,518,805	18,536,462

14.1 The carrying values of the financial assets included above approximate their fair values and all of them are due within one year.

Trade receivables are non-interest bearing and generally on 30 – 90 days terms.

As at 31 December the aging analysis of trade receivables is as follows;

	2007 KD	2006 KD
Neither past due nor impaired:		
- less than 3 months	**25,396,322**	13,118,913
- 3 – 6 months	**928,874**	5,282,618
Impaired:		
- over 6 months	**2,525,699**	1,124,926
Total trade accounts receivables	**28,850,895**	19,526,457

15 Share capital

	2007 KD	2006 KD
Authorised, shares of 100 Kuwaiti Fils each	**16,148,562**	14,042,228
Issued and fully paid, shares of 100 Kuwaiti Fils each	**16,148,562**	13,921,913

The annual general meeting of the shareholders held on 1 April 2007 approved the increase in the authorised capital from KD14,042,228 to KD16,148,562 by issue of 21,063,342 bonus shares.

During the year, the parent company sold through Kuwait Stock Exchange 1,203,152 previously unsubscribed shares from right issue for total proceeds of KD2,836,583. The amount received in excess of the nominal value was credited to share premium account.

16 Share premium

Share premium is not available for distribution.

17 Reserves

In accordance with the Commercial Companies Law and the parent company's articles of association, 10% of the profit of the year before KFAS, NLST, Zakat and Directors' remuneration is transferred to the legal reserve. The shareholders of parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

Distribution of legal reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

According to the company's articles of association and the Commercial Companies Law 10% of the profit for the year before KFAS, NLST, Zakat and Directors' remuneration is transferred to the voluntary reserve. There were no restrictions on distribution of voluntary reserve.

18 Long term provisions

	2007 KD	2006 KD
Provision for staff indemnity	**879,931**	707,146
Warranty provision	**496,271**	496,271
	1,376,202	1,203,417

19 Term loans

Long term loan amounting to US$12,500,000 was obtained during the period from a regional bank. The loans are unsecured and carry interest of 1.25% above 3 months LIBOR. The loan is repayable in twelve semi-annual instalments of US$1,041,667 ending on 1 May 2013. Instalments due within the next twelve months are shown under current liabilities.

Short term loans outstanding at 31 December 2007 were obtained from local banks. The loans are unsecured and carry effective interest of 6.42% (31 December 2006: 6.75%) per annum. The loans are repayable within twelve months of the balance sheet date.

20 Other payables and accruals

	2007 KD	2006 KD
Kuwait Foundation for the Advancement of Sciences	**281,428**	209,877
Provision for National Labour Support Tax	**624,113**	461,526
Zakat	**15,447**	-
Directors' remuneration	**370,000**	280,000
Uncollected dividends	**1,479,597**	1,407,613
Accrued staff dues	**1,882,987**	1,305,124
Other liabilities	**981,179**	1,073,093
	5,634,751	4,737,233

21 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows comprise the following consolidated balance sheet accounts:

	2007 KD	2006 KD
Fixed deposits maturing within three months	**200,614**	2,639,245
Cash and bank balances	**2,982,536**	1,008,681
Due to banks	**(4,683,136)**	(688,982)
	(1,499,986)	2,958,944

22 Proposed dividends and bonus shares

Subject to the requisite consent of the relevant authorities and approval of the general assembly, the directors propose a cash dividend of 50 Fils per share and bonus shares of 30% of paid up share capital be distributed to the shareholders of record as of the date of the general assembly.

The proposed cash dividend of 65 Fils per share amounting to KD9,127,448 and bonus shares of 15% paid up capital for the year ended 31 December 2006 were approved by the general assembly of the shareholders held on 1 April 2007 and paid following that approval.

23 Segmental information

The group's primary basis of segment reporting is by business segments, which consist of cable manufacture and investment activities.

An analysis of gross income, profit, total assets, total liabilities and net assets employed in respect of each of these segments is as follows:

	Cable manufacture KD	Investment KD	Total KD
At 31 December 2007			
Gross income	**25,499,221**	**8,047,939**	**33,547,160**
Segment profit	**21,553,152**	**6,546,070**	**28,099,222**
Unallocated expenses			**(1,230,988)**
Profit for the year			**26,868,234**
Total assets	**79,905,111**	**248,651,145**	**328,556,256**
Total liabilities	**(12,712,923)**	**(30,544,543)**	**(43,257,466)**
Net assets employed	**67,192,188**	**218,106,602**	**285,298,790**
Capital expenditure	**1,141,311**	**-**	**1,141,311**
Depreciation	**913,596**	**-**	**913,596**
Impairment loss	**759,684**	**-**	**759,684**

23 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
At 31 December 2006			
Gross income	21,752,607	3,451,644	25,204,251
Segment profit	18,792,830	2,173,621	20,966,451
Unallocated expenses			(911,403)
Profit for the year			20,055,048
Total assets	57,547,447	145,465,553	203,013,000
Total liabilities	(10,888,993)	-	(10,888,993)
Net assets employed	46,658,454	145,465,553	192,124,007
Capital expenditure	644,382	-	644,382
Depreciation	1,128,214	-	1,128,214

The group reports its secondary segmental information according to geographical location of its customers and assets, as follows:

	Kuwait and Middle East KD	International KD	Total KD
At 31 December 2007			
Gross income	**33,188,555**	**358,605**	**33,547,160**
Net assets employed	**244,123,386**	**41,175,404**	**285,298,790**
Capital expenditure	**1,141,311**	**-**	**1,141,311**
At 31 December 2006			
Gross income	24,812,879	391,372	25,204,251
Net assets employed	159,335,646	32,788,361	192,124,007
Capital expenditure	644,382	-	644,382

24 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) entered into by the group in the ordinary course of business.

	2007 KD	2006 KD
Amounts included in the consolidated balance sheet:		
Purchase of property, plant and equipment	**724,683**	82,000
Amounts included in the consolidated statement of income:		
Sales	**1,475,839**	2,103,652
Industrial expenses	**250,065**	-
Key management compensation:		
Salaries and other short term benefits	**500,000**	349,000
Terminal benefits	**3,357**	2,127
	503,357	351,127

25 Capital commitments

At the balance sheet date the group committed to purchase investments amounting to KD2,550,713 (2006: KD2,003,549) and purchase new machinery and equipment amounting to KD2,769,091 (2006: KD3,050,371).

26 Contingent liabilities

Contingent liabilities at the balance sheet date in respect of outstanding letters of guarantee amounted to KD5,679,889 (2006: KD3,781,987).

27 Derivative financial instruments

During the year the parent company entered into a 5 year interest rate swap with a local financial institution with a notional principal amounts of KD3,431,875 which merely represents amount to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments. The positive fair value of the interest rate swap as at 31 December 2007 was not material to the group's financial statements.

28 Risk management objectives and policies

The group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The parent company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The group's risk management focuses on actively securing the group's short to medium term cash flows by minimizing the potential adverse effects on the group's financial performance through internal risk reports. Long term financial investments are managed to generate lasting returns.

The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the group is exposed to are described below.

28.1 Market risk

a) Foreign currency risk

The group mainly operates in the GCC and other Middle Eastern countries and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar and Jordanian Dinars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the group's exposure to foreign currency risk, non-Kuwaiti Dinar cash flows are monitored and forward exchanged contracts are entered into in accordance with the group's risk management policies. Generally, the group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows.

Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

a) Foreign currency risk (continued)

The group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate:

	2007 KD	2006 KD
US Dollar	**23,108,691**	21,233,926
Jordanian Dinar	**-**	(3,682,575)

The foreign currency sensitivity is determined based on 5% increase or decrease in exchange rate.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year. There is no impact on the group's equity:

	Profit for the year	
	2007 KD	2006 KD
US Dollar	**98,884**	98,457
Jordanian Dinar	**-**	(184,128)
	98,884	(85,671)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity, then impact on the group's profit for the year would have been equal and opposite as disclosed above.

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group has no significant interest bearing assets other than fixed deposits. The group is exposed to interest rate risk with respect to its borrowings which are both at fixed rate and floating interest rate. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings. The board has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a regular basis and hedging strategies used to ensure positions are maintained within established limits.

The following table illustrates the sensitivity of the profit for the year and equity to a reasonably possible change in interest rates of +1% and –1% (2006: +1% and –1%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculations are based on the group's financial instruments held at each balance sheet date. All other variables are held constant. There is no impact on the group's equity:

	2007		2006	
	+1% KD	-1% KD	+1% KD	-1% KD
Profit for the year	**(608,885)**	**608,885**	(44,859)	44,859

28 Risk management objectives and policies (continued)

28.1 Market risk (continued)

c) Price risk

The group is exposed to equity price risk with respect to its equity investments. Equity investments are classified as available for sale.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, the effect on the equity would have been as follows:

	Equity	
	2007	2006
	KD	KD
5% increase	**12,277,775**	6,986,871
5% decrease	**(12,277,775)**	(6,986,871)

There is no impact on the group's profit for the year.

28.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as summarized below:

	2007	2006
	KD	KD
Available for sale investments	**217,531,038**	112,365,894
Trade accounts receivable	**27,518,805**	18,536,462
Other receivables and prepayments	**3,063,895**	125,737
Fixed deposits	**200,614**	2,639,245
Bank balances	**2,736,052**	973,029
	251,050,404	134,640,367

Bank balances and fixed deposits are maintained with high credit quality financial institutions. Trade accounts receivable are presented net of provision for doubtful debts. Management believes the net balances are neither past due nor impaired.

Information on other significant concentrations of credit risk is set out in note 23.

28 Risk management objectives and policies (continued)

28.3 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the group's assets and liabilities. The maturities of assets and liabilities have been determined on the basis of the remaining period from the balance sheet date to the contractual maturity date. The maturity profile for available for sale investments is determined based on management's estimate of liquidation of those investments.

Maturity profile of assets and liabilities at 31 December 2007 and 2006:

	Up to 1 month KD	1-3 months KD	3-12 months KD	Over 1 year KD	Total KD
2007					
Assets					
Property, plant and equipment	-	-	-	11,627,112	11,627,112
Available for sale investments	-	-	-	248,450,493	248,450,493
Inventories	4,339,100	8,678,200	21,695,501	-	34,712,801
Trade accounts receivable	6,879,701	11,007,522	9,631,582	-	27,518,805
Other receivables and prepayments	765,965	1,225,558	1,072,372	-	3,063,895
Fixed deposits	200,614	-	-	-	200,614
Cash and bank balances	2,982,536	-	-	-	2,982,536
	15,167,916	20,911,280	32,399,455	260,077,605	328,556,256
Liabilities					
Long term provisions	-	-	-	1,376,202	1,376,202
Term loans	-	22,970,637	5,000,000	2,573,906	30,544,543
Trade accounts payable	-	1,018,834	-	-	1,018,834
Other payables and accruals	1,145,666	1,718,500	2,770,585	-	5,634,751
Due to banks	4,683,136	-	-	-	4,683,136
	5,828,802	25,707,971	7,770,585	3,950,108	43,257,466
2006					
Assets					
Property, plant and equipment	-	-	-	11,849,389	11,849,389
Available for sale investments	-	-	-	142,039,113	142,039,113
Goodwill	-	-	-	759,684	759,684
Inventories	3,256,836	6,513,672	16,284,181	-	26,054,689
Trade accounts receivable	4,634,116	7,414,585	6,487,761	-	18,536,462
Other receivables and prepayments	-	125,737	-	-	125,737
Fixed deposits	-	2,639,245	-	-	2,639,245
Cash and bank balances	1,008,681	-	-	-	1,008,681
	8,899,633	16,693,239	22,771,942	154,648,186	203,013,000
Liabilities					
Long term provisions	-	-	-	1,203,417	1,203,417
Term loans	-	359,257	-	3,233,318	3,592,575
Trade accounts payable	-	666,786	-	-	666,786
Other payables and accruals	951,286	1,426,931	2,359,016	-	4,737,233
Due to banks	688,982	-	-	-	688,982
	1,640,268	2,452,974	2,359,016	4,436,735	10,888,993

29 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities as stated in the consolidated balance sheet may also be categorized as follows:

	2007 KD	2006 KD
Available for sale investments	**248,450,493**	142,039,113
Trade accounts receivable	**27,518,805**	18,536,462
Other receivables and prepayments	**3,063,895**	125,737
Fixed deposits	**200,614**	2,639,245
Cash and bank balances	**2,982,536**	1,008,681
	282,216,343	164,349,238

	2007 KD	2006 KD
Financial liabilities at amortised cost:		
• Term loans	**30,544,543**	3,592,575
• Due to banks	**4,683,136**	688,982
Trade accounts payable	**1,018,834**	666,786
Other payables and accruals	**5,634,751**	4,737,233
	41,881,264	9,685,576

30 Capital management objectives

The group's capital management objectives are to ensure the group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The capital of the group comprises equity attributable to the shareholders of the parent company. The group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the group consists of the following:

	2007 KD	2006 KD
Long term loans (note 19)	**3,145,885**	3,592,575
Short term loans (note 19)	**27,398,658**	-
Less: Cash and cash equivalents (note 21)	**1,499,986**	(2,958,944)
Net debt	**32,044,529**	633,631
Equity attributable to the shareholders of the parent company	**284,987,047**	191,610,136

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital as follows:

	2007 KD	2006 KD
Net debt	**32,044,529**	633,631
Total capital	**284,987,047**	191,610,136
Gearing ratio	**11.2**	0.3