

Interim condensed consolidated financial information and review report

**Gulf Cable and Electrical Industries Company – KPSC  
and Subsidiaries**

**Kuwait**

31 March 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 ("the Group"), as of 31 March 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 three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with 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 the Executive Regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association of the parent company during the three-month period ended 31 March 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 May 2017

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## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2017 (Unaudited) KD	Three months ended 31 March 2016 (Unaudited) KD
<b>Revenue</b>			
Sales		15,671,458	24,449,884
Cost of sales		(13,807,314)	(22,353,602)
<b>Gross profit</b>		<b>1,864,144</b>	<b>2,096,282</b>
Investment income	5	4,986,546	4,007,497
Interest income		1,298	1,681
Other income		8,240	38,055
Foreign currency exchange gain		162,794	237,697
		<b>7,023,022</b>	<b>6,381,212</b>
<b>Expenses and other charges</b>			
General and administrative expenses		(810,049)	(706,541)
Commercial expenses		(356,391)	(419,229)
Impairment of available for sale investments	7	(428,912)	(1,410,847)
Provision for doubtful debts		-	(215,647)
Finance costs		(230,742)	(321,993)
		<b>(1,826,094)</b>	<b>(3,074,257)</b>
<b>Profit before provisions of contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration</b>		<b>5,196,928</b>	<b>3,306,955</b>
Provision for contribution to KFAS		(51,932)	(33,148)
Provision for NLST		(27,623)	-
Provision for Zakat		(11,049)	-
Provision for directors' remuneration		(77,500)	(77,500)
<b>Profit for the period</b>		<b>5,028,824</b>	<b>3,196,307</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent company		5,025,017	3,204,143
Non-controlling interests		3,807	(7,836)
<b>Profit for the period</b>		<b>5,028,824</b>	<b>3,196,307</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	6	<b>24 Fils</b>	<b>15 Fils</b>

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.



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

	Three months ended 31 March 2017 (Unaudited) KD	Three months ended 31 March 2016 (Unaudited) KD
<b>Profit for the period</b>	<b>5,028,824</b>	<b>3,196,307</b>
<b>Other comprehensive income/(loss):</b>		
<i>Items that will be reclassified subsequently to statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(35,038)	(43,803)
Available for sale investments:		
- Net change in fair value arising during the period	5,819,722	(1,901,297)
- Transferred to consolidated statement of profit or loss on sale	67,430	14,861
- Transferred to consolidated statement of profit or loss on impairment	428,912	1,410,847
<b>Total other comprehensive income/(loss)</b>	<b>6,281,026</b>	<b>(519,392)</b>
<b>Total comprehensive income for the period</b>	<b>11,309,850</b>	<b>2,676,915</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent company	11,307,971	2,687,160
Non-controlling interests	1,879	(10,245)
	<b>11,309,850</b>	<b>2,676,915</b>

*The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Notes	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	5,976,891	6,225,700	7,206,130
Available for sale investments		102,543,483	103,234,598	94,095,784
		<b>108,520,374</b>	<b>109,460,298</b>	<b>101,301,914</b>
<b>Current assets</b>				
Inventories	8	36,223,713	34,986,114	42,324,816
Trade accounts receivable	9	24,833,997	26,310,869	20,760,227
Other receivables and prepayments		1,064,282	818,751	5,082,525
Cash and bank balances	10	8,322,880	5,618,100	2,403,461
		<b>70,444,872</b>	<b>67,733,834</b>	<b>70,571,029</b>
<b>Total assets</b>		<b>178,965,246</b>	<b>177,194,132</b>	<b>171,872,943</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
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	16,755,084	10,472,130	243,029
Retained earnings		9,623,516	4,598,499	1,510,310
<b>Equity attributable to the owners of the parent company</b>		<b>142,359,551</b>	<b>131,051,580</b>	<b>117,163,751</b>
Non-controlling interests		443,051	441,172	446,450
<b>Total equity</b>		<b>142,802,602</b>	<b>131,492,752</b>	<b>117,610,201</b>
<b>Non-current liabilities</b>				
Provision for employees' end of service benefits	12	2,534,437	2,494,655	2,511,771
Long term loan		-	-	1,820,400
		<b>2,534,437</b>	<b>2,494,655</b>	<b>4,332,171</b>
<b>Current liabilities</b>				
Trade accounts payable		2,427,535	1,711,734	2,951,640
Other payables and accruals		7,422,437	7,462,225	6,376,510
Current portion of long term loan	12	1,837,800	3,691,200	3,640,800
Short term loans	13	9,189,000	17,728,000	24,102,000
Murabaha payables	14	12,548,154	12,601,410	12,672,615
Due to banks	10	203,281	12,156	187,006
		<b>33,628,207</b>	<b>43,206,725</b>	<b>49,930,571</b>
<b>Total liabilities</b>		<b>36,162,644</b>	<b>45,701,380</b>	<b>54,262,742</b>
<b>Total equity and liabilities</b>		<b>178,965,246</b>	<b>177,194,132</b>	<b>171,872,943</b>



Bader Naser Al-Kharafi  
Chairman

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of changes in equity (Unaudited)

	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	Sub-total KD	
Balance at 1 January 2017	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	10,472,130	4,598,499	131,051,580	131,492,752
Profit for the period	-	-	-	-	-	-	5,025,017	5,025,017	5,028,824
Total other comprehensive income/(loss) for the period	-	-	-	-	-	6,282,954	-	6,282,954	6,281,026
Total comprehensive income for the period	-	-	-	-	-	6,282,954	5,025,017	11,307,971	11,309,850
Balance at 31 March 2017	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	16,755,084	9,623,516	142,359,551	142,802,602

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.

Equity attributable to the owners of the parent company										
	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	Non-controlling interest KD	Total KD
Balance at 1 January 2016	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	-	-	-	-	-	-	3,204,143	3,204,143	(7,836)	3,196,307
Other comprehensive loss for the period	-	-	-	-	-	(516,983)	-	(516,983)	(2,409)	(519,392)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(516,983)	3,204,143	2,687,160	(10,245)	2,676,915
Balance at 31 March 2016	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	243,029	1,510,310	117,163,751	446,450	117,610,201

The notes set out on pages 8 to 20 form an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2017 (Unaudited) KD	Three months ended 31 March 2016 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		5,028,824	3,196,307
Adjustments:			
Depreciation		376,177	379,352
Provision for employees' end of service benefits		75,797	65,071
Finance costs		230,742	321,993
Interest income		(1,298)	(1,681)
Interest income from time deposit		(8,782)	-
Dividend income		(4,130,748)	(4,016,772)
Other investment income		(7,984)	(12,578)
(Gain)/loss on sale of available for sale investments		(832,023)	36,161
Impairment of available for sale investments		428,912	1,410,847
Provision for doubtful debts		-	215,647
Foreign currency exchange gain on non-operating liabilities		(105,756)	(177,641)
		1,053,861	1,416,706
Changes in operating assets and liabilities:			
Inventories		(1,237,599)	3,114,737
Trade accounts receivable		1,476,872	(2,348,299)
Other receivables and prepayments		(238,275)	242,744
Trade accounts payable		715,801	(435,818)
Other payables and accruals		(61,390)	363,435
Employees' end of service benefits paid		(36,015)	(45,844)
<b>Net cash from operating activities</b>		<b>1,673,255</b>	<b>2,307,661</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(139,173)	(63,643)
Purchase of available for sale investments		(4,214,397)	(131,926)
Proceeds from sale of available for sale investments		11,624,687	128,541
Dividend income received		4,130,748	168,665
Other investment income received		1,448	8,763
Interest income received		9,360	1,681
<b>Net cash from investing activities</b>		<b>11,412,673</b>	<b>112,081</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cash dividends		(3,437)	(27,657)
Proceeds from term loans		-	3,000,000
Repayment of term loans		(10,339,900)	(6,097,362)
Proceeds from murabaha payables		-	1,771,345
Repayment of murabaha payables		-	(1,485,975)
Finance costs paid		(205,703)	(296,406)
<b>Net cash used in financing activities</b>		<b>(10,549,040)</b>	<b>(3,136,055)</b>
Increase/(decrease) in cash and cash equivalents		2,536,888	(716,313)
Foreign currency adjustment		(23,233)	(21,598)
Cash and cash equivalents at beginning of the period	10	5,605,944	2,954,366
<b>Cash and cash equivalents at end of the period</b>	<b>10</b>	<b>8,119,599</b>	<b>2,216,455</b>

The notes set out on pages 8 to 20 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. Its shares are listed in Boursa Kuwait.

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 industries belonging 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 three-month period ended 31 March 2017 was authorised for issue by the parent company’s board of directors on 14 May 2017.

## 2 Basis of preparation

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 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 three months ended 31 March 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.

## 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 noncash 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 interim condensed consolidated financial information 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
IFRIC 22 Foreign Currency Transactions and Advance Consideration	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.



## 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 (continued)*

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.
- 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. This will affect the group's investment amounting to KD589,368 (31 December 2016: KD1,826,866 and 31 March 2016: KD1,254,984) (see note 7) if still held on 1 January 2018.
- 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.

##### *IFRIC 22 Foreign Currency Transactions and Advance Consideration*

The Interpretations looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. A diversity was observed in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognized. IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

### 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.

## Notes to the interim condensed consolidated financial information (continued)

### 5 Investment income

	Three months ended 31 March 2017 (Unaudited) KD	Three months ended 31 March 2016 (Unaudited) KD
Dividend income from available for sale investments	4,130,748	4,016,772
Other investment income	7,984	12,578
(Profit)/loss on sale of available for sale investments	832,023	(36,161)
Foreign currency exchange gain	7,009	14,308
Interest income from time deposit	8,782	-
	<b>4,986,546</b>	<b>4,007,497</b>

### 6 Basic and diluted earnings per share attributable to the owners of the parent company

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

	Three months ended 31 March 2017 (Unaudited)	Three months ended 31 March 2016 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	5,025,017	3,204,143
Weighted average number of shares outstanding during the period	209,931,309	209,931,309
Basic and diluted earnings per share attributable to the owners of the parent company	24 Fils	15 Fils

### 7 Available for sale investments

The components of available for sale investments are as follows:

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Local quoted securities held through managed portfolios	58,217,791	59,104,579	52,215,494
Local unquoted securities held through managed portfolios	5,641,769	6,295,164	5,613,299
Foreign quoted securities held through managed portfolios	10,599,155	9,613,806	8,036,091
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	40,124	44,414	44,244
Local managed fund	2,051,861	1,895,193	1,783,924
Foreign managed funds	18,519	307,178	428,468
	<b>102,543,483</b>	<b>103,234,598</b>	<b>94,095,784</b>



## Notes to the interim condensed consolidated financial information (continued)

### 7 Available for sale investments (continued)

During the period the group recognised impairment loss of KD428,912 (31 March 2016: KD1,410,847) 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 31 March 2016: KD1,254,984) 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 significantly indicates that there is no impairment.

Managed funds represent investments in units of private equity funds amounting to KD2,070,380 (31 December 2016: KD2,202,371 and 31 March 2016: KD2,212,392). 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.

### 8 Inventories

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Raw materials	13,844,770	15,185,142	13,126,439
Finished goods	12,275,473	11,549,849	16,952,263
Work-in-progress	4,595,995	5,548,379	7,251,802
Spare parts	1,951,677	1,942,894	1,915,682
	32,667,915	34,226,264	39,246,186
Provision for obsolete and slow moving inventories	(1,327,455)	(1,328,241)	(737,733)
	31,340,460	32,898,023	38,508,453
Goods in transit and prepaid letters of credit	4,883,253	2,088,091	3,816,363
	36,223,713	34,986,114	42,324,816

### 9 Trade accounts receivable

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Trade accounts receivable	30,295,857	31,775,867	25,610,967
Provision for doubtful debts	(5,461,860)	(5,464,998)	(4,850,740)
	24,833,997	26,310,869	20,760,227

## Notes to the interim condensed consolidated financial information (continued)

### 10 Cash and cash equivalents

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

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Cash in hand	231,851	9,906	49,602
Cash held in managed portfolios	388,658	257,132	172,553
Bank balances	4,193,254	1,851,062	2,181,306
<b>Total cash and cash equivalents</b>	<b>4,813,763</b>	<b>2,118,100</b>	<b>2,403,461</b>
Time deposit restricted against letters of guarantee issued	3,509,117	3,500,000	-
Less: due to banks	(203,281)	(12,156)	(187,006)
<b>Cash and cash equivalents for interim condensed consolidated statement of cash flows</b>	<b>8,119,599</b>	<b>5,605,944</b>	<b>2,216,455</b>

Time deposit is deposited in the local financial institutions with an average interest of 1.25% (31 December 2016: 1% and 31 March 2016: Nil %) annually. It is restricted against letter of guarantee issued (Note 18).

### 11 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
<b>Balance at 1 January 2017</b>	<b>9,881,981</b>	<b>590,149</b>	<b>10,472,130</b>
Exchange differences arising on translation of foreign operations	-	(33,110)	(33,110)
Available for sale investments :			
- Net change in fair value arising during the period	5,819,722	-	5,819,722
- Transferred to interim condensed consolidated statement of profit or loss on sale	67,430	-	67,430
- Transferred to interim condensed consolidated statement of profit or loss on impairment	428,912	-	428,912
<b>Total other comprehensive income/(loss) for the period</b>	<b>6,316,064</b>	<b>(33,110)</b>	<b>6,282,954</b>
<b>Balance at 31 March 2017 (Unaudited)</b>	<b>16,198,045</b>	<b>557,039</b>	<b>16,755,084</b>



## Notes to the interim condensed consolidated financial information (continued)

### 11 Other components of equity (continued)

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2016	235,473	524,539	760,012
Exchange differences arising on translation of foreign operations	-	(41,394)	(41,394)
Available for sale investments :			
- Net change in fair value arising during the period	(1,901,297)	-	(1,901,297)
- Transferred to interim condensed consolidated statement of profit or loss on sale	14,861	-	14,861
- Transferred to interim condensed consolidated statement of profit or loss on impairment	1,410,847	-	1,410,847
Total other comprehensive loss for the period	(475,589)	(41,394)	(516,983)
Balance at 31 March 2016 (unaudited)	(240,116)	483,145	243,029

### 12 Long term loan

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
- USD 50,000,000 facility	1,837,800	3,691,200	5,461,200
	1,837,800	3,691,200	5,461,200
Installments due within next twelve months	(1,837,800)	(3,691,200)	(3,640,800)
Installments due after next twelve months	-	-	1,820,400

Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries floating interest of 2.15% (31 December 2016: 2.15% and 31 March 2016: 2.15%) per annum above six months LIBOR. The loan is 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 which were reclassified to current portion of long term loan.

### 13 Short term loans

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Kuwait Dinar facility	-	8,500,000	15,000,000
USD facility	9,189,000	9,228,000	9,102,000
	9,189,000	17,728,000	24,102,000

The short term loans are unsecured and carrying interest rate of 1% (31 December 2016: 1% and 31 March 2016: 1%) per annum above Central Bank of Kuwait discount rate and interest rate of 1.75% (31 December 2016: 1.75% and 31 March 2016: 1.75%) per annum above three months LIBOR. The loans mature on various dates ending on 15 June 2017.

The loan balance was paid in full in Kuwait Dinar during the current period.

## Notes to the interim condensed consolidated financial information (continued)

### 14 Murabaha payables

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
USD murabaha facilities	12,548,154	12,601,410	12,672,615
	12,548,154	12,601,410	12,672,615

The murabaha facilities granted to the group by a local Islamic Bank and it carries profit rate of 3.13% (31 December 2016: 2.69% and 31 March 2016: 2.39%). The murabaha payables mature on various dates ending on 28 September 2017 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% which equivalent to 20 Fils per share of paid up share capital amounting to KD4,198,626 for the year ended 31 December 2016.

### 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:

	Cable manufacture KD	Investment KD	Total KD
Three months ended 31 March 2017 (unaudited)			
Revenue	15,671,458	4,986,546	20,658,004
Segment profit	732,194	4,464,734	5,196,928
Unallocated expenses			(168,104)
Profit for the period			5,028,824
Total assets	72,175,991	106,789,255	178,965,246
Total liabilities	29,108,268	7,054,376	36,162,644
Additions to property, plant and equipment	139,174	-	139,174
Depreciation	376,177	-	376,177
Impairment of available for sale investments	-	428,912	428,912
Finance costs	169,401	61,341	230,742
Dividend income	-	4,130,748	4,130,748



## Notes to the interim condensed consolidated financial information (continued)

### 16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
<b>Three months ended 31 March 2016 (unaudited)</b>			
Revenue	24,449,884	4,007,497	28,457,381
Segment profit	878,858	2,428,097	3,306,955
Unallocated expenses			(110,648)
Profit for the period			3,196,307
Total assets	73,415,065	98,457,878	171,872,943
Total liabilities	39,633,552	14,629,190	54,262,742
Additions to property, plant and equipment	63,643	-	63,643
Depreciation	379,352	-	379,352
Impairment of available for sale investments	-	1,410,847	1,410,847
Finance costs	186,185	135,808	321,993
Dividend income	-	4,016,772	4,016,772

### 17 Related party 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. During the period, the group entities entered into the following transactions with related parties that are not members of the group:

	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Trade accounts receivables (after provision for doubtful debts)	915,210	915,210	1,217,177
Other receivables and prepayments	304,200	305,500	301,300
Trade accounts payables	7,961	7,001	6,095

## Notes to the interim condensed consolidated financial information (continued)

### 17 Related party transactions (continued)

	Three months ended (Unaudited)	
	31 March 2017 KD	31 March 2016 KD
Amounts included in interim condensed consolidated statement of profit or loss		
Sales	2,236	33,254
Industrial expenses	960	2,760
Provision for doubtful debts	-	250,000
Key management compensation:		
Salaries and other short term benefits	121,304	121,238
End of service benefits	6,914	6,644
Provision for directors' remuneration	77,500	77,500
	<b>205,718</b>	<b>205,382</b>

### 18 Contingent liabilities

Contingent liabilities at 31 March 2017 in respect of outstanding letters of guarantee amounted to KD10,740,163 (31 December 2016: KD11,404,356 and 31 March 2016: KD6,987,062). Letters of guarantee issued include a letter of guarantee of KD5,000,000, issued against restricted time deposit amounting to KD3,509,117 (31 December 2016: KD3,500,000 and 31 March 2016: KD Nil) (Note 10).

### 19 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD259,545 (31 December 2016: KD6,541 and 31 March 2016: KD13,528).

### 20 Fair value measurement

#### 20.1 Fair value hierarchy

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

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

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

Management considers that the carrying amounts of loans and receivables and all financial liabilities, which are stated at amortised cost, approximate their fair values. The 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.



## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.2 Fair value measurement for financial instruments

The financial assets and liabilities 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:

31 March 2017 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Available for sale investment:</b>				
Local quoted securities held through managed portfolios	58,217,791	-	-	58,217,791
Local unquoted securities held through managed portfolios	-	-	5,498,798	5,498,798
Foreign quoted securities held through managed portfolios	10,599,155	-	-	10,599,155
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	40,124	40,124
Local managed fund	-	2,051,861	-	2,051,861
Foreign managed funds	-	18,519	-	18,519
	68,816,946	2,070,380	31,066,789	101,954,115
<b>31 December 2016 (Audited)</b>				
<b>Available for sale investment:</b>				
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
<b>31 March 2016 (Unaudited)</b>				
<b>Available for sale investment:</b>				
Local quoted securities held through managed portfolios	52,215,494	-	-	52,215,494
Local unquoted securities held through managed portfolios	-	-	4,819,872	4,819,872
Foreign quoted securities held through managed portfolios	8,036,091	-	-	8,036,091
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,084	29,084
Local managed fund	-	1,783,924	-	1,783,924
Foreign managed funds	-	428,468	-	428,468
	60,251,585	2,212,392	30,376,823	92,840,800

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

## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.2 Fair value measurement for financial instruments (continued)

##### 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 and liabilities 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)		
	31 March 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	31 March 2016 (Unaudited) KD
Opening balance	30,486,976	30,454,502	30,454,502
Transfer from available for sale investments previously measurement at cost	808,586	-	-
Gains or losses recognised in:			
Additions	-	73,781	-
- Other comprehensive loss	(228,773)	(41,307)	(77,679)
<b>Closing balance</b>	<b>31,066,789</b>	<b>30,486,976</b>	<b>30,376,823</b>

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%.