

Interim condensed consolidated financial information and review report

**Gulf Cable and Electrical Industries Company – KSC and Subsidiary**

**Kuwait**

31 March 2011 (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 – KSC  
Kuwait

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (A Kuwaiti Shareholding Company) and its subsidiary as of 31 March 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the Company, as amended, have occurred during the three-month period ended 31 March 2011 that might have had a material effect on the business or financial position of the Company.

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

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## Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
<b>Revenue</b>			
Sales		29,579,897	18,304,490
Cost of sales		(20,669,216)	(12,672,421)
<b>Gross profit</b>		<b>8,910,681</b>	<b>5,632,069</b>
Dividend income		792,127	115,260
Other investment income		29,235	40,068
Realised (loss)/gain on sale of available for sale investments		(369,112)	895
Interest income		5,903	7,356
Other revenue		1,180	-
(Loss)/gain on foreign exchange		(90,527)	133,591
		<b>9,279,487</b>	<b>5,929,239</b>
<b>Expenses and other charges</b>			
Administrative expenses		(909,016)	(1,032,993)
Commercial expenses		(826,571)	(687,331)
Provision for doubtful debts		(249,022)	-
Provision for obsolete inventories		(355)	(8,097)
Finance costs		(1,009,699)	(999,702)
		<b>(2,994,663)</b>	<b>(2,728,123)</b>
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration</b>		<b>6,284,824</b>	<b>3,201,116</b>
Contribution to KFAS		(62,529)	(32,001)
NLST		(162,794)	(81,011)
Zakat		(65,117)	(32,404)
Directors' remuneration		(77,500)	(77,500)
<b>Profit for the period</b>		<b>5,916,884</b>	<b>2,978,200</b>
Attributable to:			
Owners of the parent		5,884,999	2,977,215
Non-controlling interests		31,885	985
<b>Profit for the period</b>		<b>5,916,884</b>	<b>2,978,200</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	3	<b>28 Fils</b>	<b>14 Fils</b>

*The notes set out on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
Profit for the period	5,916,884	2,978,200
<b>Other comprehensive income:</b>		
Exchange differences arising on translation of foreign operations	(68,783)	27,738
Available for sale investments:		
-Net (loss)/gain arising during the period	(28,921,995)	57,278,756
-Transferred to interim condensed consolidated statement of income on sale	287,475	1,944
Total other comprehensive (loss)/income	(28,703,303)	57,308,438
Total comprehensive (loss)/income for the period	(22,786,419)	60,286,638
Total comprehensive (loss)/income attributable to:		
Owners of the parent company	(22,814,521)	60,284,127
Non-controlling interests	28,102	2,511
	(22,786,419)	60,286,638

*The notes set out on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Notes	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		14,055,822	14,616,022	15,864,304
Available for sale investments	4	202,739,927	239,789,283	235,513,470
		<b>216,795,749</b>	<b>254,405,305</b>	<b>251,377,774</b>
<b>Current assets</b>				
Inventories	5	47,253,500	36,776,808	37,425,880
Trade accounts receivable		31,781,656	27,942,617	21,613,465
Other receivables and prepayments		1,516,910	678,496	1,547,926
Fixed deposits		397,006	395,759	399,859
Cash and bank balances		7,483,838	11,504,896	5,658,372
		<b>88,432,910</b>	<b>77,298,576</b>	<b>66,645,502</b>
<b>Total assets</b>		<b>305,228,659</b>	<b>331,703,881</b>	<b>318,023,276</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to the owners of the parent</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		18,088,033	18,088,033	15,371,779
Voluntary reserve		18,088,033	18,088,033	15,371,779
General reserve		16,788,145	16,788,145	16,788,145
Fair value reserve		81,058,823	109,693,343	102,107,140
Foreign currency translation reserve		(262,201)	(197,201)	(62,554)
Retained earnings		17,498,828	25,259,364	17,762,619
		<b>201,412,867</b>	<b>237,872,923</b>	<b>217,492,114</b>
Non-controlling interests		306,160	278,058	291,281
		<b>201,719,027</b>	<b>238,150,981</b>	<b>217,783,395</b>
<b>Non-current liabilities</b>				
Provision for staff indemnity		1,576,924	1,512,196	1,356,187
Long term loans	6	10,364,436	7,665,135	8,334,619
		<b>11,941,360</b>	<b>9,177,331</b>	<b>9,690,806</b>
<b>Current liabilities</b>				
Trade accounts payable		3,528,500	2,146,128	2,121,275
Other payables and accruals		10,575,609	10,142,461	9,597,008
Murabaha payable		3,000,000	-	-
Current portion of long term loans	6	5,364,738	5,008,250	5,154,191
Short term loans	6	69,000,000	67,000,000	71,500,000
Due to banks		99,425	78,730	2,176,601
		<b>91,568,272</b>	<b>84,375,569</b>	<b>90,549,075</b>
<b>Total liabilities</b>		<b>103,509,632</b>	<b>93,552,900</b>	<b>100,239,881</b>
<b>Total equity and liabilities</b>		<b>305,228,659</b>	<b>331,703,881</b>	<b>318,023,276</b>

Bader Naser Al-Khorafi  
Chairman and Managing Director

*The notes set out on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.*

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

	Attributable to the owners of the parent									Non-controlling interests	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
<b>Balance at 1 January 2011</b>	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	109,693,343	(197,201)	25,259,364	237,872,923	278,058	238,150,981
Payment of cash dividends (Note 8)	-	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Transaction with owners	-	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Profit for the period	-	-	-	-	-	-	-	5,884,999	5,884,999	31,885	5,916,884
Other comprehensive loss	-	-	-	-	-	(28,634,520)	(65,000)	-	(28,699,520)	(3,783)	(28,703,303)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(28,634,520)	(65,000)	5,884,999	(22,814,521)	28,102	(22,786,419)
<b>Balance at 31 March 2011</b>	<b>20,993,131</b>	<b>29,160,075</b>	<b>18,088,033</b>	<b>18,088,033</b>	<b>16,788,145</b>	<b>81,058,823</b>	<b>(262,201)</b>	<b>17,498,828</b>	<b>201,412,867</b>	<b>306,160</b>	<b>201,719,027</b>
<b>Balance at 1 January 2010</b>	20,993,131	29,160,075	15,371,779	15,371,779	16,788,145	44,826,440	(88,766)	14,785,404	157,207,987	288,770	157,496,757
Profit for the period	-	-	-	-	-	-	-	2,977,215	2,977,215	985	2,978,200
Other comprehensive income	-	-	-	-	-	57,280,700	26,212	-	57,306,912	1,526	57,308,438
Total comprehensive income for the period	-	-	-	-	-	57,280,700	26,212	2,977,215	60,284,127	2,511	60,286,638
<b>Balance at 31 March 2010</b>	<b>20,993,131</b>	<b>29,160,075</b>	<b>15,371,779</b>	<b>15,371,779</b>	<b>16,788,145</b>	<b>102,107,140</b>	<b>(62,554)</b>	<b>17,762,619</b>	<b>217,492,114</b>	<b>291,281</b>	<b>217,783,395</b>

*The notes set out on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.*



## Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2011 (Unaudited) KD	Three months ended 31 March 2010 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		5,916,884	2,978,200
Adjustments:			
Depreciation		475,966	448,156
Provision for staff indemnity		75,108	40,818
Finance costs		1,009,699	999,702
Interest income		(5,903)	(7,356)
Dividend income		(792,127)	(115,260)
Other investment income		(29,235)	(40,068)
Realised loss/(gain) on sale of available for sale investments		369,112	(895)
Foreign exchange (loss)/gain on non-operating liabilities		(190,631)	73,935
		6,828,873	4,377,232
Changes in operating assets and liabilities:			
Inventories		(10,476,692)	(3,178,006)
Trade accounts receivable		(3,839,039)	(526,705)
Other receivables and prepayments		(105,164)	(160,700)
Trade accounts payable		1,382,372	471,216
Other payables and accruals		(1,638,933)	363,234
Staff indemnity paid		(10,380)	(8,607)
<b>Net cash (used in)/ from operating activities</b>		<b>(7,858,963)</b>	<b>1,337,664</b>
<b>INVESTING ACTIVITIES</b>			
Fixed deposit maturing after three months		395,759	(399,859)
Capital expenditure		(20,586)	(340,810)
Purchase of available for sale investments		(65,225)	-
Proceeds from redemption/sale of available for sale investments		8,110,949	220,250
Dividend income received		61,656	-
Other investment income received		29,235	40,068
Interest income received		3,124	3,857
<b>Net cash from/ (used in) investing activities</b>		<b>8,514,912</b>	<b>(476,494)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of dividends		(11,646,283)	(51,056)
Proceeds from Murabaha payable		3,000,000	-
Proceeds from term loans		17,438,170	-
Repayment of term loans		(12,191,750)	(2,281,321)
Finance costs paid		(936,870)	(953,242)
<b>Net cash used in financing activities</b>		<b>(4,336,733)</b>	<b>(3,285,619)</b>
Decrease in cash and cash equivalents		(3,680,784)	(2,424,449)
Foreign currency adjustment		36,037	(24,184)
Cash and cash equivalents at beginning of the period	7	11,426,166	5,930,404
<b>Cash and cash equivalents at end of the period</b>	<b>7</b>	<b>7,781,419</b>	<b>3,481,771</b>

The notes set out on pages 7 to 12 form an integral part of this interim condensed consolidated financial information.



# **Notes to the interim condensed consolidated financial information 31 March 2011 (Unaudited)**

## **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 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

This interim condensed consolidated financial information for the three-month period ended 31 March 2011 was authorised for issue by the parent company’s board of directors on 15 May 2011.

## **2 Basis of presentation**

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the group for the year ended 31 December 2010 except for adoption of amendments to certain standards and interpretations discussed below.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

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

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2010.

Operating results for the three month period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2010.

## 2 Basis of presentation (continued)

### *Adoption of amendments to standards and interpretations*

The following amendments to certain standards and interpretations relevant to the operations of the group have been adopted by the group in the current period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures- amendment	1 January 2011

#### Annual Improvements 2010

The IASB issued in May 2010 Improvements to IFRS. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 and 1 January 2011. The 2010 Improvements amended certain provisions of IFRS 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The adoption did not have any impact on the financial position or performance of the group.

#### IAS 24 Related Party Disclosures (Revised)

The amended standard clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption did not have any impact on the financial position or performance of the group.

The following revised standards and interpretations have been issued but not yet effective and have not been adopted by the group in the current period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 12 Income Taxes - amendment	1 January 2012

#### IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment is not expected to have any significant impact on the financial position or performance of the group.

#### IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice, due to the non-completion of the remaining stages of the standard.

## **2 Basis of presentation (continued)**

### **IAS 12 Income Taxes**

The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendment is not relevant to the operations of the group.

## **3 Basic and diluted earnings per share**

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

	<b>Three months ended 31 March 2011 (Unaudited)</b>	<b>Three months ended 31 March 2010 (Unaudited)</b>
Profit for the period attributable to the owners of the parent company (KD)	<b>5,884,999</b>	2,977,215
Weighted average number of shares outstanding	<b>209,931,310</b>	209,931,310
Basic and diluted earnings per share	<b>28 Fils</b>	14 Fils

## **4 Available for sale investments**

	<b>31 March 2011 (Unaudited) KD</b>	<b>31 Dec. 2010 (Audited) KD</b>	<b>31 March 2010 (Unaudited) KD</b>
Managed portfolios	<b>174,131,148</b>	206,903,490	196,914,629
Quoted shares	<b>18,540,984</b>	22,961,561	27,500,176
Quoted funds	<b>2,137,946</b>	2,358,452	2,406,942
Unquoted shares	<b>6,711,827</b>	6,327,513	7,063,949
Unquoted funds	<b>1,218,022</b>	1,238,267	1,627,774
	<b>202,739,927</b>	239,789,283	235,513,470

## **5 Inventories**

	<b>31 March 2011 (Unaudited) KD</b>	<b>31 Dec. 2010 (Audited) KD</b>	<b>31 March 2010 (Unaudited) KD</b>
Raw materials	<b>14,325,477</b>	14,673,564	12,016,098
Finished goods	<b>14,527,647</b>	9,959,105	11,351,082
Work-in-progress	<b>7,880,956</b>	7,857,724	10,292,886
Spare parts	<b>1,539,304</b>	1,527,630	1,432,321
	<b>38,273,384</b>	34,018,023	35,092,387
Provision for obsolete inventories	<b>(336,504)</b>	(336,149)	(295,201)
	<b>37,936,880</b>	33,681,874	34,797,186
Goods in transit and prepaid letters of credit	<b>9,316,620</b>	3,094,934	2,628,694
	<b>47,253,500</b>	36,776,808	37,425,880

## **6 Term loans**

	<b>31 March 2011 (Unaudited) KD</b>	<b>31 Dec. 2010 (Audited) KD</b>	<b>31 March 2010 (Unaudited) KD</b>
<b>Long term loans:</b>			
- USD 12,500,000 facility	<b>1,447,917</b>	1,465,625	2,111,667
- USD 55,000,000 facility	<b>6,552,857</b>	8,844,000	11,377,143
- USD 20,000,000 facility	<b>5,560,000</b>	2,363,760	-
- USD 10,000,000 facility	<b>2,168,400</b>	-	-
	<b>15,729,174</b>	12,673,385	13,488,810
Instalments due within next twelve months	<b>(5,364,738)</b>	(5,008,250)	(5,154,191)
Instalments due after next twelve months	<b>10,364,436</b>	7,665,135	8,334,619
<b>Short term loans</b>			
- Kuwait Dinar	<b>69,000,000</b>	67,000,000	71,500,000

- Long term loan facility amounting to US\$12,500,000 was obtained from a regional bank. The loan is unsecured and carries interest of 1.25% above six months LIBOR. The loan is repayable in twelve semi-annual instalments of US\$1,041,667 ending on 1 May 2013.
- Long term loan facility amounting to US\$55,000,000 was obtained from a regional bank. The loan is unsecured and carries interest of 1.5% above six months LIBOR. The loan is repayable in seven semi-annual instalments of US\$7,857,143 ending on 1 March 2012.
- Long term loan facility amounting to US\$20,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 1.75% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$1,000,000 ending on 31 October 2016.
- Long term loan facility amounting to US\$10,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 2.25% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$500,000 ending on 31 October 2016.
- Short term loans outstanding at 31 March 2011 were obtained from local bank. The loans are unsecured and carry effective interest of 2.5% above Central Bank of Kuwait discount rate per annum. The loans are repayable within twelve months of the period end.

## **7 Cash and cash equivalents**

	<b>31 March 2011 (Unaudited) KD</b>	<b>31 Dec. 2010 (Audited) KD</b>	<b>31 March 2010 (Unaudited) KD</b>
Fixed deposits maturing within three months	<b>397,006</b>	-	-
Cash on hand	<b>270,445</b>	252,949	221,573
Cash in portfolio	<b>2,769,249</b>	-	-
Bank balances	<b>4,444,144</b>	11,251,947	5,436,799
Due to banks	<b>(99,425)</b>	(78,730)	(2,176,601)
	<b>7,781,419</b>	11,426,166	3,481,771

## **8 General assembly of shareholders**

The annual general assembly of the shareholders held on 10 March 2011 approved the consolidated financial statements of the group for the year ended 31 December 2010 and declared cash dividend of 65 Fils per share amounting to KD13,645,535 for the year ended 31 December 2010.

## **9 Segmental information**

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

	Cable manufacture (Unaudited) KD	Investment (Unaudited) KD	Total (Unaudited) KD
<b>Three months ended 31 March 2011</b>			
Revenue	29,579,897	330,992	29,910,889
Segment profit/(loss)	6,950,480	(665,656)	6,284,824
Unallocated expenses			(367,940)
Profit for the period			5,916,884
Total assets	101,358,475	203,870,184	305,228,659
<b>Three months ended 31 March 2010</b>			
Revenue	18,304,490	184,286	18,488,776
Segment profit/(loss)	3,993,194	(792,078)	3,201,116
Unallocated expenses			(222,916)
Profit for the period			2,978,200
Total assets	81,991,188	236,032,088	318,023,276

## **10 Related party transactions**

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) approved by management of the parent company.

	31 March 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	31 March 2010 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Trade accounts receivables	1,705,154	2,615,006	883,247
Trade accounts payables	22,729	3,128	2,210
		<b>Three months ended 31 March 2011 (Unaudited) KD</b>	<b>Three months ended 31 March 2010 (Unaudited) KD</b>
<b>Amounts included in interim condensed consolidated statement of income</b>			
Sales		353,941	317,514
Industrial expenses		43,816	12,142
<b>Key management compensation:</b>			
Salaries and other short term benefits		356,427	297,859
Terminal benefits		4,820	899
		361,247	298,758

**11 Capital commitments**

At the period end, the group was committed to purchase investments amounting to KD1,000,000 (31 December 2010: KD1,000,000 and 31 March 2010: KD1,000,000) and to purchase new machinery and equipment amounting to KD130,287 (31 December 2010: KD93,830 and 31 March 2010: KD105,259).

**12 Contingent liabilities**

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD8,575,905 (31 December 2010: KD7,131,643 and 31 March 2010: KD6,953,265).

**13 Financial risk management**

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2010.