

Interim condensed consolidated financial information and review report
Gulf Cable and Electrical Industries Company – KSC and Subsidiary
Kuwait

31 March 2013 (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 2013 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 Companies Law No. 25 of 2012, or of the articles of association of the Company, as amended, have occurred during the three-month period ended 31 March 2013 that might have had a material effect on the business or financial position of the Company.

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Kuwait
15 May 2013

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Revenue			
Sales		22,871,566	21,468,226
Cost of sales		(19,380,802)	(18,177,830)
Gross profit		3,490,764	3,290,396
Dividend income		810,146	8,438,613
Other investment income		30,234	29,906
Loss on sale of available for sale investments		(61,870)	(28,478)
Interest income		1,735	4,085
Gain on foreign exchange		277,315	40,024
		4,548,324	11,774,546
Expenses and other charges			
Administrative expenses		780,893	861,822
Commercial expenses		593,375	827,626
Impairment of available for sale investments		-	676,008
Finance costs		582,835	506,328
		1,957,103	2,871,784
Profit for the period before income tax		2,591,221	8,902,762
Income tax for overseas subsidiary		(9,954)	-
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		2,581,267	8,902,762
Contribution to KFAS		(25,439)	(88,784)
NLST		(67,462)	(24,443)
Zakat		(21,985)	(9,777)
Directors' remuneration		(77,500)	(77,500)
Profit for the period		2,388,881	8,702,258
Profit for the period attributable to:			
Owners of the parent company		2,351,518	8,677,950
Non-controlling interests		37,363	24,308
Profit for the period		2,388,881	8,702,258
Basic and diluted earnings per share attributable to the owners of the parent company	4	11 Fils	41 Fils

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.


Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Profit for the period	2,388,881	8,702,258
Other comprehensive income:		
<i>Items that will be reclassified subsequently to statement of income</i>		
Exchange differences arising on translation of foreign operations	110,741	(10,403)
Available for sale investments:		
-Net change in fair value arising during the period	(1,067,076)	(246,740)
-Transferred to interim condensed consolidated statement of income on sale	75,517	(38,662)
-Transferred to interim condensed consolidated statement of income on impairment	-	676,008
Total other comprehensive (loss)/income	(880,818)	380,203
Total comprehensive income for the period	1,508,063	9,082,461
Total comprehensive income attributable to:		
Owners of the parent company	1,464,609	9,058,725
Non-controlling interests	43,454	23,736
	1,508,063	9,082,461

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		10,308,196	10,632,418	11,558,935
Available for sale investments	5	148,170,672	147,926,012	144,741,980
		158,478,868	158,558,430	156,300,915
Current assets				
Inventories	6	46,702,600	42,143,127	35,593,329
Trade accounts receivable		24,370,778	25,043,088	26,665,201
Other receivables and prepayments		1,476,819	448,120	8,496,509
Cash and bank balances	7	7,185,168	4,612,043	10,465,581
		79,735,365	72,246,378	81,220,620
Total assets		238,214,233	230,804,808	237,521,535
Equity and liabilities				
Equity attributable to the owners of the parent company				
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		21,731,840	21,731,840	20,532,256
Other components of equity	8	12,395,197	13,282,106	23,090,616
Retained earnings		29,750,372	32,647,137	31,106,111
		156,016,877	159,800,551	166,868,451
Non-controlling interests		500,966	457,512	433,299
Total equity		156,517,843	160,258,063	167,301,750
Non-current liabilities				
Provision for staff indemnity		2,135,291	1,938,851	1,764,964
Long term loans	9	26,456,000	32,839,120	25,949,620
		28,591,291	34,777,971	27,714,584
Current liabilities				
Trade accounts payable		2,890,220	2,498,607	2,640,300
Other payables and accruals		13,196,549	8,258,135	24,223,092
Current portion of long term loans	9	13,837,760	12,545,200	13,311,700
Short term loans	9	23,000,339	11,000,000	-
Due to banks	7	180,231	1,466,832	2,330,109
		53,105,099	35,768,774	42,505,201
Total liabilities		81,696,390	70,546,745	70,219,785
Total equity and liabilities		238,214,233	230,804,808	237,521,535


Badier Naser Al-Kharafi
Chairman

The notes set out on pages 8 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 company						Non- controlling interest	Total
	Share capital	Share premium	Legal reserve	Voluntary reserve	General reserve	Other components of equity (note 8)	Retained earnings	Sub-total
	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2013	20,993,131	29,160,075	20,993,131	20,993,131	21,731,840	13,282,106	32,647,137	159,800,551
							457,512	160,258,063
Payment of cash dividends (Note 10)	-	-	-	-	-	-	(5,248,283)	(5,248,283)
Transactions with owners	-	-	-	-	-	-	(5,248,283)	(5,248,283)
Profit for the period	-	-	-	-	-	-	2,351,518	2,351,518
Total other comprehensive (loss)/income	-	-	-	-	-	(886,909)	-	(886,909)
							37,363	2,388,881
Total comprehensive (loss)/income for the period	-	-	-	-	-	(886,909)	6,091	(880,818)
							43,454	1,508,063
Balance at 31 March 2013	20,993,131	29,160,075	20,993,131	20,993,131	21,731,840	12,395,197	29,750,372	156,016,877
							500,966	156,517,843

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

	Attributable to the owners of the parent company							Non-controlling interest	Total
	Share capital	Share premium	Legal reserve	Voluntary reserve	General reserve	Other components of equity (note 8)	Retained earnings		
	KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance at 1 January 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	22,709,841	37,753,148	409,563	173,544,276
Payment of cash dividends	-	-	-	-	-	-	(15,324,987)	-	(15,324,987)
Transactions with owners	-	-	-	-	-	-	(15,324,987)	-	(15,324,987)
Profit for the period	-	-	-	-	-	-	8,677,950	24,308	8,702,258
Total other comprehensive income/(loss)	-	-	-	-	-	380,775	-	(572)	380,203
Total comprehensive income for the period	-	-	-	-	-	380,775	8,677,950	23,736	9,082,461
Balance at 31 March 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	23,090,616	31,106,111	433,299	167,301,750

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		2,388,881	8,702,258
Adjustments:			
Depreciation		430,165	444,623
Provision for staff indemnity		214,851	51,337
Finance costs		582,835	506,328
Interest income		(1,735)	(4,085)
Dividend income		(810,146)	(8,438,613)
Other investment income		(30,234)	(29,906)
Loss on sale of available for sale investments		61,870	28,478
Impairment of available for sale investments		-	676,008
Foreign exchange loss/ (gain) on non-operating liabilities		190,240	(4,863)
		3,026,727	1,931,565
Changes in operating assets and liabilities:			
Inventories		(4,559,473)	1,842,508
Trade accounts receivable		672,310	3,708,118
Other receivables and prepayments		(215,326)	(231,628)
Trade accounts payable		391,613	119,214
Other payables and accruals		(321,020)	(837,783)
Staff indemnity paid		(18,411)	(1,425)
Net cash (used in)/from operating activities		(1,023,580)	6,530,569
INVESTING ACTIVITIES			
Capital expenditure		(18,508)	(30,757)
Purchase of available for sale investments		(1,753,060)	(5,317,882)
Proceeds from sale of available for sale investments		454,972	3,747,424
Dividend income received		6,332	487,990
Other investment income received		20,673	29,906
Interest income received		1,735	4,085
Net cash used in investing activities		(1,287,856)	(1,079,234)
FINANCING ACTIVITIES			
Payment of dividends		(12,358)	(12,939)
Proceeds from term loans		12,000,339	-
Repayment of term loans		(5,280,800)	(7,470,143)
Finance costs paid		(559,325)	(501,820)
Net cash from/(used in) financing activities		6,147,856	(7,984,902)
Increase /(decrease) in cash and cash equivalents		3,836,420	(2,533,567)
Foreign currency adjustment		23,306	(6,828)
Cash and cash equivalents at beginning of the period	7	3,145,211	10,675,867
Cash and cash equivalents at end of the period	7	7,004,937	8,135,472

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Gulf 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 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.

In accordance with Law No. 97 of the year 2013 amending certain articles of the Amiri Decree Law No. 25 of the year 2012 regarding the issuance of the Companies Law, all existing companies are required to comply with the new Law in accordance with the rules and regulations in the Executive By-Laws due to be issued by the Minister of Commerce and Industry within six months from the date of issuance of the new Law in the official gazette on 27 March 2013, and all other supervisory bodies are required to issue their respective regulations within this timeframe.

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 2013 was authorised for issue by the parent company’s board of directors on 15 May 2013.

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 2012 except for adoption of relevant new standards, 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 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 2012.

Operating results for the three month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2012.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 Adoption of new IASB Standards and amendments during the period

The group has adopted the following new and amended IFRS during the period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 27 Consolidated and Separate Financial Statements - Revised as IAS 27 Separate Financial Statements	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
Annual Improvements 2009-2011	1 January 2013

3.1.1 IAS 1 Presentation of Financial Statements- amendment

The group has adopted the amendment to IAS 1 which requires entities to group other comprehensive income items presented in the interim condensed consolidated statement of comprehensive income based on those:

- Potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and
- That will not be reclassified to interim condensed consolidated statement of income subsequently.

3.1.2 IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a result of the consequential amendments, IAS 27 now deals with separate financial statements.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group

3.1.3 IFRS 7 Financial Instruments: Disclosures – Amendments

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

3.1.4 IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 Adoption of new IASB Standards and amendments during the period (continued)

3.1.5 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aim to provide transparency about the risks a company is exposed to through its interests in structured entities.

None of these disclosure requirements are applicable for interim condensed consolidated financial information unless significant events and transactions in the interim period requires that they are provided. Accordingly, the group has not made any disclosures.

3.1.6 IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

3.1.7 Annual Improvements 2009-2011

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 'Income Taxes' (IAS 12) and IAS 32 'Financial Instruments: Presentation' (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 Adoption of new IASB Standards and amendments during the period (continued)

3.1.7 Annual Improvements 2009-2011 (continued)

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The adoption of the above amendments did not have any significant impact on the financial position or performance of the group.

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.

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 pronouncement. Management is yet to determine impact of these pronouncements in the interim condensed consolidated financial information. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

3.2.1 IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the group's interim condensed consolidated financial information from these amendments.

3.2.2 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. 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.

Notes to the interim condensed consolidated financial information (continued)

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

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 ordinary shares outstanding during the period as follows:

	Three months ended 31 March 2013 (Unaudited)	Three months ended 31 March 2012 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	2,351,518	8,677,950
Weighted average number of ordinary shares outstanding during the period	209,931,310	209,931,310
Basic and diluted earnings per share attributable to the owners of the parent company	11 Fils	41 Fils

5 Available for sale investments

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Managed portfolios	110,520,413	112,679,410	116,051,728
Quoted shares	19,210,348	16,845,454	15,965,645
Managed funds	2,048,833	2,018,603	2,087,121
Unquoted shares	15,743,476	15,729,573	9,848,167
Unquoted funds	647,602	652,972	789,319
	148,170,672	147,926,012	144,741,980

Unquoted funds include investments in private equity funds amounting to KD 647,602 (31 December 2012: KD 652,972 and 31 March 2012 : KD789,319). 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 in unquoted shares include investments amounting to KD10,173,904 (31 December 2012: KD10,173,904 and 31 March 2012: KD3,907,065) stated at cost due to the unpredictable nature of future cash flows and the unavailability of financial information to arrive at a reliable measure of fair value. Management has performed an analysis of the underlying investments which indicates that there is no impairment.

Notes to the interim condensed consolidated financial information (continued)

6 Inventories

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Raw materials	12,437,464	5,698,501	7,827,040
Finished goods	14,404,682	14,807,662	14,555,312
Work-in-progress	8,583,145	7,518,725	7,386,211
Spare parts	1,885,442	1,813,675	1,778,499
	37,310,733	29,838,563	31,547,062
Provision for obsolete inventories	(255,420)	(255,420)	(335,598)
	37,055,313	29,583,143	31,211,464
Goods in transit and prepaid letters of credit	9,647,287	12,559,984	4,381,865
	46,702,600	42,143,127	35,593,329

7 Cash and cash equivalents

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

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Cash on hand	89,112	14,563	15,360
Cash in portfolios	511,275	1,930,020	4,190,831
Bank balances	6,584,781	2,667,460	6,259,390
Total cash and cash equivalents	7,185,168	4,612,043	10,465,581
Less: due to banks	(180,231)	(1,466,832)	(2,330,109)
Cash and cash equivalents for statement of cash flows	7,004,937	3,145,211	8,135,472

Notes to the interim condensed consolidated financial information (continued)

8 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2013	13,434,285	(152,179)	13,282,106
Exchange differences arising on translation of foreign operations	-	104,650	104,650
AFS financial assets			
- Net change in fair value arising during the period	(1,067,076)	-	(1,067,076)
- Transferred to interim condensed consolidated statement of income on sale	75,517	-	75,517
Total other comprehensive (loss)/ income for the period	(991,559)	104,650	(886,909)
Balance at 31 March 2013	12,442,726	(47,529)	12,395,197
Balance at 1 January 2012	22,932,912	(223,071)	22,709,841
Exchange differences arising on translation of foreign operations	-	(9,831)	(9,831)
AFS financial assets			
- Net change in fair value arising during the period	(246,740)	-	(246,740)
- Transferred to interim condensed consolidated statement of income on sale	(38,662)	-	(38,662)
- Transferred to interim condensed consolidated statement of income on impairment	676,008	-	676,008
Total other comprehensive income/(loss) for the period	390,606	(9,831)	380,775
Balance at 31 March 2012	23,323,518	(232,902)	23,090,616

9 Term loans

	31 March 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Long term loans:			
- USD 55,000,000 facility	-	-	2,194,500
- USD 50,000,000 facility	14,320,000	14,140,000	-
- USD 20,000,000 facility	973,760	1,244,320	2,066,820
- KD 40,000,000 facility	25,000,000	30,000,000	35,000,000
	40,293,760	45,384,320	39,261,320
Instalments due within next twelve months	(13,837,760)	(12,545,200)	(13,311,700)
Instalments due after next twelve months	26,456,000	32,839,120	25,949,620
Short term loans			
- Kuwait Dinar	23,000,339	11,000,000	-

Notes to the interim condensed consolidated financial information (continued)

9 Term loans (continued)

- Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries interest of 2.15% above six months LIBOR. The loan is repayable in four semi annual instalments of US\$5,000,000 and five semi annual instalments of US\$6,000,000 ending on 18 September 2017.
- 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 KD 40,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 2.5% per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi annual instalments of KD 5,000,000 ending on 15 August 2015.
- Short term loans outstanding at 31 March 2013 were obtained from local banks. The loans are unsecured and carry interest rate range from 1.5% to 2% per annum above Central Bank of Kuwait discount rate. The loans mature on various dates ending in August 2013.

10 General assembly of shareholders

The annual general assembly of the shareholders held on 17 March 2013 approved the consolidated financial statements of the group for the year ended 31 December 2012 and declared cash dividend of 25 Fils per share amounting to KD 5,248,283 for the year ended 31 December 2012. Total cash dividend payable is included in other payables and accruals and was paid on 1 April 2013.

11 Segmental information

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

	Cable manufacture	Investment	Total
	KD	KD	KD
Three months ended 31 March 2013 (unaudited)			
Revenue	22,871,566	753,348	23,624,914
Segment profit	2,325,651	255,616	2,581,267
Unallocated expenses			(192,386)
Profit for the period			2,388,881
Total assets	88,718,914	149,495,319	238,214,233
Total liabilities	(41,368,983)	(40,327,407)	(81,696,390)
Net assets employed	47,349,931	109,167,912	156,517,843
Three months ended 31 March 2012 (unaudited)			
Revenue	21,468,226	7,756,956	29,225,182
Segment profit	1,709,843	7,192,919	8,902,762
Unallocated expenses			(200,504)
Profit for the period			8,702,258
Total assets	80,638,101	156,883,434	237,521,535
Total liabilities	(30,953,957)	(39,265,828)	(70,219,785)
Net assets employed	49,684,144	117,617,606	167,301,750

Notes to the interim condensed consolidated financial information (continued)

12 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 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	31 March 2012 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivables	2,535,809	2,255,067	2,264,072
Trade accounts payables	5,916	5,015	11,812
		Three months ended 31 March 2013 (Unaudited) KD	Three months ended 31 March 2012 (Unaudited) KD
Amounts included in interim condensed consolidated statement of income			
Sales		697,371	166,906
Industrial expenses		15,019	35,917
Key management compensation:			
Salaries and other short term benefits		138,154	356,427
End of service benefits		862	-
		139,016	356,427

13 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD 7,443 (31 December 2012: KD 7,567 and 31 March 2012: KD152,778).

14 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD5,952,826 (31 December 2012: KD9,818,824 and 31 March 2012: KD11,324,252).

15 Derivative financial instruments

	31 March 2013 (Unaudited)		31 December 2012 (Audited)		31 March 2012 (Unaudited)	
	Notional principal value USD	Negative fair value KD	Notional principal value USD	Negative fair value KD	Notional principal value USD	Negative fair value KD
Interest rate swaps	50,000,000	(65,653)	50,000,000	(78,577)	-	-

Notes to the interim condensed consolidated financial information (continued)

16 Summary of financial assets and liabilities by category

The group adopted the amendments to IFRS 13: Fair Value Measurement and consequential amendments to IAS 34 effective from 1 January 2013. In the first year of adoption comparative information need not be presented for the disclosures required by the amendment. Accordingly the disclosure for the fair value hierarchy is only presented for the 31 March 2013 period end.

The carrying amounts of the group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

	31 March 2013 (Unaudited)	
	Carrying amount KD	Fair value KD
Available for sale investments	10,173,904	137,996,768
Trade accounts receivable	24,370,778	-
Other receivable and prepayments	1,476,819	-
Cash and bank balances	7,185,168	-
	43,206,669	137,996,768
Term loans	63,294,099	-
Trade accounts payable	2,890,220	-
Other payables and accruals	13,196,549	-
Due to banks	180,231	-
	79,561,099	-

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

Notes to the interim condensed consolidated financial information (continued)

16 Summary of financial assets and liabilities by category (continued)

Financial instruments measured at fair value (continued)

31 March 2013

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Assets					
<i>Available for sale investments:</i>					
Quoted securities	a	19,210,348	-	-	19,210,348
Managed funds	b	-	2,048,833	-	2,048,833
Managed portfolios	c	110,520,413	-	-	110,520,413
Unquoted securities	d	-	-	5,569,572	5,569,572
Unquoted funds	e	-	-	647,602	647,602
		129,730,761	2,048,833	6,217,174	137,996,768

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

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

c) Managed portfolios

The underlying investments of managed portfolios primarily comprise of local quoted securities whose fair values have been determined by reference to their quoted bid prices at the reporting date.

d) Unquoted securities

The investments in unlisted securities are measured at fair value using some assumptions that are not based on observable market prices or rates.

e) Unquoted funds

Unquoted funds represent investments in private equity funds, 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.

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:

Notes to the interim condensed consolidated financial information (continued)

16 Summary of financial assets and liabilities by category (continued)

Financial instruments measured at fair value (continued)

	Available for sale investments	
	31 March 2013 (Unaudited)	
	Unquoted securities KD	Unquoted funds KD
Opening balance	5,555,669	652,972
Sold/redeemed	-	(8,816)
Gains or losses recognised in:		
- Consolidated other comprehensive income	13,903	3,446
Closing balance	5,569,572	647,602

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in interim condensed consolidated statement of income, total assets or total liabilities or total equity.

There have been no transfers into or out of level 3 in the reporting period under review.