

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

31 March 2014 (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 (A Kuwaiti Public Shareholding Company) and its subsidiary as of 31 March 2014 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

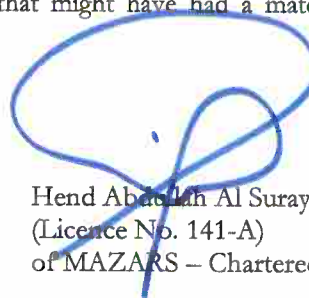
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, or of the articles and memorandum of association of the Company, as amended, have occurred during the three-month period ended 31 March 2014 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



Hend Abdulla Al Surayea

(Licence No. 141-A)

of MAZARS – Chartered Accountants

Kuwait
15 May 2014

Interim condensed consolidated statement of income

	Note	Three months ended 31 March 2014 (Unaudited) KD	Three months ended 31 March 2013 (Unaudited) KD
Revenue			
Sales		31,558,791	22,871,566
Cost of sales		(28,003,960)	(19,380,802)
Gross profit		3,554,831	3,490,764
Dividend income		6,144,307	810,146
Other investment income		1,542	30,234
Gain/(loss) on sale/redemption of available for sale of investments		18,827	(61,870)
Interest income		1,553	1,735
Other income		40,730	-
Gain on foreign exchange		224,477	277,315
		9,986,267	4,548,324
Expenses and other charges			
Administrative expenses		903,615	780,893
Commercial expenses		917,937	593,375
Impairment of available for sale investments	5(a)	630,000	-
Reversal of provision for obsolete and slow moving inventories		(20,850)	-
Finance costs		548,910	582,835
		2,979,612	1,957,103
Profit for the period before income tax for overseas subsidiary		7,006,655	2,591,221
Income tax for overseas subsidiary		(2,007)	(9,954)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		7,004,648	2,581,267
Contribution to KFAS		(69,863)	(25,439)
NLST		(26,837)	(67,462)
Zakat		(10,734)	(21,985)
Directors' remuneration		(77,500)	(77,500)
Profit for the period		6,819,714	2,388,881
Profit for the period attributable to:			
Owners of the parent company		6,801,319	2,351,518
Non-controlling interests		18,395	37,363
Profit for the period		6,819,714	2,388,881
Basic and diluted earnings per share attributable to the owners of the parent company (Fils)	4	32	11

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 comprehensive income

	Three months ended 31 March 2014 (Unaudited) KD	Three months ended 31 March 2013 (Unaudited) KD
Profit for the period	6,819,714	2,388,881
Other comprehensive loss:		
<i>Items that will be reclassified subsequently into the interim condensed consolidated statement of income:</i>		
Exchange differences arising on translation of foreign operations	(17,036)	110,741
Available for sale investments:		
- Net change in fair value during the period	(844,530)	(1,067,076)
- Transferred to interim condensed consolidated statement of income on resulted sale/redemption	(8,650)	75,517
- Transferred to interim condensed consolidated statement of income on impairment	630,000	-
Total other comprehensive loss	(240,216)	(880,818)
Total comprehensive income for the period	6,579,498	1,508,063
Total comprehensive income attributable to:		
Owners of the parent company	6,562,040	1,464,609
Non-controlling interests	17,458	43,454
	6,579,498	1,508,063

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 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		8,868,354	9,152,430	10,308,196
Available for sale investments	5	134,675,351	135,440,233	148,170,672
		143,543,705	144,592,663	158,478,868
Current assets				
Inventories	6	43,997,356	44,984,064	46,702,600
Trade accounts receivable		28,979,110	25,602,852	24,370,778
Other receivables and prepayments		1,746,771	627,767	1,476,819
Cash and bank balances	7	3,606,699	10,154,696	7,185,168
		78,329,936	81,369,379	79,735,365
Total assets		221,873,641	225,962,042	238,214,233
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		22,783,650	22,783,650	21,731,840
Other components of equity	8	(3,015,070)	(2,775,791)	12,395,197
Retained earnings		43,113,846	36,312,527	29,750,372
		155,021,894	148,459,854	156,016,877
Non-controlling interests		512,683	495,225	500,966
Total equity		155,534,577	148,955,079	156,517,843
Non-current liabilities				
Provision for staff indemnity		2,397,711	2,145,342	2,135,291
Long term loans	9	13,511,000	19,943,500	26,456,000
		15,908,711	22,088,842	28,591,291
Current liabilities				
Trade accounts payable		4,318,439	3,772,828	2,890,220
Other payables and accruals		8,462,154	7,775,845	13,196,549
Current portion of long term loans	9	12,837,000	12,954,640	13,837,760
Murabaha payables		1,076,282	-	-
Short term loans	9	23,521,867	30,276,648	23,000,339
Due to banks	7	214,611	138,160	180,231
		50,430,353	54,918,121	53,105,099
Total liabilities		66,339,064	77,006,963	81,696,390
Total equity and liabilities		221,873,641	225,962,042	238,214,233

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

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 8) KD	Retained earnings KD	Sub-total KD	Non- controlling interest KD	Total KD
Balance at 1 January 2014	20,993,131	29,160,075	20,993,131	20,993,131	22,783,650	(2,775,791)	36,312,527	148,459,854	495,225	148,955,079
Profit for the period	-	-	-	-	-	-	6,801,319	6,801,319	18,395	6,819,714
Total other comprehensive loss	-	-	-	-	-	(239,279)	-	(239,279)	(937)	(240,216)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(239,279)	6,801,319	6,562,040	17,458	6,579,498
Balance at 31 March 2014	20,993,131	29,160,075	20,993,131	20,993,131	22,783,650	(3,015,070)	43,113,846	155,021,894	512,683	155,534,577

Interim condensed consolidated statement of changes in equity(continued)

	Attributable to the owners of the parent company								Non- controlling interest KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 8) KD	Retained earnings KD	Sub-total 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)	-	(5,248,283)
Transactions with owners	-	-	-	-	-	-	(5,248,283)	(5,248,283)	-	(5,248,283)
Profit for the period	-	-	-	-	-	-	2,351,518	2,351,518	37,363	2,388,881
Total other comprehensive (loss)/income	-	-	-	-	-	(886,909)	-	(886,909)	6,091	(880,818)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(886,909)	2,351,518	1,464,609	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

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 2014 (Unaudited) KD	Three months ended 31 March 2013 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		6,819,714	2,388,881
Adjustments:			
Depreciation		397,075	430,165
Provision for staff indemnity		258,902	214,851
Finance costs		548,910	582,835
Interest income		(1,553)	(1,735)
Dividend income		(6,144,307)	(810,146)
Other investment income		(1,542)	(30,234)
(Gain)/loss on sale/redemption of available for sale investments		(18,827)	61,870
Impairment of available for sale investments		630,000	-
Reversal of provision for obsolete and slow moving inventories		(20,850)	-
(Gain)/loss on foreign exchange on non-operating liabilities		(27,463)	190,240
		2,440,059	3,026,727
Changes in operating assets and liabilities:			
Inventories		1,007,558	(4,559,473)
Trade accounts receivable		(3,376,258)	672,310
Other receivables and prepayments		(1,119,004)	(215,326)
Trade accounts payable		545,611	391,613
Other payables and accruals		671,137	(321,020)
Staff indemnity paid		(6,533)	(18,411)
Net cash from / (used in) operating activities		162,570	(1,023,580)
INVESTING ACTIVITIES			
Purchase of Property, plant and equipment		(117,715)	(18,508)
Purchase of available for sale investments		(160,299)	(1,753,060)
Proceeds from sale/redemption of available for sale investments		90,828	454,972
Dividend income received		6,144,307	6,332
Other investment income received		1,542	20,673
Interest income received		1,553	1,735
Net cash from / (used in) investing activities		5,960,216	(1,287,856)
FINANCING ACTIVITIES			
Payment of dividends		(20,801)	(12,358)
Proceeds from term loans		-	12,000,339
Repayment of term loans		(13,280,114)	(5,280,800)
Proceeds from murabaha payable		1,078,938	-
Finance costs paid		(512,937)	(559,325)
Net cash (used in) / from financing activities		(12,734,914)	6,147,856
(Decrease)/increase in cash and cash equivalents		(6,612,128)	3,836,420
Foreign currency adjustment		(12,320)	23,306
Cash and cash equivalents at beginning of the period	7	10,016,536	3,145,211
Cash and cash equivalents at end of the period	7	3,392,088	7,004,937

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 on the Kuwait Stock Exchange.

The main activity of the parent company represents manufacturing and supply of electrical cables and all related products and acquiring investments.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the “Companies Law”), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Law No. 97 of 2013.

On 29 September 2013, Ministry of Commerce and Industry issued its regulation No. 425/2013 regarding the Executive by-laws of the Companies Law. All existing companies are required to comply with articles of these by-laws within one year from the date of its issuance.

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 2014 was authorised for issue by the parent company’s board of directors on 15 May 2014.

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 consolidated financial statements for the year ended 31 December 2013 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 group.

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 for the year ended 31 December 2013.

Operating results for the three month period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2013.

Basis of consolidation

The interim condensed consolidated financial information includes the financial information of the parent company and its subsidiaries for the three months period ended 31 March 2014. The detail of the consolidated subsidiaries is shown in note 3. All material balances, transactions, realized and unrealized profits between the parent company and its subsidiaries are eliminated upon consolidation.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.1 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 32 Financial Instruments: Presentation – Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

2.1.1 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 required to be applied retrospectively. The adoption of these amendments did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.2 IAS 36 Impairment of Assets- Amendments

The amendments to IAS 36 reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.3 Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.1.4 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The Amendment makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

2.1.5 IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date.
- the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions but the adoption of the amendment did not result into any material impact on the group's interim condensed consolidated financial information.

2.2 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 amendments will be adopted in the group's accounting policies for the first time during the period beginning on or after the effective date of the new standard, amendment or interpretation. Management is yet to determine impact of these standards, amendments and interpretations on 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>
IFRS 9 Financial Instruments: Recognition and Measurement	To be determined
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

2.2.1 IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, and hedge accounting have been issued. Chapter dealing with impairment methodology is still being developed. The effective date for the entire standard will be determined after completion of the new impairment model.

Further, in November 2013, the IASB made limited modifications to IFRS 9's financial asset classification model to address application issues.

The group's management have yet to assess the impact of this new standard on the group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

2.2.2 Annual Improvements to IFRSs 2010–2012 Cycle:

- *Amendments to IFRS 3*-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in profit or loss.
- *Amendments to IFRS 13*- the addition to the Basis for Conclusions confirm the existing measurement treatment of short-term receivables and payables.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.2 Annual Improvements to IFRSs 2010–2012 Cycle:

- *Amendments to IFRS 8*-Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).
- *Amendments to IAS 16 and IAS 38*- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.
- *Amendments to IAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

2.2.3 Annual Improvements 2011-2013 Cycle:

- *Amendments to IFRS 1*-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:
 - IFRSs that are currently effective
 - IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

- *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.
- *Amendments to IAS 40* — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

3 Subsidiary companies

The interim condensed financial information of the following subsidiaries were consolidated with the interim condensed financial information of the parent company up to 31 March 2014 the information relating to these subsidiaries company are as follows:

Name	Country of incorporation	Direct/Indirect percentage Ownership			Activity
		31 March 2014	31 Dec. 2013	31 March 2013	
Gulf Cable and Multi Industries Company – JSC	Jordan	94.5%	94.5%	94.5%	Manufacture and supply of electrical cables and related products and the holding of investments.
Hawraa Regional General Trading & Contracting Co. W.L.L	Kuwait	97.3%	-	-	General Trading and Contracting

During the current period, the Group acquired a share of 97.3% in Hawraa Regional General Trading & Contracting Company - W.L.L. through acquiring by the parent company of a direct share of 51% and an indirect share of 46.3% through the subsidiary (Gulf Cables and Multi-Industries Company – S.P.C). The interim condensed financial information of the subsidiaries has been consolidated within the interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2014.

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 2014 (Unaudited)	Three months ended 31 March 2013 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	6,801,319	2,351,518
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 (Fils)	32	11

5 Available for sale investments

	31 March 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Investment portfolios managed by others comprises of:			
• Quoted shares	108,211,476	108,858,832	110,493,021
• Unquoted shares	7,761,001	7,971,002	27,392
Other investments comprises of:			
• Quoted shares	-	-	19,210,348
• Unquoted shares	15,951,652	15,951,652	15,743,476
Investment funds managed by others:			
• Unquoted units	2,751,222	2,658,747	2,696,435
	134,675,351	135,440,233	148,170,672

A- The group recognised impairment loss of KD 630,000 (31 December 2013: KD687,289, 31 March 2013: KD Nil) in respect of investment portfolios managed by others.

B- Other investments include investments amounting to KD15,922,585 (31 December 2013: KD15,922,585 , 31 March 2013: KD10,173,904) stated at cost due to the unpredictable nature of future cash flows and the unavailability of other financial information to arrive at a reliable measure of fair value. Management has performed an analysis of the underlying investments which indicates that there is no impairment.

C- Investment funds managed by others include investments in units of private equity funds amounting to KD 2,751,222 (31 December 2013: KD2,658,747 , 31 March 2013: KD 2,696,435). Information for the value of these units is relating to 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.

Notes to the interim condensed consolidated financial information (continued)

6 Inventories

	31 March 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Raw materials	10,910,263	11,393,838	12,437,464
Finished goods	18,791,216	18,437,711	14,404,682
Work-in-progress	9,328,747	8,476,650	8,583,145
Spare parts	1,941,738	1,920,584	1,885,442
	40,971,964	40,228,783	37,310,733
Provision for obsolete inventories	(255,171)	(276,021)	(255,420)
	40,716,793	39,952,762	37,055,313
Goods in transit and prepaid interim condensed consolidated letters of credit	3,280,563	5,031,302	9,647,287
	43,997,356	44,984,064	46,702,600

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 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Cash on hand	8,968	26,910	89,112
Cash in portfolios	50,969	5,916,207	511,275
Bank balances	3,546,762	4,211,579	6,584,781
Total cash and cash equivalents	3,606,699	10,154,696	7,185,168
Less: due to banks	(214,611)	(138,160)	(180,231)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	3,392,088	10,016,536	7,004,937

8 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2014	(2,623,448)	(152,343)	(2,775,791)
Exchange differences arising on translation of foreign operations	-	(16,099)	(16,099)
AFS financial assets:			
- Net change in fair value arising during the period	(844,530)	-	(844,530)
- Transferred to interim condensed consolidated statement of income resulted from sale/redemption	(8,650)	-	(8,650)
- Transferred to interim condensed consolidated statement of income on impairment	630,000	-	630,000
Total other comprehensive loss for the period	(223,180)	(16,099)	(239,279)
Balance at 31 March 2014	(2,846,628)	(168,442)	(3,015,070)

Notes to the interim condensed consolidated financial information (continued)

8 Other components of equity (continued)

	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 resulted from sale/redemption	75,517	-	75,517
Total other comprehensive income/(loss) for the period	(991,559)	104,650	(886,909)
Balance at 31 March 2013	12,442,726	(47,529)	12,395,197

9 Term loans

	31 March 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Long term loans:			
- USD 50,000,000 facilities	11,348,000	12,784,500	14,320,000
- USD 20,000,000 facilities	-	113,640	973,760
- KD 40,000,000 facilities	15,000,000	20,000,000	25,000,000
	26,348,000	32,898,140	40,293,760
Instalments due within next twelve months	(12,837,000)	(12,954,640)	(13,837,760)
Instalments due after next twelve months	13,511,000	19,943,500	26,456,000
Short term loans			
- Kuwait Dinar	23,521,867	30,276,648	23,000,339

- 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 2013: 2.15%, 31 March 2013: 2.15%) per annum over 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.
- 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% (31 December 2013: 1.75%, 31 March 2013: 1.75%) above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$1,000,000 each. The last instalment has been settled during the current period.

Notes to the interim condensed consolidated financial information (continued)

9 Term loans (continued)

- Long term loan facility amounting to KD40,000,000, which was obtained from a local bank. The loan is unsecured and carries interest of 2.5% (31 December 2013: 2.5%, 31 March 2013: 2.5%) per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi annual instalments of KD5,000,000 each ending on 15 August 2015.
- During the year ended 31 December 2013, the group obtained short term loans to finance its operating activities. Short term loans were obtained from local banks. The loans are unsecured and carry interest rate ranging from 1.5% to 2% per annum above Central Bank of Kuwait discount rate. The loans mature on various dates ending in 7 August 2014.

10 General assembly of shareholders

The annual general assembly of the shareholders held on 20 April 2014 approved the consolidated financial statements of the group for the year ended 31 December 2013 and declared cash dividend of 30% equivalent to 30 Fils per share amounting to KD6,297,939 for the year ended 31 December 2013. Payment was made after obtaining that approval.

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 approved cash dividend of 30% which equivalent to 30 Fils per share of paid up share capital amounting to KD6,297,939 for the year ended 31 December 2012 and was paid following that approval.

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 2014 (unaudited)			
Revenue	31,558,791	5,532,682	37,091,473
Segment profit	1,885,027	5,119,621	7,004,648
Unallocated expenses			(184,934)
Profit for the period			6,819,714
Total assets	86,468,236	135,405,405	221,873,641
Total liabilities	(34,976,690)	(31,362,374)	(66,339,064)
Net assets employed	51,491,546	104,043,031	155,534,577
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

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 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivables	3,127,396	2,104,747	1,567,129
Trade accounts payables	5,015	5,016	5,916
Other receivables	679,085	-	-
		Three months ended 31 March 2014 (Unaudited) KD	Three months ended 31 March 2013 (Unaudited) KD
Amounts included in interim condensed consolidated statement of income			
Sales		1,163,753	697,371
Industrial expenses		837	15,019
Key management compensation:			
Salaries and other short term benefits		141,442	138,154
End of service benefits		16,376	862
		157,818	139,016

13 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD412,113 (31 December 2013: KD416,303 and 31 March 2013: KD7,443).

14 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD8,637,088 (31 December 2013: KD6,622,081 and 31 March 2013: KD5,952,826).

15 Derivative financial instruments

	31 March 2014 (Unaudited)		31 December 2013 (Audited)		31 March 2013 (Unaudited)	
	Notional principal value USD	Fair value KD	Notional principal value USD	Fair value KD	Notional principal value USD	Fair value KD
Interest rate swaps contracts	40,000,000	3,605	45,000,000	22,052	50,000,000	(65,653)

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement

16.1 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 asset or liability that is not based on observable market data (unobservable inputs).

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

	31 March 2014 (Unaudited) KD	31 Dec 2013 (Audited) KD	31 March 2013 (Unaudited) KD
Financial assets:			
Loans and receivables at amortised cost:			
- Trade accounts receivable	28,979,110	25,602,852	24,370,778
- Other receivables (excluding prepayments)	1,351,357	210,638	1,104,544
- Bank balances	3,597,731	10,127,786	7,096,056
Available for sale investments (see note 5)			
-At fair value	116,650,205	117,205,087	137,996,768
-At cost less impairment in value, if any.	18,025,146	18,235,146	10,173,904
	168,603,549	171,381,509	180,742,050
Financial liabilities:			
Financial liabilities at amortised cost:			
-Term loans (see note 9)	49,869,867	63,174,788	63,294,099
-Trade accounts payable	4,318,439	3,772,828	2,890,220
-Other payables and accruals	8,462,154	7,775,845	13,196,549
-Murabaha payable	1,076,282	-	-
-Due to banks (Note 7)	214,611	138,160	180,231
	63,941,353	74,861,621	79,561,099

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

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

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.

16.2 Fair value measurement of 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 2014

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	108,211,476	-	-	108,211,476
• Unquoted shares	B	-	-	5,658,440	5,658,440
-Other investments comprises of:					
• Unquoted shares	C	-	-	29,067	29,067
-Investment funds managed by others:					
• Unquoted units	D	-	2,751,222	-	2,751,222
		108,211,476	2,751,222	5,687,507	116,650,205

31 December 2013

Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	108,858,832	-	-	108,858,832
• Unquoted shares	B	-	-	5,658,441	5,658,441
-Other investments comprises of:					
• Unquoted shares	C	-	-	29,067	29,067
-Investment funds managed by others:					
• Unquoted units	D	-	2,658,747	-	2,658,747
		108,858,832	2,658,747	5,687,508	117,205,087

31 March 2013

Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	110,493,021	-	-	110,493,021
• Unquoted shares	B	-	-	27,392	27,392
-Other investments comprises of:					
• Quoted shares	A	19,210,348	-	-	19,210,348
• Unquoted shares	C	-	-	-	-
-Investment funds managed by others:					
• Unquoted units	D	-	2,696,435	5,569,572	5,569,572
		129,703,369	2,696,435	5,596,964	137,996,768

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

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.2 Fair value measurement of 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.

Financial instruments in level 1

a) Quoted shares (level 1)

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

Financial instruments in level 2 & 3

b) Unquoted shares (level 3)

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.

c) Unquoted shares (level 3)

The interim condensed consolidated financial information include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

d) Unquoted units (level 2)

Investment funds managed by others mainly comprise of unquoted units and the fair value of these units has been determined based on net asset values reported by the fund manager as of the reporting date.

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		
	31 March 2014 (Unaudited) Unquoted shares KD	31 Dec. 2013 (Audited) Unquoted shares KD	31 March 2013 (Unaudited) Unquoted shares KD
Opening balance	5,687,508	5,583,061	5,583,061
Consolidated comprehensive Income	-	104,447	13,903
Closing balance	5,687,508	5,687,508	5,596,964

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The valuation techniques used for instruments categorized in Levels 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. unquoted shares) is determined by using valuation techniques. Fair value for the unquoted shares investments are approximately the summation of the estimated value of underlying investments as if realised on the financial position date.

In determining the fair value of these investments, the investment managers use a variety of methods and makes assumptions that are based on market conditions existing at each financial position date. The financial team used techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

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