

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

31 March 2015 (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 (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 31 March 2015 and the related interim condensed consolidated statements of profit or loss, 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".

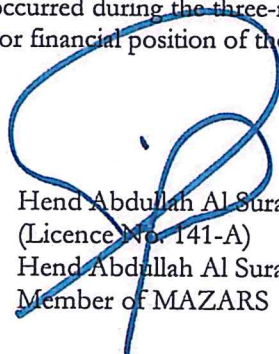
Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2015 that might have had a material effect on the business or financial position of the Parent Company.



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

Kuwait
14 May 2015



Hend Abdulla Al Surayea
(Licence No. 141-A)
Hend Abdulla Al Surayea & Co.
Member of MAZARS

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Revenue			
Sales		24,856,720	31,558,791
Cost of sales		(22,402,150)	(28,003,960)
Gross profit		2,454,570	3,554,831
Investment income	5	4,981,365	6,164,676
Interest income		1,459	1,553
Other income		1,161	40,730
Foreign currency exchange gain		33,506	224,477
		7,472,061	9,986,267
Expenses and other charges			
General and administrative expenses		(787,700)	(903,615)
Commercial expenses		(411,860)	(917,937)
Impairment of available for sale investments	7	(4,016,684)	(630,000)
Reversal of provision for obsolete and slow moving inventories		6,786	20,850
Finance costs		(472,175)	(548,910)
		(5,681,633)	(2,979,612)
Profit for the period before income tax		1,790,428	7,006,655
Income tax for overseas subsidiary		(1,256)	(2,007)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		1,789,172	7,004,648
Provision for contribution to KFAS		(17,830)	(69,863)
Provision for NLST		-	(26,837)
Provision for Zakat		-	(10,734)
Provision for directors' remuneration		(68,750)	(77,500)
Profit for the period		1,702,592	6,819,714
Profit for the period attributable to:			
Owners of the parent company		1,696,372	6,801,319
Non-controlling interests		6,220	18,395
Profit for the period		1,702,592	6,819,714
Basic and diluted earnings per share attributable to the owners of the parent company	6	8 Fils	32 Fils

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

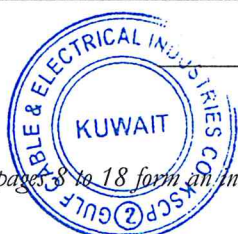
Interim condensed consolidated statement of comprehensive income

	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Profit for the period	1,702,592	6,819,714
Other comprehensive loss:		
<i>Items that will be reclassified subsequently into the interim condensed consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	250,025	(17,036)
Available for sale investments:		
- Net change in fair value arising during the period	(7,806,911)	(844,530)
- Transferred to consolidated statement of profit or loss on sale	14,346	(8,650)
- Transferred to consolidated statement of profit or loss on impairment	4,016,684	630,000
Total other comprehensive loss	(3,525,856)	(240,216)
Total comprehensive (loss)/income for the period	(1,823,264)	6,579,498
Total comprehensive (loss)/ income attributable to:		
Owners of the parent company	(1,843,235)	6,562,040
Non-controlling interests	19,971	17,458
	(1,823,264)	6,579,498

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		8,267,248	8,472,869	8,868,354
Available for sale investments	7	107,255,594	115,234,507	134,675,351
		115,522,842	123,707,376	143,543,705
Current assets				
Inventories	8	47,892,334	51,813,123	43,997,356
Trade accounts receivable		28,465,425	28,810,896	28,979,110
Other receivables and prepayments		1,603,759	1,404,045	1,746,771
Cash and bank balances	9	4,140,403	3,629,835	3,606,699
		82,101,921	85,657,899	78,329,936
Total assets		197,624,763	209,365,275	221,873,641
Equity and liabilities				
Equity				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Legal reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		23,270,944	23,270,944	22,783,650
Other components of equity	10	(21,443,297)	(17,903,690)	(3,015,070)
Retained earnings		35,772,865	34,076,493	43,113,846
Total equity attributable to the owners of the parent company		129,739,980	131,583,215	155,021,894
Non-controlling interests		559,181	539,210	512,683
Total equity		130,299,161	132,122,425	155,534,577
Non-current liabilities				
Provision for employees' end of service benefits		2,387,522	2,487,023	2,397,711
Long term loans	11	5,432,400	7,076,400	13,511,000
		7,819,922	9,563,423	15,908,711
Current liabilities				
Trade accounts payable		3,607,091	3,535,362	4,318,439
Other payables and accruals		7,314,905	7,271,218	8,462,154
Current portion of long term loans	11	8,621,600	13,243,350	12,837,000
Short term loans	12	32,675,873	33,020,366	23,521,867
Murabaha payables	13	7,107,268	10,588,754	1,076,282
Due to banks	9	178,943	20,377	214,611
		59,505,680	67,679,427	50,430,353
Total liabilities		67,325,602	77,242,850	66,339,064
Total equity and liabilities		197,624,763	209,365,275	221,873,641



Bader Naser Al-Kharafi
Chairman

The notes set out on pages 8 to 18 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 KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 10) KD	Retained earnings KD	Sub-total KD		
Balance at 1 January 2015	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(17,903,690)	34,076,493	131,583,215	539,210	132,122,425
Profit for the period	-	-	-	-	-	-	1,696,372	1,696,372	6,220	1,702,592
Other comprehensive (loss)/income for the period	-	-	-	-	-	(3,539,607)	-	(3,539,607)	13,751	(3,525,856)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(3,539,607)	1,696,372	(1,843,235)	19,971	(1,823,264)
Balance at 31 March 2015	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(21,443,297)	35,772,865	129,739,980	559,181	130,299,161

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

	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 10) 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
Profit for the period	-	-	-	-	-	-	6,801,319	6,801,319
Other comprehensive loss for the period	-	-	-	-	-	(239,279)	-	(239,279)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(239,279)	6,801,319	6,562,040
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

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		1,702,592	6,819,714
Adjustments:			
Depreciation		394,853	397,075
Provision for employees' end of service benefits		61,536	258,902
Finance costs		472,175	548,910
Interest income		(1,459)	(1,553)
Dividend income		(5,001,305)	(6,144,307)
Other investment income		(8,799)	(1,542)
Loss/(gain) on sale of available for sale investments		28,739	(18,827)
Impairment of available for sale investments		4,016,684	630,000
Reversal of provision for obsolete and slow moving inventories		(6,786)	(20,850)
Foreign currency exchange loss/(gain) on non-operating liabilities		806,643	(27,463)
		2,464,873	2,440,059
Changes in operating assets and liabilities:			
Inventories		3,927,575	1,007,558
Trade accounts receivable		345,471	(3,376,258)
Other receivables and prepayments		(193,114)	(1,119,004)
Trade accounts payable		71,729	545,611
Other payables and accruals		45,265	671,137
Employees' end of service benefits paid		(161,037)	(6,533)
Net cash from operating activities		6,500,762	162,570
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(55,104)	(117,715)
Purchase of available for sale investments		(1,034,814)	(160,299)
Proceeds from sale of available for sale investments		1,192,423	90,828
Dividend income received		5,001,305	6,144,307
Other investment income received		2,199	1,542
Interest income received		1,459	1,553
Net cash from investing activities		5,107,468	5,960,216
FINANCING ACTIVITIES			
Payment of cash dividends		(52,912)	(20,801)
Proceeds from term loans		1,767,228	-
Repayment of term loans		(8,950,124)	(13,280,114)
Proceeds from murabaha payables		5,499,633	1,078,938
Repayment of murabaha payables		(9,215,109)	-
Finance costs paid		(420,841)	(512,937)
Net cash used in financing activities		(11,372,125)	(12,734,914)
Increase/(decrease) in cash and cash equivalents		236,105	(6,612,128)
Foreign currency adjustment		115,897	(12,320)
Cash and cash equivalents at beginning of the period	9	3,609,458	10,016,536
Cash and cash equivalents at end of the period	9	3,961,460	3,392,088

The notes set out on pages 8 to 18 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 group comprises the parent company and its subsidiaries.

The principle activities of the group are manufacturing and supply of electrical cables and all related products and acquiring investments.

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 2015 was authorised for issue by the parent company’s board of directors on 14 May 2015.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2015 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2014.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the parent company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the most recent annual consolidated financial statements of the group for the year ended 31 December 2014 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

3 Changes in accounting policies

3.1 New and amended standards adopted by the group

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2015. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the group (continued)

Annual Improvements to IFRSs 2010–2012 Cycle:

(i) *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 interim condensed consolidated statement of profit or loss.

(ii) *Amendments to IFRS 13*- The addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.

(iii) *Amendments to IFRS 8*- Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators).

A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.

(iv) *Amendments to LAS 16 and LAS 38*- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.

(v) *Amendments to LAS 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.

The annual improvements did not have any material impact to the group's interim condensed consolidated financial information.

Annual Improvements 2011-2013 Cycle

(i) *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.

(ii) *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.

(iii) *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.

(iv) *Amendments to LAS 40* - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as an investment property or owner-occupied property

The annual improvements did not have any material impact to the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

4 Judgement and estimates

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 2014.

5 Investment income

	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Dividend income from available for sale investments	5,001,305	6,144,307
Other investment income	8,799	1,542
(Loss)/gain on sale of available for sale investments	(28,739)	18,827
	4,981,365	6,164,676

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

Basic and diluted earnings per share is 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, excluding treasury shares as follows:

	Three months ended 31 March 2015 (Unaudited)	Three months ended 31 March 2014 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	1,696,372	6,801,319
Weighted average number of shares in issue during the period excluding treasury shares	209,931,309	209,931,309
Basic and diluted earnings per share attributable to the owners of the parent company	8 Fils	32 Fils

Notes to the interim condensed consolidated financial information (continued)

7 Available for sale investments

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Local quoted securities held through managed portfolios	71,458,313	79,843,244	98,007,471
Local unquoted securities held through managed portfolios	6,356,058	6,592,847	7,733,609
Foreign quoted securities held through managed portfolios	10,932,937	10,228,276	10,204,004
Foreign unquoted securities held through managed portfolios	27,392	27,392	27,392
Foreign unquoted securities	15,911,271	15,911,271	15,911,271
Local unquoted securities	40,425	40,425	40,381
Local managed fund	2,042,653	2,106,317	2,243,093
Foreign managed funds	486,545	484,735	508,130
	107,255,594	115,234,507	134,675,351

During the period the group recognised impairment loss of KD4,016,684 (31 March 2014: KD630,000) in respect of certain available for sale investments.

Local unquoted securities held through managed portfolios, foreign and local unquoted securities include investments amounting to KD17,375,146 (31 December 2014: KD17,375,146 and 31 March 2014: KD18,025,146) stated at cost less impairment 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.

Managed funds include investments in units of private equity funds amounting to KD2,529,198 (31 December 2014: KD2,591,052 and 31 March 2014: KD2,751,223). Fair value of these investments are determined using net asset values reported by the investment managers and the management believes that these represent the best estimate of fair values available for these investments.

8 Inventories

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Raw materials	15,430,698	20,729,687	10,910,263
Finished goods	18,802,827	20,693,400	18,791,216
Work-in-progress	7,345,929	7,242,018	9,328,747
Spare parts	1,959,273	1,949,410	1,941,738
	43,538,727	50,614,515	40,971,964
Provision for obsolete and slow moving inventories	(545,877)	(548,999)	(255,171)
	42,992,850	50,065,516	40,716,793
Goods in transit and prepaid letters of credit	4,899,484	1,747,607	3,280,563
	47,892,334	51,813,123	43,997,356

Notes to the interim condensed consolidated financial information (continued)

9 Cash and cash equivalents

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

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Cash in hand	37,060	16,631	8,968
Cash held in managed portfolios	305,379	842,865	50,969
Bank balances	3,797,964	2,770,339	3,546,762
Total cash and cash equivalents	4,140,403	3,629,835	3,606,699
Less: due to banks	(178,943)	(20,377)	(214,611)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	3,961,460	3,609,458	3,392,088

10 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2015	(18,083,444)	179,754	(17,903,690)
Exchange differences arising on translation of foreign operations	-	236,274	236,274
Available for sale investments :			
- Net change in fair value arising during the period	(7,806,911)	-	(7,806,911)
- Transferred to consolidated statement of profit or loss on sale	14,346	-	14,346
- Transferred to consolidated statement of profit or loss on impairment	4,016,684	-	4,016,684
Total other comprehensive (loss)/income	(3,775,881)	236,274	(3,539,607)
Balance at 31 March 2015	(21,859,325)	416,028	(21,443,297)
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)
Available for sale investments :			
- Net change in fair value arising during the period	(844,530)	-	(844,530)
- Transferred to consolidated statement of profit on sale	(8,650)	-	(8,650)
- Transferred to consolidated statement of profit or loss on impairment	630,000	-	630,000
Total other comprehensive loss	(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)

11 Long term loans

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
- USD 50,000,000 facility	9,054,000	10,319,750	11,348,000
- KD 40,000,000 facility	5,000,000	10,000,000	15,000,000
	14,054,000	20,319,750	26,348,000
Installments due within next twelve months	(8,621,600)	(13,243,350)	(12,837,000)
Installments due after next twelve months	5,432,400	7,076,400	13,511,000

- 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 2014: 2.15% and 31 March 2014: 2.15%) per annum above six months LIBOR. The loan is repayable in four semi-annual instalments of US\$ 5,000,000 each and five semi-annual installments of US\$6,000,000 each ending on 18 September 2017.
- Long term loan facility amounting to KD40,000,000, was obtained from a local bank. The loan is unsecured and carries interest of 1.75% (31 December 2014: 1.75% and 31 March 2014: 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.

12 Short term loans

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Kuwait Dinar facility	17,900,000	18,500,000	18,250,000
USD facility	14,775,873	14,520,366	5,271,867
	32,675,873	33,020,366	23,521,867

The group obtained unsecured short term loans from local banks carrying interest rate ranging from 1.25% to 1.75% (31 December 2014: 1.25% to 1.75% and 31 March 2014: 1.5% to 2%) per annum above Central Bank of Kuwait discount rate and floating interest rate of 1.75% to 2% (31 December 2014: 1.75% to 2% and 31 March 2014: 1.75% to 2%) per annum above three months LIBOR. The loans mature on various dates ending 1 September 2015.

13 Murabaha payables

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
USD facilities	7,107,268	10,588,754	1,076,282
	7,107,268	10,588,754	1,076,282

The group obtained murabaha facilities from a local Islamic Bank and it carries profit rate of 2.35% (31 December 2014: 2.33% and 31 March 2014: 2.33%). The murabaha payables mature on various dates ending 9 August 2015.

Notes to the interim condensed consolidated financial information (continued)

14 General assembly of shareholders

The Annual General Assembly of the shareholders held on 20 April 2015 approved the consolidated financial statements of the group for the year ended 31 December 2014 and approved cash dividend of 20 Fils (2013: 30 Fils) per share amounting to KD4,198,626 (2013: KD6,297,939) for the year ended 31 December 2014. Dividend was paid following the approval of the general assembly of the shareholders.

15 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to group profit or loss. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its annual consolidated financial statements.

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

	Cable manufacture KD	Investment KD	Total KD
Three months ended 31 March 2015 (unaudited)			
Revenue	24,856,720	4,987,831	29,844,551
Segment profit	1,148,459	640,713	1,789,172
Unallocated expenses			(86,580)
Profit for the period			1,702,592
Total assets	89,284,950	108,339,813	197,624,763
Total liabilities	(39,481,992)	(27,843,610)	(67,325,602)
Net assets employed	49,802,958	80,496,203	130,299,161
Impairment of available for sale investments	-	4,016,684	4,016,684
Three months ended 31 March 2014 (Unaudited)			
Revenue	31,558,791	6,162,682	37,721,473
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
Impairment of available for sale investments	-	630,000	630,000

Notes to the interim condensed consolidated financial information (continued)

16 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management. Transactions between the parent company and its subsidiaries which are related parties of the parent company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below. During the period, the group entities entered into the following transactions with related parties that are not members of the group:

	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivable	3,975,261	3,826,677	3,127,396
Other receivables and prepayments	299,700	291,750	679,085
Trade accounts payable	<u>6,095</u>	<u>6,095</u>	<u>5,015</u>
		Three months ended 31 March 2015 (Unaudited) KD	Three months ended 31 March 2014 (Unaudited) KD
Amounts included in interim condensed consolidated statement of profit or loss			
Sales		206,688	1,163,753
Industrial expenses		<u>13,776</u>	<u>837</u>
Key management compensation:			
Salaries and other short term benefits		111,336	85,701
End of service benefits		7,500	102,730
Provision for directors' remuneration		68,750	77,500
		<u>187,586</u>	<u>265,931</u>

17 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD173,224 (31 December 2014: KD184,532 and 31 March 2014: KD412,113).

18 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD6,741,170 (31 December 2014: KD6,653,411 and 31 March 2014: KD8,637,088).

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement

19.1 Fair value hierarchy

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

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

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

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

The 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.

19.2 Fair value measurement of financial instruments

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated financial position are grouped into the fair value hierarchy as follows:

31 March 2015 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
Local quoted securities held through managed portfolios	71,458,313	-	-	71,458,313
Local unquoted securities held through managed portfolios	-	-	4,903,497	4,903,497
Foreign quoted securities held through managed portfolios	10,932,937	-	-	10,932,937
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,111	29,111
Local managed fund	-	2,042,653	-	2,042,653
Foreign managed funds	-	486,545	-	486,545
	82,391,250	2,529,198	4,960,000	89,880,448

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

31 December 2014 (Audited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
Local quoted securities held through managed portfolios	79,843,244	-	-	79,843,244
Local unquoted securities held through managed portfolios	-	-	5,140,286	5,140,286
Foreign quoted securities held through managed portfolios	10,228,276	-	-	10,228,276
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,111	29,111
Local managed fund	-	2,106,317	-	2,106,317
Foreign managed funds	-	484,735	-	484,735
	90,071,520	2,591,052	5,196,789	97,859,361
31 March 2014 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
Local quoted securities held through managed portfolios	98,007,471	-	-	98,007,471
Local unquoted securities held through managed portfolios	-	-	5,631,048	5,631,048
Foreign quoted securities held through managed portfolios	10,204,004	-	-	10,204,004
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,067	29,067
Local managed fund	-	2,243,093	-	2,243,093
Foreign managed funds	-	508,130	-	508,130
	108,211,475	2,751,223	5,687,507	116,650,205

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.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

The group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	Available for sale investments (Unquoted securities)		
	31 March 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	31 March 2014 (Unaudited) KD
Opening balance	5,196,789	5,687,507	5,687,507
Purchase	-	75,088	-
Gains or losses recognised in:			
- Other comprehensive (loss)/Income	(236,789)	(565,806)	-
Closing balance	4,960,000	5,196,789	5,687,507

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.