

Interim condensed consolidated financial information and review report

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

Kuwait

31 March 2016 (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 2016 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with 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. 1 of 2016, and the Executive Regulations of Law No. 25 of 2012, as amended, 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 2016 that might have had a material effect on the business or financial position of the Parent Company.

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Kuwait

25 April 2016

Interim condensed consolidated statement of profit or loss

| | Notes | Three months ended 31 March 2016 (Unaudited) KD | Three months ended 31 March 2015 (Unaudited) KD |
|---|-------|---|---|
| Revenue | | | |
| Sales | | 24,449,884 | 24,856,720 |
| Cost of sales | | (22,353,602) | (22,402,150) |
| Gross profit | | 2,096,282 | 2,454,570 |
| Investment income | 5 | 3,993,189 | 4,981,365 |
| Interest income | | 1,681 | 1,459 |
| Other income | | 38,055 | 1,161 |
| Foreign currency exchange gain | | 252,005 | 33,506 |
| | | 6,381,212 | 7,472,061 |
| Expenses and other charges | | | |
| General and administrative expenses | | (706,541) | (787,700) |
| Commercial expenses | | (419,229) | (411,860) |
| Impairment of available for sale investments | 7 | (1,410,847) | (4,016,684) |
| Provision for doubtful debts | | (215,647) | - |
| Reversal of provision for obsolete and slow moving inventories | | - | 6,786 |
| Finance costs | | (321,993) | (472,175) |
| | | (3,074,257) | (5,681,633) |
| Profit for the period before income tax | | 3,306,955 | 1,790,428 |
| Income tax for overseas subsidiary | | - | (1,256) |
| Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Directors' remuneration | | 3,306,955 | 1,789,172 |
| Provision for KFAS | | (33,148) | (17,830) |
| Provision for directors' remuneration | | (77,500) | (68,750) |
| Profit for the period | | 3,196,307 | 1,702,592 |
| Profit for the period attributable to: | | | |
| Owners of the parent company | | 3,204,143 | 1,696,372 |
| Non-controlling interests | | (7,836) | 6,220 |
| Profit for the period | | 3,196,307 | 1,702,592 |
| Basic and diluted earnings per share attributable to the owners of the parent company | 6 | 15 Fils | 8 Fils |

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

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

| | Three months ended 31 March 2016 (Unaudited) KD | Three months ended 31 March 2015 (Unaudited) KD |
|--|---|---|
| Profit for the period | 3,196,307 | 1,702,592 |
| 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 | (43,803) | 250,025 |
| Available for sale investments: | | |
| - Net change in fair value arising during the period | (1,901,297) | (7,806,911) |
| - Transferred to consolidated statement of profit or loss on sale | 14,861 | 14,346 |
| - Transferred to consolidated statement of profit or loss on impairment | 1,410,847 | 4,016,684 |
| Total other comprehensive loss | (519,392) | (3,525,856) |
| Total comprehensive income/(loss) for the period | 2,676,915 | (1,823,264) |
| Total comprehensive income/(loss) attributable to: | | |
| Owners of the parent company | 2,687,160 | (1,843,235) |
| Non-controlling interests | (10,245) | 19,971 |
| | 2,676,915 | (1,823,264) |

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

| | Notes | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|--|-------|---------------------------------------|------------------------------------|---------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 7,206,130 | 7,544,044 | 8,267,248 |
| Available for sale investments | 7 | 94,095,784 | 96,014,996 | 107,255,594 |
| | | 101,301,914 | 103,559,040 | 115,522,842 |
| Current assets | | | | |
| Inventories | 8 | 42,324,816 | 45,439,553 | 47,892,334 |
| Trade accounts receivable | 9 | 20,760,227 | 18,627,575 | 28,465,425 |
| Other receivables and prepayments | | 5,082,525 | 1,473,347 | 1,603,759 |
| Cash and bank balances | 10 | 2,403,461 | 2,965,995 | 4,140,403 |
| | | 70,571,029 | 68,506,470 | 82,101,921 |
| Total assets | | 171,872,943 | 172,065,510 | 197,624,763 |
| 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 | 23,270,944 |
| Other components of equity | 11 | 243,029 | 760,012 | (21,443,297) |
| Retained earnings/(accumulated losses) | | 1,510,310 | (1,693,833) | 35,772,865 |
| Total equity attributable to the owners of the parent company | | 117,163,751 | 114,476,591 | 129,739,980 |
| Non-controlling interests | | 446,450 | 456,695 | 559,181 |
| Total equity | | 117,610,201 | 114,933,286 | 130,299,161 |
| Non-current liabilities | | | | |
| Provision for employees' end of service benefits | | 2,511,771 | 2,492,544 | 2,387,522 |
| Long term loans | 12 | 1,820,400 | 3,660,600 | 5,432,400 |
| | | 4,332,171 | 6,153,144 | 7,819,922 |
| Current liabilities | | | | |
| Trade accounts payable | | 2,951,640 | 3,387,458 | 3,607,091 |
| Other payables and accruals | | 6,376,510 | 6,015,145 | 7,314,905 |
| Current portion of long term loans | 12 | 3,640,800 | 3,660,600 | 8,621,600 |
| Short term loans | 13 | 24,102,000 | 25,460,234 | 32,675,873 |
| Murabaha payables | 14 | 12,672,615 | 12,444,014 | 7,107,268 |
| Due to banks | 10 | 187,006 | 11,629 | 178,943 |
| | | 49,930,571 | 50,979,080 | 59,505,680 |
| Total liabilities | | 54,262,742 | 57,132,224 | 67,325,602 |
| Total equity and liabilities | | 171,872,943 | 172,065,510 | 197,624,763 |



Bader Naser Al-Kharafi
Chairman

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

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Interim condensed consolidated statement of changes in equity (Unaudited)

| Equity attributable to the owners of the parent company | | | | | | | | | | |
|---|---------------------|---------------------|---------------------|-------------------------|-----------------------|---|---|-----------------|--------------------------------|-------------|
| | Share capital KD | Share premium KD | Legal reserve KD | Voluntary reserve KD | General reserve KD | Other components of equity (note 11) KD | (Accumulated losses) /retained earnings KD | Sub-total KD | Non-controlling interest KD | Total KD |
| Balance at 1 January 2016 | 20,993,131 | 29,160,075 | 20,993,131 | 20,993,131 | 23,270,944 | 760,012 | (1,693,833) | 114,476,591 | 456,695 | 114,933,286 |
| Profit/(loss) for the period | - | - | - | - | - | - | 3,204,143 | 3,204,143 | (7,836) | 3,196,307 |
| Other comprehensive loss for the period | - | - | - | - | - | (516,983) | - | (516,983) | (2,409) | (519,392) |
| Total comprehensive (loss)/income for the period | - | - | - | - | - | (516,983) | 3,204,143 | 2,687,160 | (10,245) | 2,676,915 |
| Balance at 31 March 2016 | 20,993,131 | 29,160,075 | 20,993,131 | 20,993,131 | 23,270,944 | 243,029 | 1,510,310 | 117,163,751 | 446,450 | 117,610,201 |

Interim condensed consolidated statement of changes in equity (Unaudited) (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 11) 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 |

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

| | Note | Three months ended 31 March 2016 (Unaudited) KD | Three months ended 31 March 2015 (Unaudited) KD |
|--|-----------|---|---|
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 3,196,307 | 1,702,592 |
| Adjustments: | | | |
| Depreciation | | 379,352 | 394,853 |
| Provision for employees' end of service benefits | | 65,071 | 61,536 |
| Finance costs | | 321,993 | 472,175 |
| Interest income | | (1,681) | (1,459) |
| Dividend income | | (4,016,772) | (5,001,305) |
| Other investment income | | (12,578) | (8,799) |
| Loss on sale of available for sale investments | | 36,161 | 28,739 |
| Impairment of available for sale investments | | 1,410,847 | 4,016,684 |
| Reversal of provision for obsolete and slow moving inventories | | - | (6,786) |
| Provision for doubtful debts | | 215,647 | - |
| Foreign currency exchange loss/(gain) on non-operating liabilities | | (177,641) | 806,643 |
| | | 1,416,706 | 2,464,873 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 3,114,737 | 3,927,575 |
| Trade accounts receivable | | (2,348,299) | 345,471 |
| Other receivables and prepayments | | 242,744 | (193,114) |
| Trade accounts payable | | (435,818) | 71,729 |
| Other payables and accruals | | 363,435 | 45,265 |
| Employees' end of service benefits paid | | (45,844) | (161,037) |
| Net cash from operating activities | | 2,307,661 | 6,500,762 |
| INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (63,643) | (55,104) |
| Purchase of available for sale investments | | (131,926) | (1,034,814) |
| Proceeds from sale of available for sale investments | | 128,541 | 1,192,423 |
| Dividend income received | | 168,665 | 5,001,305 |
| Other investment income received | | 8,763 | 2,199 |
| Interest income received | | 1,681 | 1,459 |
| Net cash from investing activities | | 112,081 | 5,107,468 |
| FINANCING ACTIVITIES | | | |
| Payment of cash dividends | | (27,657) | (52,912) |
| Proceeds from term loans | | 3,000,000 | 1,767,228 |
| Repayment of term loans | | (6,097,362) | (8,950,124) |
| Proceeds from murabaha payables | | 1,771,345 | 5,499,633 |
| Repayment of murabaha payables | | (1,485,975) | (9,215,109) |
| Finance costs paid | | (296,406) | (420,841) |
| Net cash used in financing activities | | (3,136,055) | (11,372,125) |
| (Decrease)/increase in cash and cash equivalents | | (716,313) | 236,105 |
| Foreign currency adjustment | | (21,598) | 115,897 |
| Cash and cash equivalents at beginning of the period | 10 | 2,954,366 | 3,609,458 |
| Cash and cash equivalents at end of the period | 10 | 2,216,455 | 3,961,460 |

The notes set out on pages 8 to 23 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 parent company are manufacturing and supply of electrical cables and all related products and acquiring investments.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012 and the executive regulations of Law No. 25 of 2012 will remain effective pending the issuance of the new executive regulations.

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 2016 was authorised for issue by the parent company’s board of directors on 25 April 2016.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the three-month period ended 31 March 2016 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 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2015.

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 2015 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 2016. Information on these new standards is presented below:

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)

| <i>Standard or Interpretation</i> | <i>Effective for annual periods beginning</i> |
|---|---|
| IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments | No stated date |
| IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments | 1 January 2016 |
| IAS 1 Disclosure Initiative - Amendments | 1 January 2016 |
| IAS 16 and IAS 41 Agriculture: Bearer Plants - Amendments | 1 January 2016 |
| IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments | 1 January 2016 |
| IAS 27 Equity Method in Separate Financial Statements - Amendments | 1 January 2016 |
| IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments | 1 January 2016 |
| Annual Improvements to IFRSs 2012–2014 Cycle | 1 January 2016 |

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. It also requires disclosure of the information required by IFRS 3 and other IFRSs for business combinations.

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)

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments (continued)

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments apply prospectively to acquisitions of interests in joint operations.

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

IAS 16 and IAS 41 Agriculture: Bearer Plants - Amendments

The Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture have been made to:

- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16
- introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales
- clarify that produce growing on bearer plants remains within the scope of IAS 41.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances
- expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

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)

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Annual Improvements to IFRSs 2012–2014 Cycle

- (i) *Amendments to IFRS 5* - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- (ii) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- (iii) *Amendments to IAS 9* - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- (iv) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this consolidated interim 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 pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

| <i>Standard or Interpretation</i> | <i>Effective for annual periods beginning</i> |
|--|---|
| IAS 12 Income Taxes - Amendments | 1 January 2017 |
| IFRS 9 Financial Instruments: Classification and Measurement | 1 January 2018 |
| IFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| IFRS 16 Leases | 1 January 2019 |

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments

The Amendments to IAS 12 make the following changes:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type

IFRS 9 Financial Instruments

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the group makes an irrevocable designation to present them in other comprehensive income. This will affect the group's investment amounting to KD1,254,984 (see note 7) if still held on 1 January 2018
- if the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the group's own credit risk.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 “Revenues” and IAS 11 “Construction Contracts” and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- timing – whether revenue is required to be recognized over time or at a single point in time
- variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- time value – when to adjust a contract price for a financing component
- specific issues, including –
 - o non-cash consideration and asset exchanges
 - o contract costs
 - o rights of return and other customer options
 - o supplier repurchase options
 - o warranties
 - o principal versus agent
 - o licencing
 - o breakage
 - o non-refundable upfront fees, and
 - o consignment and bill-and-hold arrangements.

The group management has yet to assess the effect of this standard on the interim condensed consolidated financial information.

IFRS 16 Leases

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

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 2015.

5 Investment income

| | Three months ended 31 March 2016 (Unaudited) KD | Three months ended 31 March 2015 (Unaudited) KD |
|---|---|---|
| Dividend income from available for sale investments | 4,016,772 | 5,001,305 |
| Other investment income | 12,578 | 8,799 |
| Loss on sale of available for sale investments | (36,161) | (28,739) |
| | 3,993,189 | 4,981,365 |

Other receivables and prepayments includes amount of KD3,848,107 relate to due dividends income for the end of the period (31 December 2015: KD4,617 and 31 March 2015 Nil).

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 2016 (Unaudited) | Three months ended 31 March 2015 (Unaudited) |
|--|---|---|
| Profit for the period attributable to the owners of the parent company (KD) | 3,204,143 | 1,696,372 |
| 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 | 15 Fils | 8 Fils |

Notes to the interim condensed consolidated financial information (continued)

7 Available for sale investments

The components of available for sale investments are as follows:

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|---|---------------------------------------|------------------------------------|---------------------------------------|
| Local quoted securities held through managed portfolios | 52,215,494 | 52,900,128 | 71,458,313 |
| Local unquoted securities held through managed portfolios | 5,613,299 | 6,551,443 | 6,356,058 |
| Foreign quoted securities held through managed portfolios | 8,036,091 | 8,307,261 | 10,960,329 |
| Foreign unquoted securities held through managed portfolios | 446,397 | 446,397 | - |
| Foreign unquoted securities | 25,527,867 | 25,527,867 | 15,911,271 |
| Local unquoted securities | 44,244 | 44,244 | 40,425 |
| Local managed fund | 1,783,924 | 1,809,188 | 2,042,653 |
| Foreign managed funds | 428,468 | 428,468 | 486,545 |
| | 94,095,784 | 96,014,996 | 107,255,594 |

During the period the group recognised impairment loss of KD1,410,847 (31 March 2015: KD4,016,684) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios and local and foreign unquoted securities, include investments amounting to KD1,254,984 (31 December 2015: KD2,115,449 and 31 March 2015: KD KD17,375,146) 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 KD2,212,392 (31 December 2015: KD2,237,656 and 31 March 2015: KD2,529,198). 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 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Raw materials | 13,126,439 | 15,491,965 | 15,430,698 |
| Finished goods | 16,952,263 | 19,123,726 | 18,802,827 |
| Work-in-progress | 7,251,802 | 8,138,870 | 7,345,929 |
| Spare parts | 1,915,682 | 1,945,313 | 1,959,273 |
| | 39,246,186 | 44,699,874 | 43,538,727 |
| Provision for obsolete and slow moving inventories | (737,733) | (738,763) | (545,877) |
| | 38,508,453 | 43,961,111 | 42,992,850 |
| Goods in transit and prepaid letters of credit | 3,816,363 | 1,478,442 | 4,899,484 |
| | 42,324,816 | 45,439,553 | 47,892,334 |

Notes to the interim condensed consolidated financial information (continued)

9 Trade accounts receivable

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Trade accounts receivable | 25,610,967 | 23,264,900 | 31,357,476 |
| Provision for doubtful debts | (4,850,740) | (4,637,325) | (2,892,051) |
| | 20,760,227 | 18,627,575 | 28,465,425 |

10 Cash and cash equivalents

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

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Cash in hand | 49,602 | 46,382 | 37,060 |
| Cash held in managed portfolios | 172,553 | 610,821 | 305,379 |
| Bank balances | 2,181,306 | 2,308,792 | 3,797,964 |
| Total cash and cash equivalents | 2,403,461 | 2,965,995 | 4,140,403 |
| Less: due to banks | (187,006) | (11,629) | (178,943) |
| Cash and cash equivalents for interim condensed consolidated statement of cash flows | 2,216,455 | 2,954,366 | 3,961,460 |

11 Other components of equity

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

Notes to the interim condensed consolidated financial information (continued)

11 Other components of equity (continued)

| | Fair value reserve KD | Foreign currency translation reserve KD | Total KD |
|---|-----------------------------|---|--------------|
| Balance at 1 January 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 (unaudited) | (21,859,325) | 416,028 | (21,443,297) |

12 Long term loans

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| - USD 50,000,000 facility | 5,461,200 | 7,321,200 | 9,054,000 |
| - KD 40,000,000 facility | - | - | 5,000,000 |
| | 5,461,200 | 7,321,200 | 14,054,000 |
| Installments due within next twelve months | (3,640,800) | (3,660,600) | (8,621,600) |
| Installments due after next twelve months | 1,820,400 | 3,660,600 | 5,432,400 |

- Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries floating interest of 2.15% (31 December 2015: 2.15% and 31 March 2015: 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 1.6% (31 December 2015: 1.6% and 31 March 2015: 1.75%) per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi-annual instalments of KD5,000,000 each ended on 15 August 2015. The last instalment has been settled on its due date.

Notes to the interim condensed consolidated financial information (continued)

13 Short term loans

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|-----------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Kuwait Dinar facility | 15,000,000 | 14,500,000 | 17,900,000 |
| USD facility | 9,102,000 | 10,960,234 | 14,775,873 |
| | 24,102,000 | 25,460,234 | 32,675,873 |

The group obtained unsecured short term loans from local banks carrying interest rate ranging from 1% to 1.65% (31 December 2015: 1% to 1.65% and 31 March 2015: 1.25% to 1.75%) per annum above Central Bank of Kuwait discount rate and floating interest rate of 1.75% to 3% (31 December 2015: 1.75% to 3% and 31 March 2015: 1.75% to 2%) per annum above three months LIBOR. The loans mature on various dates ending 15 June 2016.

14 Murabaha payables

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|----------------|---------------------------------------|------------------------------------|---------------------------------------|
| USD facilities | 12,672,615 | 12,444,014 | 7,107,268 |
| | 12,672,615 | 12,444,014 | 7,107,268 |

The group obtained murabaha facilities from a local Islamic Bank and it carries profit rate of 2.39% (31 December 2015: 2.37% and 31 March 2015: 2.35%). The murabaha payables mature on various dates ending 30 June 2016.

15 Annual general assembly

The directors did not propose dividend for the year ended 31 December 2015. The Annual General Assembly for the year ended 31 December 2015 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2015 have not yet been approved. The interim condensed consolidated financial information for the three month period ended 31 March 2016 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2015.

16 Segmental information

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

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

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 2016 (unaudited) | | | |
| Revenue | 24,449,884 | 4,007,497 | 28,457,381 |
| Segment profit | 878,858 | 2,428,097 | 3,306,955 |
| Unallocated expenses | | | (110,648) |
| Profit for the period | | | 3,196,307 |
| Total assets | 73,415,065 | 98,457,878 | 171,872,943 |
| Total liabilities | 39,633,552 | 14,629,190 | 54,262,742 |
| Additions to property, plant and equipment | 63,643 | - | 63,643 |
| Depreciation | 379,352 | - | 379,352 |
| Impairment of available for sale investments | - | 1,410,847 | 1,410,847 |
| Finance costs | 186,185 | 135,808 | 321,993 |
| Dividend income | - | 4,016,772 | 4,016,772 |
| 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 |
| Additions to property, plant and equipment | 55,104 | - | 55,104 |
| Depreciation | 394,853 | - | 394,853 |
| Impairment of available for sale investments | - | 4,016,684 | 4,016,684 |
| Finance costs | 194,440 | 277,735 | 472,175 |
| Dividend income | - | 5,001,305 | 5,001,305 |

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions

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

During the period, the group entities entered into the following transactions with related parties that are not members of the group:

| | 31 March 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
|---|---------------------------------------|------------------------------------|---|
| Amounts included in interim condensed consolidated statement of financial position | | | |
| Trade accounts receivable | 1,217,177 | 1,522,177 | 3,975,261 |
| Other receivables and prepayments | 301,300 | 302,950 | 299,700 |
| Trade accounts payable | 6,095 | 6,095 | 6,095 |
| | | | |
| | | | Three months ended (Unaudited) |
| | | | 31 March 2016 KD 31 March 2015 KD |
| Amounts included in interim condensed consolidated statement of profit or loss | | | |
| Sales | | 33,254 | 206,688 |
| Industrial expenses | | 2,760 | 13,776 |
| Provision for doubtful debts | | 250,000 | - |
| | | | |
| Key management compensation: | | | |
| Salaries and other short term benefits | | 121,238 | 111,336 |
| End of service benefits | | 6,644 | 7,500 |
| Provision for directors' remuneration | | 77,500 | 68,750 |
| | | 205,382 | 187,586 |

18 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD13,528 (31 December 2015: KD31,809 and 31 March 2015: KD173,224).

19 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD6,987,062 (31 December 2015: KD6,134,535 and 31 March 2015: KD6,741,170).

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement

20.1 Fair value hierarchy

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

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

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

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

The 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.

20.2 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 2016 (Unaudited) | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|---|---------------|---------------|---------------|-------------|
| Available for sale investments: | | | | |
| Local quoted securities held through managed portfolios | 52,215,494 | - | - | 52,215,494 |
| Local unquoted securities held through managed portfolios | - | - | 4,819,872 | 4,819,872 |
| Foreign quoted securities held through managed portfolios | 8,036,091 | - | - | 8,036,091 |
| Foreign unquoted securities | - | - | 25,527,867 | 25,527,867 |
| Local unquoted securities | - | - | 29,084 | 29,084 |
| Local managed fund | - | 1,783,924 | - | 1,783,924 |
| Foreign managed funds | - | 428,468 | - | 428,468 |
| | 60,251,585 | 2,212,392 | 30,376,823 | 92,840,800 |

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

| | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|---|---------------|---------------|---------------|-------------|
| 31 December 2015 (Audited) | | | | |
| Available for sale investment: | | | | |
| Local quoted securities held through managed portfolios | 52,900,128 | - | - | 52,900,128 |
| Local unquoted securities held through managed portfolios | - | - | 4,897,551 | 4,897,551 |
| Foreign quoted securities held through managed portfolios | 8,307,261 | - | - | 8,307,261 |
| Foreign unquoted securities | - | - | 25,527,867 | 25,527,867 |
| Local unquoted securities | - | - | 29,084 | 29,084 |
| Local managed fund | - | 1,809,188 | - | 1,809,188 |
| Foreign managed funds | - | 428,468 | - | 428,468 |
| | 61,207,389 | 2,237,656 | 30,454,502 | 93,899,547 |
| 31 March 2015 (Unaudited) | | | | |
| 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 | 10,960,329 | - | - | 10,960,329 |
| Local unquoted securities | - | - | 29,111 | 29,111 |
| Local managed fund | - | 2,042,653 | - | 2,042,653 |
| Foreign managed funds | - | 486,545 | - | 486,545 |
| | 82,418,642 | 2,529,198 | 4,932,608 | 89,880,448 |

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)

20 Fair value measurement (continued)

20.2 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 2016 (Unaudited) KD | 31 Dec. 2015 (Audited) KD | 31 March 2015 (Unaudited) KD |
| Opening balance | 30,454,502 | 5,169,397 | 5,169,397 |
| Transferred from AFS investment previously measured at cost | - | 15,911,271 | - |
| Gains or losses recognised in: | | | |
| - Other comprehensive (loss)/income | (77,679) | 9,373,834 | (236,789) |
| Closing balance | 30,376,823 | 30,454,502 | 4,932,608 |

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

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