

Interim condensed consolidated financial information and review report

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

**and Subsidiaries**

**Kuwait**

30 June 2017 (Unaudited)

## Contents

	Page
Review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5 and 6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial information	8 to 20



**Grant Thornton**

Al-Qatami, Al-Aiban & Partners

An instinct for growth™

**Auditors & Consultants**

Souq Al Kabeer Building, Block A, 9<sup>th</sup> Floor

P.O.Box 2986, Safat 13030, Kuwait

Tel: (965)2244 3900-9

Fax: (965) 2243 8451

E-mail: [gt@kw.gt.com](mailto:gt@kw.gt.com)

[www.grantthornton.com.kw](http://www.grantthornton.com.kw)



**MAZARS**

**Hend Abdulla Al Surayea & Co.- Chartered Accountants**

P.O. Box 23105

Safat 13092

Kuwait

Tel: +965 22470462/4

Fax: +965 22470463

Web: [www.mazars.com.kw](http://www.mazars.com.kw)

## 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 KPSC (“Parent Company”) and its subsidiaries (“the Group”), as of 30 June 2017 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 six-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 the basis of preparation set out in Note 2.

### **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 violation of the Companies Law No. 1 of 2016 and the Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association of the parent company during the six-month period ended 30 June 2017 that might have had a material effect on the business or financial position of the parent company.

Anwar Y. Al-Qatami, F.C.C.A.

(Licence No. 50-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Hend Abdulla Al Surayea

(Licence No. 141-A)

Hend Abdulla Al Surayea & Co.

Member of MAZARS

Kuwait

3 August 2017

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended (Unaudited)		Six months ended (Unaudited)	
		30 June 2017 KD	30 June 2016 KD	30 June 2017 KD	30 June 2016 KD
<b>Revenue</b>					
Sales		14,949,726	23,994,217	30,621,184	48,444,101
Cost of sales		(12,617,702)	(20,725,227)	(26,425,016)	(43,078,829)
<b>Gross profit</b>		<b>2,332,024</b>	<b>3,268,990</b>	<b>4,196,168</b>	<b>5,365,272</b>
Investment income/ (loss)	5	618,807	(80,198)	5,605,353	3,927,299
Interest income		2,696	2,424	3,994	4,105
Other income		14,459	7,731	22,699	45,786
Foreign currency exchange gain		159,627	98,524	322,421	336,221
		<b>3,127,613</b>	<b>3,297,471</b>	<b>10,150,635</b>	<b>9,678,683</b>
<b>Expenses and other charges</b>					
General and administrative expenses		(1,114,224)	(773,350)	(1,924,273)	(1,479,891)
Commercial expenses		(546,213)	(470,145)	(902,604)	(889,374)
Impairment of available for sale investments	7	-	(382,013)	(428,912)	(1,792,860)
Provision for doubtful debts		-	-	-	(215,647)
Provision for obsolete and slow moving inventories		(49,334)	-	(49,334)	-
Finance costs		(186,606)	(264,620)	(417,348)	(586,613)
		<b>(1,896,377)</b>	<b>(1,890,128)</b>	<b>(3,722,471)</b>	<b>(4,964,385)</b>
<b>Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration</b>		<b>1,231,236</b>	<b>1,407,343</b>	<b>6,428,164</b>	<b>4,714,298</b>
Provision for contribution to KFAS		(12,262)	(14,145)	(64,194)	(47,293)
Provision for NLST		(37,426)	(24,232)	(65,049)	(24,232)
Provision for Zakat		(12,971)	(8,693)	(24,020)	(8,693)
Provision for directors' remuneration		(77,500)	(77,500)	(155,000)	(155,000)
<b>Profit for the period</b>		<b>1,091,077</b>	<b>1,282,773</b>	<b>6,119,901</b>	<b>4,479,080</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the parent company		1,086,103	1,289,898	6,111,120	4,494,041
Non-controlling interests		4,974	(7,125)	8,781	(14,961)
<b>Profit for the period</b>		<b>1,091,077</b>	<b>1,282,773</b>	<b>6,119,901</b>	<b>4,479,080</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	6	<b>5 Fils</b>	<b>6 Fils</b>	<b>29 Fils</b>	<b>21 Fils</b>

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 profit or loss and other comprehensive income

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2017 KD	30 June 2016 KD	30 June 2017 KD	30 June 2016 KD
Profit for the period	1,091,077	1,282,773	6,119,901	4,479,080
<b>Other comprehensive (loss)/income:</b>				
<i>Items that will be reclassified subsequently into the statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(47,864)	(1,315)	(82,902)	(45,118)
Available for sale investments:				
- Net change in fair value arising during the period	(4,724,818)	(2,660,331)	1,094,904	(4,561,628)
- Transferred to interim condensed consolidated statement of profit or loss on sale	(7,838)	399,691	59,592	414,552
- Transferred to interim condensed consolidated statement of profit or loss on impairment	-	382,013	428,912	1,792,860
Total other comprehensive (loss)/income	(4,780,520)	(1,879,942)	1,500,506	(2,399,334)
<b>Total comprehensive (loss)/income for the period</b>	<b>(3,689,443)</b>	<b>(597,169)</b>	<b>7,620,407</b>	<b>2,079,746</b>
<b>Total comprehensive (loss)/ income attributable to:</b>				
Owners of the parent company	(3,691,785)	(589,971)	7,616,186	2,097,189
Non-controlling interests	2,342	(7,198)	4,221	(17,443)
	(3,689,443)	(597,169)	7,620,407	2,079,746

*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	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		5,654,149	6,225,700	6,872,140
Available for sale investments	7	97,947,382	103,234,598	91,287,255
		103,601,531	109,460,298	98,159,395
<b>Current assets</b>				
Inventories	8	37,765,370	34,986,114	38,677,147
Trade accounts receivable	9	20,482,757	25,395,659	24,878,286
Other receivables and prepayments		1,335,851	513,251	1,114,488
Due from related parties	17	2,664,414	1,220,710	1,518,353
Cash and bank balances	10	5,233,471	5,618,100	2,567,087
		67,481,863	67,733,834	68,755,361
<b>Total assets</b>		<b>171,083,394</b>	<b>177,194,132</b>	<b>166,914,756</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Legal reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		23,841,483	23,841,483	23,270,944
Other components of equity	11	11,977,196	10,472,130	(1,636,840)
Retained earnings		6,510,993	4,598,499	2,800,208
<b>Equity attributable to the owners of the parent company</b>		<b>134,469,140</b>	<b>131,051,580</b>	<b>116,573,780</b>
Non-controlling interests		445,393	441,172	439,252
<b>Total equity</b>		<b>134,914,533</b>	<b>131,492,752</b>	<b>117,013,032</b>
<b>Non-current liabilities</b>				
Provision for employees' end of service benefits		2,780,671	2,494,655	2,464,174
Long term loan	12	-	-	1,819,800
		2,780,671	2,494,655	4,283,974
<b>Current liabilities</b>				
Trade accounts payable		2,713,608	1,704,733	3,024,052
Other payables and accruals		6,766,814	7,462,225	6,871,117
Due to related parties	17	7,961	7,001	6,095
Current portion of long term loan	12	1,827,300	3,691,200	3,639,600
Short term loans	13	9,136,500	17,728,000	18,849,000
Murabaha payables	14	12,476,462	12,601,410	12,425,253
Due to banks	10	459,545	12,156	802,633
		33,388,190	43,206,725	45,617,750
<b>Total liabilities</b>		<b>36,168,861</b>	<b>45,701,380</b>	<b>49,901,724</b>
<b>Total equity and liabilities</b>		<b>171,083,394</b>	<b>177,194,132</b>	<b>166,914,756</b>



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 (Unaudited)

	Equity attributable to the owners of the parent company							Non- controlling interests KD	Total KD
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	components of equity (note 11) KD	Retained earnings KD	Sub-total KD	
						Other			
<b>Balance at 1 January 2017</b>	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	10,472,130	4,598,499	131,051,580	131,492,752
Payment of cash dividend (Note 15)	-	-	-	-	-	-	(4,198,626)	(4,198,626)	(4,198,626)
Transactions with owners	-	-	-	-	-	-	(4,198,626)	(4,198,626)	(4,198,626)
Profit for the year	-	-	-	-	-	-	6,111,120	6,111,120	8,781
Total other comprehensive income/(loss) for the period	-	-	-	-	-	1,505,066	-	1,505,066	(4,560)
Total comprehensive income for the period	-	-	-	-	-	1,505,066	6,111,120	7,616,186	4,221
<b>Balance at 30 June 2017</b>	20,993,131	29,160,075	20,993,131	20,993,131	23,841,483	11,977,196	6,510,993	134,469,140	134,914,533

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 (Unaudited) (continued)

	Equity attributable to the owners of the parent company								Total KD
	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	
<b>Balance at 1 January 2016</b>	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	760,012	(1,693,833)	114,476,591	114,933,286
Profit/(loss) for the period	-	-	-	-	-	-	4,494,041	4,494,041	4,479,080
Total other comprehensive loss	-	-	-	-	-	(2,396,852)	-	(2,396,852)	(2,399,334)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(2,396,852)	4,494,041	2,097,189	2,079,746
<b>Balance at 30 June 2016</b>	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(1,636,840)	2,800,208	116,573,780	117,013,032

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	Six months ended 30 June 2017 (Unaudited) KD	Six months ended 30 June 2016 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		6,119,901	4,479,080
Adjustments:			
Depreciation		754,732	737,679
Provision for employees' end of service benefits		444,343	117,993
Finance costs		417,348	586,613
Interest income		(3,994)	(4,105)
Interest income from time deposit		(19,805)	-
Dividend income		(4,722,398)	(4,461,113)
Other investment income		(14,002)	(22,563)
(Gain)/loss on sale of available for sale investments		(856,093)	579,590
Impairment of available for sale investments		428,912	1,792,860
Provision for doubtful debts		-	215,647
Provision for obsolete and slow moving inventories		49,334	-
Foreign currency exchange gain on non-operating liabilities		(240,448)	(187,187)
		2,357,830	3,834,494
Changes in operating assets and liabilities:			
Inventories		(2,828,590)	6,762,406
Trade accounts receivable		4,912,902	(7,988,535)
Other receivables and prepayments		(616,485)	58,492
Net movement due from/to related parties		(1,442,744)	306,774
Trade accounts payable		1,008,875	(357,311)
Other payables and accruals		(1,139,625)	889,579
Employees' end of service benefits paid		(158,327)	(146,363)
<b>Net cash from operating activities</b>		<b>2,093,836</b>	<b>3,359,536</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(209,442)	(86,870)
Purchase of available for sale investments		(5,593,499)	(323,664)
Proceeds from sale of available for sale investments		12,891,304	398,520
Dividend income received		4,522,398	4,387,332
Other investment income received		8,321	19,980
Interest income received		23,365	4,105
<b>Net cash from investing activities</b>		<b>11,642,447</b>	<b>4,399,403</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cash dividend		(3,793,066)	(59,195)
Proceeds from term loans		-	4,500,000
Repayment of term loans		(10,339,900)	(12,847,362)
Proceeds from murabaha payables		-	2,505,329
Repayment of murabaha payables		-	(2,462,575)
Time deposit against letter of guarantees issued		(20,426)	-
Finance costs paid		(378,694)	(561,025)
<b>Net cash used in financing activities</b>		<b>(14,532,086)</b>	<b>(8,924,828)</b>
Decrease in cash and cash equivalents		(795,803)	(1,165,889)
Foreign currency adjustment		(56,641)	(24,023)
Cash and cash equivalents at beginning of the period	10	2,105,944	2,954,366
<b>Cash and cash equivalents at end of the period</b>	<b>10</b>	<b>1,253,500</b>	<b>1,764,454</b>

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 in Boursa Kuwait.

The group comprises the parent company and its subsidiaries.

Objectives for which the company was incorporated:

- 1- Produce all kinds of electrical and telephone cables of various sizes and varieties.
- 2- Produce all kinds of electric and telephone wires of various sizes and varieties.
- 3- Produce the wires necessary for the production of light bulbs.
- 4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry.
- 5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry.
- 6- Various industries belonging to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry.
- 7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry.
- 8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry.
- 9- Trade in all kinds of these products.
- 10- Import machinery, plant, equipment and tools necessary to achieve the company’s objectives.
- 11- Import the raw materials for this industry.
- 12- Invest the surplus funds in investment portfolios in order to serve the company’s objectives.

The company may have interest or participate in any aspect in the entities which practice similar activities or which may assist it in the achievement of its objectives in Kuwait and abroad. The company may also purchase these entities or affiliate them therewith.

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 six-month period ended 30 June 2017 was authorised for issue by the parent company’s board of directors on 3 August 2017.

## 2 Basis of preparation

The interim condensed consolidated financial information of the group for the six-month period ended 30 June 2017 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.



# Notes to the interim condensed consolidated financial information (continued)

## 2 Basis of preparation (continued)

Operating results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2016.

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 2016 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 2017 which have been adopted by the group but did not have any significant impact on the interim condensed consolidated financial position or the results for the period. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 7 Statement of Cash Flows- Amendments	1 January 2017

#### ***IAS 7 Statement of Cash Flows- Amendments***

The Amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity’s debt and related cash flows (and noncash changes)

The Amendments:

- require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement.
- suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including:
  - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses
  - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

### 3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the group.

## 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)

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 interim condensed consolidated financial information 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 interim condensed consolidated financial information.

<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 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

#### ***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 a 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 9 Financial Instruments: Classification and Measurement***

The IASB published 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.



## 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 9 Financial Instruments (continued)*

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 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 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 an irrevocable designation is made to present them in other comprehensive income. This will affect the group's investment amounting to KD589,367 (31 December 2016: KD1,826,866 and 30 June 2016: KD1,254,985) (see note 7) if still held on 1 January 2018.
- if the fair value option continues to be elected for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to own credit risk.

##### *IFRIC 22 Foreign Currency Transactions and Advance Consideration*

The Interpretations looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. A diversity was observed in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognized. IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

### 4 Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, 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 judgments 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 2016.

## Notes to the interim condensed consolidated financial information (continued)

### 5 Investment income

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2017 KD	30 June 2016 KD	30 June 2017 KD	30 June 2016 KD
Dividend income from available for sale investments	591,650	444,341	4,722,398	4,461,113
Other investment income	6,018	9,985	14,002	22,563
Gain/(loss) on sale of available for sale investments	24,070	(543,429)	856,093	(579,590)
Foreign currency exchange (loss)/gain	(13,954)	8,905	(6,945)	23,213
Interest income from time deposit	11,023	-	19,805	-
	618,807	(80,198)	5,605,353	3,927,299

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

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

	Three months ended		Six months ended	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	1,086,103	1,289,898	6,111,120	4,494,041
Weighted average number of ordinary shares outstanding during the period	209,931,309	209,931,309	209,931,309	209,931,309
Basic and diluted earnings per share attributable to the owners of the parent company	5 Fils	6 Fils	29 Fils	21 Fils

### 7 Available for sale investments

The components of available for sale investments are as follows:

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Local quoted securities held through managed portfolios	54,399,945	59,104,579	50,573,574
Local unquoted securities held through managed portfolios	5,623,872	6,295,164	5,723,283
Foreign quoted securities held through managed portfolios	9,872,831	9,613,806	6,899,899
Foreign unquoted securities held through managed portfolios	446,397	446,397	446,397
Foreign unquoted securities	25,527,867	25,527,867	25,527,867
Local unquoted securities	35,657	44,414	44,414
Local managed fund	2,022,295	1,895,193	1,768,956
Foreign managed funds	18,518	307,178	302,865
	97,947,382	103,234,598	91,287,255



## Notes to the interim condensed consolidated financial information (continued)

### 7 Available for sale investments (continued)

During the period the group recognised impairment loss of KD428,912 (30 June 2016: KD1,792,860) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios by third parties and unquoted securities amounting to KD589,367 (31 December 2016: KD1,826,866 and 30 June 2016: KD1,254,985) stated at cost less impairment due to the unpredictable nature of significant 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 significantly indicates that there is no impairment.

Managed funds represent investments in units of private equity funds amounting to KD2,040,813 (31 December 2016: KD2,202,371 and 30 June 2016: KD2,071,821). 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

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Raw materials	14,538,217	15,185,142	12,637,155
Finished goods	13,832,302	11,549,849	15,550,537
Work-in-progress	4,503,875	5,548,379	5,984,414
Spare parts	1,955,522	1,942,894	1,894,772
	34,829,916	34,226,264	36,066,878
Provision for obsolete and slow moving inventories	(1,375,732)	(1,328,241)	(737,671)
	33,454,184	32,898,023	35,329,207
Goods in transit and prepaid letters of credit	4,311,186	2,088,091	3,347,940
	37,765,370	34,986,114	38,677,147

### 9 Trade accounts receivable

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Trade accounts receivable	21,812,280	26,730,895	25,902,982
Provision for doubtful debts	(1,329,523)	(1,335,236)	(1,024,696)
	20,482,757	25,395,659	24,878,286

## Notes to the interim condensed consolidated financial information (continued)

### 10 Cash and cash equivalents

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

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Cash in hand	58,337	9,906	37,299
Cash held in managed portfolios	278,094	257,132	227,173
Time deposit against letter of guarantees issued	3,520,426	3,500,000	-
Bank balances	1,376,614	1,851,062	2,302,615
Cash and bank balances	5,233,471	5,618,100	2,567,087
Less: time deposit against letter of guarantees issued	(3,520,426)	(3,500,000)	-
Less: due to banks	(459,545)	(12,156)	(802,633)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	1,253,500	2,105,944	1,764,454

Time deposit of the Group carries an effective interest of 1.25% (31 December 2016: 1% and 30 June 2016: Nil %) annually. It is restricted against letter of guarantee issued (Note 18).

### 11 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2017	9,881,981	590,149	10,472,130
Exchange differences arising on translation of foreign operations	-	(78,342)	(78,342)
Available for sale investments :			
- Net change in fair value arising during the period	1,094,904	-	1,094,904
- Transferred to interim condensed consolidated statement of profit or loss on sale	59,592	-	59,592
- Transferred to interim condensed consolidated statement of profit or loss on impairment	428,912	-	428,912
Total other comprehensive income/(loss) for the period	1,583,408	(78,342)	1,505,066
Balance at 30 June 2017 (Unaudited)	11,465,389	511,807	11,977,196



## 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 2016	235,473	524,539	760,012
Exchange differences arising on translation of foreign operations	-	(42,636)	(42,636)
Available for sale investments :			
- Net change in fair value arising during the period	(4,561,628)	-	(4,561,628)
- Transferred to interim condensed consolidated statement of profit or loss on sale	414,552	-	414,552
- Transferred to interim condensed consolidated statement of profit or loss on impairment	1,792,860	-	1,792,860
Total other comprehensive loss for the period	(2,354,216)	(42,636)	(2,396,852)
Balance at 30 June 2016 (unaudited)	(2,118,743)	481,903	(1,636,840)

### 12 Long term loan

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
- USD 50,000,000 facility	1,827,300	3,691,200	5,459,400
	1,827,300	3,691,200	5,459,400
Installments due within next twelve months	(1,827,300)	(3,691,200)	(3,639,600)
Installments due after next twelve months	-	-	1,819,800

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 2016: 2.15% and 30 June 2016: 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 instalments of US\$6,000,000 each ending on 18 September 2017 which were reclassified to current portion of long term loan.

### 13 Short term loans

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Kuwait Dinar facility	-	8,500,000	9,750,000
USD facility	9,136,500	9,228,000	9,099,000
	9,136,500	17,728,000	18,849,000

The short term loans are unsecured and carrying interest rate of 1% (31 December 2016: 1% and 30 June 2016: 1%) per annum above Central Bank of Kuwait discount rate and interest rate of 1.75% (31 December 2016: 1.75% and 30 June 2016: 1.75%) per annum above three months LIBOR. The loans mature on various dates ending on 11 August 2017.

The loan balance was paid in full in Kuwait Dinar during the current period.

## Notes to the interim condensed consolidated financial information (continued)

### 14 Murabaha payables

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
USD murabaha facilities	12,476,462	12,601,410	12,425,253
	12,476,462	12,601,410	12,425,253

The murabaha facilities granted to the group by a local Islamic Bank carry profit rate of 3.13% (31 December 2016: 2.69% and 30 June 2016: 2.39%). The murabaha payables mature on various dates ending on 28 September 2017 renewable.

### 15 Annual General Assembly of the Shareholders

The annual general assembly of the shareholders held on 10 May 2017 approved the consolidated financial statements of the group for the year ended 31 December 2016 and approved cash dividend of 20% equivalent to 20 Fils per share of paid up share capital amounting to KD4,198,626 for the year ended 31 December 2016 and was paid following that approval.

### 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.

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
<b>Six months ended 30 June 2017 (unaudited)</b>			
Revenue	30,621,184	5,605,353	36,226,537
Segment profit	1,464,972	4,963,192	6,428,164
Unallocated expenses			(308,263)
Profit for the period			6,119,901
Total assets	66,770,770	104,312,624	171,083,394
Total liabilities	(29,109,967)	(7,058,894)	(36,168,861)
Additions to property, plant and equipment	209,442	-	209,442
Depreciation	754,732	-	754,732
Impairment of available for sale investments	-	428,912	428,912
Finance costs	303,813	113,535	417,348
Dividend income	-	4,722,398	4,722,398

## Notes to the interim condensed consolidated financial information (continued)

### 16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
<b>Six months ended 30 June 2016 (unaudited)</b>			
Revenue	48,444,101	3,927,299	52,371,400
Segment profit	2,850,947	1,863,351	4,714,298
Unallocated expenses			(235,218)
Profit for the period			4,479,080
Total assets	75,060,227	91,854,529	166,914,756
Total liabilities	(39,236,113)	(10,665,611)	(49,901,724)
Additions to property, plant and equipment	86,870	-	86,870
Depreciation	737,679	-	737,679
Impairment of available for sale investments	-	1,792,860	1,792,860
Finance costs	373,969	212,644	586,613
Dividend income	-	4,461,113	4,461,113

### 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:

	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Due from related parties	2,664,414	1,220,710	1,518,353
Due to related parties	7,961	7,001	6,095



## Notes to the interim condensed consolidated financial information (continued)

### 17 Related party transactions (continued)

	30 June 2017 KD	30 June 2016 KD
<b>Amounts included in interim condensed consolidated statement of profit or loss</b>		
Sales	2,236	59,637
Industrial expenses	3,947	4,071
Provision for doubtful debts	-	250,000
<b>Key management compensation:</b>		
Salaries and other short term benefits	221,661	236,045
End of service benefits	130,140	12,315
Provision for directors' remuneration	155,000	155,000
	<b>506,801</b>	<b>403,360</b>

### 18 Contingent liabilities

Contingent liabilities at 30 June 2017 in respect of outstanding letters of guarantee amounted to KD11,155,316 (31 December 2016: KD11,404,356 and 30 June 2016: KD6,574,188). Letter of guarantees issued include a letter of guarantee of KD5,000,000, issued against restricted time deposit amounting to KD3,520,426 (31 December 2016: KD3,500,000 and 30 June 2016: KD Nil) (Note 10).

### 19 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD262,232 (31 December 2016: KD6,541 and 30 June 2016: KD12,242).

### 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 available for sale investment is carried at cost for reason specified in note 7.

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.



## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.2 Fair value measurement for 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:

30 June 2017 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Available for sale investment:</b>				
Local quoted securities held through managed portfolios	54,399,945	-	-	54,399,945
Local unquoted securities held through managed portfolios	-	-	5,480,902	5,480,902
Foreign quoted securities held through managed portfolios	9,872,831	-	-	9,872,831
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	35,657	35,657
Local managed fund	-	2,022,295	-	2,022,295
Foreign managed funds	-	18,518	-	18,518
	64,272,776	2,040,813	31,044,426	97,358,015
<b>31 December 2016 (Audited)</b>				
<b>Available for sale investment:</b>				
Local quoted securities held through managed portfolios	59,104,579	-	-	59,104,579
Local unquoted securities held through managed portfolios	-	-	4,929,856	4,929,856
Foreign quoted securities held through managed portfolios	9,613,806	-	-	9,613,806
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,253	29,253
Local managed fund	-	1,895,193	-	1,895,193
Foreign managed funds	-	307,178	-	307,178
	68,718,385	2,202,371	30,486,976	101,407,732
<b>30 June 2016 (Unaudited)</b>				
<b>Available for sale investment:</b>				
Local quoted securities held through managed portfolios	50,573,574	-	-	50,573,574
Local unquoted securities held through managed portfolios	-	-	4,929,856	4,929,856
Foreign quoted securities held through managed portfolios	6,899,899	-	-	6,899,899
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,253	29,253
Local managed fund	-	1,768,956	-	1,768,956
Foreign managed funds	-	302,865	-	302,865
	57,473,473	2,071,821	30,486,976	90,032,270

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

## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.2 Fair value measurement for 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.

##### 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)		
	30 June 2017 (Unaudited) KD	31 Dec. 2016 (Audited) KD	30 June 2016 (Unaudited) KD
Opening balance	30,486,976	30,454,502	30,454,502
Transfer from available for sale investments previously measure at cost	808,586	-	-
Gains or losses recognised in:			73,781
Additions	-	73,781	
- Other comprehensive loss	(251,136)	(41,307)	(41,307)
<b>Closing balance</b>	<b>31,044,426</b>	<b>30,486,976</b>	<b>30,486,976</b>

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%.

### 21 Comparative figures

Certain comparative figures have been reclassified to conform to current period presentation of the interim condensed consolidated financial information. The reclassification didn't affect net assets and net equity or net results for the year/period previously reported.