

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

30 June 2011 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Gulf Cable and Electrical Industries Company – KSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (A Kuwaiti Shareholding Company) and its subsidiary as of 30 June 2011 and the related interim condensed consolidated statements of income, 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 International Accounting Standard 34, "Interim Financial Reporting".

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Company. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, or of the articles of association of the Company, as amended, have occurred during the six-month period ended 30 June 2011 that might have had a material effect on the business or financial position of the Company.

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Interim condensed consolidated statement of income

	Note	Three months ended (Unaudited)		Six months ended (Unaudited)	
		30 June 2011 KD	30 June 2010 KD	30 June 2011 KD	30 June 2010 KD
Revenue					
Sales		33,167,624	20,607,632	62,747,521	38,912,122
Cost of sales		(26,362,689)	(19,018,373)	(47,031,905)	(31,690,794)
Gross profit		6,804,935	1,589,259	15,715,616	7,221,328
Dividend income		25,448,516	23,337,485	26,240,643	23,452,745
Other investment income		47,759	55,336	76,994	95,404
(Loss)/gain on redemption /sale of available for sale investments		13,901	394	(355,211)	1,289
Interest income		6,238	8,768	12,141	16,124
Other revenue		1,970	132	3,150	132
(Loss)/gain on foreign exchange		(166,529)	151,657	(257,056)	285,248
		32,156,790	25,143,031	41,436,277	31,072,270
Expenses					
Administrative expenses		(1,058,461)	(1,037,475)	(1,967,477)	(2,070,468)
Commercial expenses		(612,223)	(553,917)	(1,438,794)	(1,241,248)
Impairment of available for sale investments		(843,085)	(3,048,294)	(843,085)	(3,048,294)
Charge for provision for doubtful debts		(1,627,524)	-	(1,876,546)	-
Charge for provision for obsolete stock		(52,368)	-	(52,723)	(8,097)
Interest expense		(837,786)	(1,269,935)	(1,847,485)	(2,269,637)
		(5,031,447)	(5,909,621)	(8,026,110)	(8,637,744)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		27,125,343	19,233,410	33,410,167	22,434,526
Contribution to KFAS		(270,197)	(192,491)	(332,726)	(224,492)
NLST		(101,602)	81,011	(264,396)	-
Zakat		(35,641)	32,404	(100,758)	-
Directors' remuneration		(77,500)	(77,500)	(155,000)	(155,000)
Profit for the period		26,640,403	19,076,834	32,557,287	22,055,034
Profit for the period attributable to:					
Owners of the parent company		26,534,729	19,092,520	32,419,728	22,069,735
Non-controlling interests		105,674	(15,686)	137,559	(14,701)
		26,640,403	19,076,834	32,557,287	22,055,034
Basic and diluted earnings per share attributable to the owners of the parent company	3	126 Fils	91 Fils	154 Fils	105 Fils

Interim condensed consolidated statement of comprehensive income

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2011 KD	30 June 2010 KD	30 June 2011 KD	30 June 2010 KD
Profit for the period	26,640,403	19,076,834	32,557,287	22,055,034
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(94,974)	40,283	(163,757)	68,021
Available for sale investments:				
- Net (loss)/ gain arising during the period	(38,852,520)	(43,418,091)	(67,774,515)	13,860,665
-Transferred to interim condensed consolidated statement of income on sale	-	(1,008)	287,475	936
-Transferred to interim condensed consolidated statement of income on impairment	843,085	3,048,294	843,085	3,048,294
Total other comprehensive (loss)/ income	(38,104,409)	(40,330,522)	(66,807,712)	16,977,916
Total comprehensive (loss)/ income for the period	(11,464,006)	(21,253,688)	(34,250,425)	39,032,950
Total comprehensive (loss)/ income attributable to:				
Owners of the parent company	(11,564,456)	(21,240,217)	(34,378,977)	39,043,910
Non-controlling interests	100,450	(13,471)	128,552	(10,960)
	(11,464,006)	(21,253,688)	(34,250,425)	39,032,950

The notes set out on pages 8 to 13 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		13,543,419	14,616,022	15,637,362
Available for sale investments	4	165,367,001	239,789,283	194,929,225
		178,910,420	254,405,305	210,566,587
Current assets				
Inventories	5	50,226,816	36,776,808	37,574,056
Trade accounts receivable		40,178,725	27,942,617	25,269,665
Other receivables and prepayments		740,205	678,496	1,608,160
Fixed deposits		395,979	395,759	16,402,728
Cash and bank balances		3,991,376	11,504,896	5,115,826
		95,533,101	77,298,576	85,970,435
Total assets		274,443,521	331,703,881	296,537,022
Equity and liabilities				
Equity attributable to the owners of the parent company				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Legal reserve		18,088,033	18,088,033	15,371,779
Voluntary reserve		18,088,033	18,088,033	15,371,779
General reserve		16,788,145	16,788,145	16,788,145
Fair value reserve		43,049,388	109,693,343	61,736,335
Foreign currency translation reserve		(351,951)	(197,201)	(24,486)
Retained earnings		44,033,557	25,259,364	26,358,573
		189,848,411	237,872,923	185,755,331
Non-controlling interests		406,610	278,058	277,810
		190,255,021	238,150,981	186,033,141
Non-current liabilities				
Provision for staff indemnity		1,664,408	1,512,196	1,468,175
Long term loans	6	10,089,145	7,665,135	8,091,202
		11,753,553	9,177,331	9,559,377
Current liabilities				
Trade accounts payable		2,860,347	2,146,128	1,549,272
Other payables and accruals		8,240,829	10,142,461	8,641,269
Murabaha payable		3,000,000	-	-
Current portion of long term loans	6	5,724,545	5,008,250	5,191,566
Short term loans	6	50,000,000	67,000,000	84,000,000
Due to banks		2,609,226	78,730	1,562,397
		72,434,947	84,375,569	100,944,504
Total liabilities		84,188,500	93,552,900	110,503,881
Total equity and liabilities		274,443,521	331,703,881	296,537,022

Bader Naser Al-Khorafi
Chairman and Managing Director

2011

Interim condensed consolidated statement of changes in equity (Unaudited)

	Attributable to the owners of the parent company									Non-controlling interests	Total
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2011	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	109,693,343	(197,201)	25,259,364	237,872,923	278,058	238,150,981
Payment of cash dividends (Note 8)	-	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Transaction with owners	-	-	-	-	-	-	-	(13,645,535)	(13,645,535)	-	(13,645,535)
Profit for the period	-	-	-	-	-	-	-	32,419,728	32,419,728	137,559	32,557,287
Other comprehensive loss	-	-	-	-	-	(66,643,955)	(154,750)	-	(66,798,705)	(9,007)	(66,807,712)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(66,643,955)	(154,750)	32,419,728	(34,378,977)	128,552	(34,250,425)
Balance at 30 June 2011	20,993,131	29,160,075	18,088,033	18,088,033	16,788,145	43,049,388	(351,951)	44,033,557	189,848,411	406,610	190,255,021

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

	Attributable to the owners of the parent company									Non-controlling interests	Total
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2010	20,993,131	29,160,075	15,371,779	15,371,779	16,788,145	44,826,440	(88,766)	14,785,404	157,207,987	288,770	157,496,757
Payment of cash dividends	-	-	-	-	-	-	-	(10,496,566)	(10,496,566)	-	(10,496,566)
Transaction with owners	-	-	-	-	-	-	-	(10,496,566)	(10,496,566)	-	(10,496,566)
Profit /(loss) for the period	-	-	-	-	-	-	-	22,069,735	22,069,735	(14,701)	22,055,034
Other comprehensive income	-	-	-	-	-	16,909,895	64,280	-	16,974,175	3,741	16,977,916
Total comprehensive income /(loss) for the period	-	-	-	-	-	16,909,895	64,280	22,069,735	39,043,910	(10,960)	39,032,950
Balance at 30 June 2010	20,993,131	29,160,075	15,371,779	15,371,779	16,788,145	61,736,335	(24,486)	26,358,573	185,755,331	277,810	186,033,141

The notes set out on pages 8 to 13 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2011 (Unaudited) KD	Six months ended 30 June 2010 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		32,557,287	22,055,034
Adjustments:			
Depreciation		956,728	904,943
Provision for staff indemnity		162,592	155,599
Interest expense		1,847,485	2,269,637
Interest income		(12,141)	(16,124)
Dividend income		(26,240,643)	(23,452,745)
Other investment income		(76,994)	(95,404)
(Loss)/gain on redemption /sale of available for sale investments		355,211	(1,289)
Impairment of available for sale investments		843,085	3,048,294
Foreign exchange (gain)/loss on non-operating liabilities		(345,902)	169,195
		10,046,708	5,037,140
Changes in operating assets and liabilities:			
Inventories		(13,450,008)	(3,326,182)
Trade accounts receivable		(12,236,108)	(4,182,905)
Other receivables and prepayments		(58,903)	(331,201)
Trade accounts payable		714,218	(100,787)
Other payables and accruals		(1,555,246)	(857,611)
Staff indemnity paid		(10,380)	(11,400)
Net cash used in operating activities		(16,549,719)	(3,772,946)
INVESTING ACTIVITIES			
Proceed from fixed deposit maturing after three months		395,759	-
Capital expenditure		(86,614)	(498,143)
Purchase of available for sale investments		(71,783)	(3,006,914)
Proceeds from redemption/sale of available for sale investments		6,651,815	392,704
Dividend income received		26,240,643	23,452,745
Other investment income received		76,994	95,404
Interest income received		9,334	7,632
Net cash from investing activities		33,216,148	20,443,428
FINANCING ACTIVITIES			
Payment of dividends		(14,107,250)	(10,351,688)
Proceeds from murabaha payable		3,000,000	-
Proceeds from term loans		17,964,520	15,500,000
Payment of term loans		(31,478,313)	(5,582,623)
Interest paid		(1,732,155)	(2,154,005)
Net cash used in financing activities		(26,353,198)	(2,588,316)
(Decrease)/increase in cash and cash equivalents		(9,686,769)	14,082,166
Foreign currency adjustment		38,732	(56,413)
Cash and cash equivalents at beginning of the period	7	11,426,166	5,930,404
Cash and cash equivalents at end of the period	7	1,778,129	19,956,157

The notes set out on pages 8 to 13 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information 30 June 2011 (Unaudited)

1 Incorporation and activities

Gulf Cable and Electrical Industries Company – KSC (“the parent company”) is a registered Kuwaiti shareholding company, which was established on 15 March 1975. Its shares are listed on the Kuwait Stock Exchange.

The address of the parent company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

The group comprises the parent company and its subsidiary Gulf Cable and Multi Industries Company – JSC, Jordan. The principal activities of the group are the manufacture and supply of cables and related products and the holding of investments

This interim condensed consolidated financial information for the six-month period ended 30 June 2011 was authorised for issue by the parent company’s board of directors on 15 August 2011.

2 Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the group for the year ended 31 December 2010 except for adoption of amendments to certain standards and interpretations discussed below.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional currency of the parent company.

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2010.

Operating results for the six month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2010.

2 Basis of presentation (continued)

Adoption of amendments to standards and interpretations

The following amendments to certain standards and interpretations relevant to the operations of the group have been adopted by the group in the current period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
Annual Improvements 2010	1 July 2010 and 1 January 2011
IAS 24 Related Party Disclosures- amendment	1 January 2011

Annual Improvements 2010

The IASB issued in May 2010 Improvements to IFRS. Most of these amendments became effective in annual periods beginning on or after 1 July 2010 and 1 January 2011. The 2010 Improvements amended certain provisions of IFRS 3, clarify presentation of the reconciliation of each of the components of other comprehensive income and clarify certain disclosure requirements for financial instruments. The adoption did not have any impact on the financial position or performance of the group.

IAS 24 Related Party Disclosures (Revised)

The amended standard clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption did not have any impact on the financial position or performance of the group.

The following revised standards and interpretations have been issued but not yet effective and have not been adopted by the group in the current period:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 7 Financial Instruments: Disclosures - amendment	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2013
IAS 12 Income Taxes - amendment	1 January 2012

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 Financial Instruments: Disclosures resulted as a part of comprehensive review of off financial position activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment is not expected to have any significant impact on the financial position or performance of the group.

IFRS 9 Financial Instruments

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate project is dealing with derecognition.

Although earlier application of this standard is permitted, the Technical Committee of the Ministry of Commerce and Industry of Kuwait decided on 30 December 2009, to postpone this early application till further notice, due to the non-completion of the remaining stages of the standard.

2 Basis of presentation (continued)

IAS 12 Income Taxes

The amendment to IAS 12 provides a practical solution to the issues arising in measurement of deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a presumption that recovery of the carrying amount will, normally be, through sale. As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendment is not relevant to the operations of the group.

3 Basic and diluted earnings per share

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

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Profit for the period attributable to the owners of the parent company (KD)	26,534,729	19,092,520	32,419,728	22,069,735
Weighted average number of shares outstanding	209,931,310	209,931,310	209,931,310	209,931,310
Basic and diluted earnings per share	126 Fils	91 Fils	154 Fils	105 Fils

4 Available for sale investments

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Managed portfolios	136,916,862	206,903,490	163,495,095
Quoted shares	18,259,988	22,961,561	21,389,069
Managed funds	2,100,051	2,358,452	2,155,079
Unquoted shares	6,948,788	6,327,513	6,535,413
Unquoted funds	1,141,312	1,238,267	1,354,569
	165,367,001	239,789,283	194,929,225

5 Inventories

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Raw materials	22,522,496	14,673,564	12,837,529
Finished goods	10,652,126	9,959,105	13,238,905
Work-in-progress	8,833,205	7,857,724	8,708,927
Spare parts	1,599,832	1,527,630	1,454,801
	43,607,659	34,018,023	36,240,162
Provision for obsolete inventories	(388,871)	(336,149)	(295,201)
	43,218,788	33,681,874	35,944,961
Goods in transit and prepaid letters of credit	7,008,028	3,094,934	1,629,095
	50,226,816	36,776,808	37,574,056

6 Term loans

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Long term loans:			
- USD 12,500,000 facility	1,146,875	1,465,625	1,823,125
- USD 55,000,000 facility	6,488,036	8,844,000	11,459,643
- USD 20,000,000 facility	5,505,000	2,363,760	-
- USD 10,000,000 facility	2,673,779	-	-
	15,813,690	12,673,385	13,282,768
Instalments due within next twelve months	(5,724,545)	(5,008,250)	(5,191,566)
Instalments due after next twelve months	10,089,145	7,665,135	8,091,202
Short term loans			
- Kuwait Dinar	50,000,000	67,000,000	84,000,000

- Long term loan facility amounting to US\$12,500,000 was obtained from a regional bank. The loan is unsecured and carries interest of 1.25% above six months LIBOR. The loan is repayable in twelve semi-annual instalments of US\$1,041,667 ending on 1 May 2013.
- Long term loan facility amounting to US\$55,000,000 was obtained from a regional bank. The loan is unsecured and carries interest of 1.5% above six months LIBOR. The loan is repayable in seven semi-annual instalments of US\$7,857,143 ending on 1 March 2012.
- Long term loan facility amounting to US\$20,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 1.75% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$1,000,000 ending on 31 October 2016.
- Long term loan facility amounting to US\$10,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 2.25% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$500,000 ending on 31 October 2016.
- Short term loans outstanding at 30 June 2011 were obtained from local bank. The loans are unsecured and carry effective interest of 2.5% above Central Bank of Kuwait discount rate per annum. The loans are repayable within twelve months of the period end.

7 Cash and cash equivalents

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Fixed deposits maturing within three months	395,979	-	16,402,728
Cash on hand	274,905	252,949	159,985
Cash in portfolio	1,207,535	-	-
Bank balances	2,508,936	11,251,947	4,955,841
Due to banks	(2,609,226)	(78,730)	(1,562,397)
	1,778,129	11,426,166	19,956,157

8 General assembly of shareholders

The annual general assembly of the shareholders held on 10 March 2011 approved the consolidated financial statements of the group for the year ended 31 December 2010 and declared cash dividend of 65 Fils per share amounting to KD13,645,535 for the year ended 31 December 2010 and paid following that approval.

9 Segmental information

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

	Cable manufacture (Unaudited) KD	Investment (Unaudited) KD	Total (Unaudited) KD
Three months ended 30 June 2011			
Revenue	33,167,624	24,534,231	57,701,855
Segment profit	3,295,096	23,830,247	27,125,343
Unallocated expenses			(484,940)
Profit for the period			26,640,403
Six months ended 30 June 2011			
Revenue	62,747,521	24,865,223	87,612,744
Segment profit	10,245,576	23,164,591	33,410,167
Unallocated expenses			(852,880)
Profit for the period			32,557,287
Impairment of available for sale investments	-	843,085	843,085
Total assets	108,677,736	165,765,785	274,443,521
Three months ended 30 June 2010			
Revenue	20,607,632	20,410,393	41,018,025
Segment (loss)/profit	(65,917)	19,299,327	19,233,410
Unallocated expenses			(156,576)
Profit for the period			19,076,834
Six months ended 30 June 2010			
Revenue	38,912,122	20,594,679	59,506,801
Segment profit	3,927,277	18,507,249	22,434,526
Unallocated expenses			(379,492)
Profit for the period			22,055,034
Impairment of available for sale investments	-	3,048,294	3,048,294
Total assets	85,205,069	211,331,953	296,537,022

10 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns) approved by management of the parent company.

	30 June 2011 (Unaudited) KD	31 Dec. 2010 (Audited) KD	30 June 2010 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivables	1,875,654	2,615,006	936,865
Trade accounts payables	2,869	3,128	525
	Three months ended (Unaudited)	Six months ended (Unaudited)	
	30 June 2011 KD	30 June 2010 KD	30 June 2011 KD
			30 June 2010 KD
Amounts included in interim condensed consolidated statement of income			
Sales	266,551	176,596	620,492
Industrial expenses	48,021	11,504	91,837
Key management compensation:			
Salaries and other short term benefits	356,428	297,859	712,855
Terminal benefits	1,249	-	6,069
	357,677	297,859	718,924
			596,617

11 Capital commitments

At the period end, the group was committed to purchase investments amounting to KD1,000,000 (31 December 2010: KD1,000,000 and 30 June 2010: KD1,000,000) and to purchase new machinery and equipment amounting to KD 8,042 (31 December 2010: KD93,830 and 30 June 2010: KD290,087).

12 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD8,957,063 (31 December 2010: KD7,131,643 and 30 June 2010: KD6,286,717).

13 Financial risk management

All aspects of the group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2010.