Interim condensed consolidated financial information and review report

Gulf Cable and Electrical Industries Company – KPSC

and Subsidiaries

Kuwait

30 June 2014 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (A Kuwaiti Public Shareholding Company) and its subsidiaries as of 30 June 2014 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 parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, or of the articles and memorandum of association of the parent Company, as amended, have occurred during the six-month period ended 30 June 2014 that might have had a material effect on the business or financial position of the parent Company.

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Kuwait
24 July 2014

Interim condensed consolidated statement of income

	Note	Three months ended (Unaudited)		Six months ended (Unaudited)	
		30 June 2014 KD	30 June 2013 KD	30 June 2014 KD	30 June 2013 KD
Revenue					
Sales		**34,080,423**	22,207,669	**65,639,214**	45,079,235
Cost of sales		**(31,099,459)**	(22,121,572)	**(59,103,419)**	(41,502,374)
Gross profit		**2,980,964**	86,097	**6,535,795**	3,576,861
Dividend income		**234,142**	7,130,376	**6,378,449**	7,940,522
Other investments income		**143**	32,483	**1,685**	62,717
(Loss)/gain on sale/redemption of available for sale investments		**(34,745)**	999,782	**(15,918)**	937,912
Interest income		**932**	1,528	**2,485**	3,263
Other revenue		**5,183**	936	**45,913**	936
Foreign exchange gain		**147,218**	318,391	**371,695**	595,706
		3,333,837	8,569,593	**13,320,104**	13,117,917
Expenses and other charges					
Administrative expenses		**551,219**	1,034,497	**1,454,834**	1,815,390
Commercial expenses		**881,235**	683,008	**1,799,172**	1,276,383
Impairment of available for sale investments	5(a)	**230,000**	-	**860,000**	-
Provision/(reversal of provision) for obsolete and slow moving inventories		**4,582**	19,098	**(16,268)**	19,098
Finance costs		**479,904**	619,964	**1,028,814**	1,202,799
		2,146,940	2,356,567	**5,126,552**	4,313,670
Profit for the period before income tax		**1,186,897**	6,213,026	**8,193,552**	8,804,247
Income tax for overseas subsidiary		**(601)**	7,359	**(2,608)**	(2,595)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		**1,186,296**	6,220,385	**8,190,944**	8,801,652
Contribution to KFAS		**(11,758)**	(62,464)	**(81,621)**	(87,903)
NLST		**(27,903)**	(4,405)	**(54,740)**	(71,867)
Zakat		**(10,162)**	7,238	**(20,896)**	(14,747)
Directors' remuneration		**(77,500)**	(77,500)	**(155,000)**	(155,000)
Profit for the period		**1,058,973**	6,083,254	**7,878,687**	8,472,135
Profit for the period attributable to:					
Owners of the parent company		**1,048,568**	6,109,305	**7,849,887**	8,460,823
Non-controlling interests		**10,405**	(26,051)	**28,800**	11,312
		1,058,973	6,083,254	**7,878,687**	8,472,135
Basic and diluted earnings per share attributable to the owners of the parent company	4	**5 Fils**	29 Fils	**37 Fils**	40 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 comprehensive income

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2014 KD	30 June 2013 KD	**30 June 2014 KD**	30 June 2013 KD
Profit for the period	**1,058,973**	6,083,254	**7,878,687**	8,472,135
Other comprehensive income:				
Items that will be reclassified subsequently into the interim condensed consolidated statement of income:				
Exchange differences arising on translation of foreign operations	**3,083**	21,780	**(13,953)**	132,521
Available for sale investments:				
- Net change in fair value during the period	**(7,166,910)**	(19,931,921)	**(8,011,440)**	(20,998,997)
-Transferred to interim condensed consolidated statement of income on sale/redemption	**23,767**	(198,582)	**15,117**	(123,065)
-Transferred to interim condensed consolidated statement of income on impairment	**230,000**	-	**860,000**	-
Total other comprehensive loss	**(6,910,060)**	(20,108,723)	**(7,150,276)**	(20,989,541)
Total comprehensive (loss)/income for the period	**(5,851,087)**	(14,025,469)	**728,411**	(12,517,406)
Total comprehensive (loss)/income attributable to:				
Owners of the parent company	**(5,861,662)**	(14,000,615)	**700,378**	(12,536,006)
Non-controlling interests	**10,575**	(24,854)	**28,033**	18,600
	(5,851,087)	(14,025,469)	**728,411**	(12,517,406)

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	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		**8,930,641**	9,152,430	9,972,582
Available for sale investments	5	**129,324,650**	135,440,233	135,420,338
		138,255,291	144,592,663	145,392,920
Current assets				
Inventories	6	**39,220,606**	44,984,064	44,617,547
Trade accounts receivable		**31,969,717**	25,602,852	22,567,139
Other receivables and prepayments		**997,792**	627,767	832,995
Cash and bank balances	7	**6,141,911**	10,154,696	5,866,121
		78,330,026	81,369,379	73,883,802
Total assets		**216,585,317**	225,962,042	219,276,722
Equity and liabilities				
Equity attributable to the owners of the parent company				
Share capital		**20,993,131**	20,993,131	20,993,131
Share premium		**29,160,075**	29,160,075	29,160,075
Legal reserve		**20,993,131**	20,993,131	20,993,131
Voluntary reserve		**20,993,131**	20,993,131	20,993,131
General reserve		**22,783,650**	22,783,650	21,731,840
Other components of equity	8	**(9,925,300)**	(2,775,791)	(7,714,723)
Retained earnings		**37,864,475**	36,312,527	35,859,677
		142,862,293	148,459,854	142,016,262
Non-controlling interests		**523,258**	495,225	476,112
Total equity		**143,385,551**	148,955,079	142,492,374
Non-current liabilities				
Provision for staff indemnity		**2,461,541**	2,145,342	2,146,075
Long term loans	9	**13,515,500**	19,943,500	26,480,000
		15,977,041	22,088,842	28,626,075
Current liabilities				
Trade accounts payable		**4,028,170**	3,772,828	2,859,100
Other payables and accruals		**7,804,505**	7,775,845	8,460,290
Current portion of long term loans	9	**12,838,500**	12,954,640	13,558,800
Murabaha payables		**2,440,701**	-	-
Short term loans	9	**29,859,819**	30,276,648	23,000,339
Due to banks	7	**251,030**	138,160	279,744
		57,222,725	54,918,121	48,158,273
Total liabilities		**73,199,766**	77,006,963	76,784,348
Total equity and liabilities		**216,585,317**	225,962,042	219,276,722

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.

Interim condensed consolidated statement of changes in equity

	Attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 8) KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2014	20,993,131	29,160,075	20,993,131	20,993,131	22,783,650	(2,775,791)	36,312,527	148,459,854	495,225	148,955,079
Cash dividends (Note 10)	-	-	-	-	-	-	(6,297,939)	(6,297,939)	-	(6,297,939)
Transactions with owners	-	-	-	-	-	-	(6,297,939)	(6,297,939)	-	(6,297,939)
Profit for the period	-	-	-	-	-	-	7,849,887	7,849,887	28,800	7,878,687
Total other comprehensive loss	-	-	-	-	-	(7,149,509)	-	(7,149,509)	(767)	(7,150,276)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(7,149,509)	7,849,887	700,378	28,033	728,411
Balance at 30 June 2014	**20,993,131**	**29,160,075**	**20,993,131**	**20,993,131**	**22,783,650**	**(9,925,300)**	**37,864,475**	**142,862,293**	**523,258**	**143,385,551**

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (Note 8) KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2013	20,993,131	29,160,075	20,993,131	20,993,131	21,731,840	13,282,106	32,647,137	159,800,551	457,512	160,258,063
Cash dividends (Note 10)	-	-	-	-	-	-	(5,248,283)	(5,248,283)	-	(5,248,283)
Transactions with owners	-	-	-	-	-	-	(5,248,283)	(5,248,283)	-	(5,248,283)
Profit for the period	-	-	-	-	-	-	8,460,823	8,460,823	11,312	8,472,135
Total other comprehensive (loss)/income	-	-	-	-	-	(20,996,829)	-	(20,996,829)	7,288	(20,989,541)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(20,996,829)	8,460,823	(12,536,006)	18,600	(12,517,406)
Balance at 30 June 2013	20,993,131	29,160,075	20,993,131	20,993,131	21,731,840	(7,714,723)	35,859,677	142,016,262	476,112	142,492,374

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	Six months ended 30 June 2014 (Unaudited)	Six months ended 30 June 2013 (Unaudited)
		KD	KD
OPERATING ACTIVITIES			
Profit for the period		7,878,687	8,472,135
Adjustments:			
Depreciation		798,135	865,325
Provision for staff indemnity		322,732	228,768
Finance costs		1,028,814	1,202,799
Interest income		(2,485)	(3,263)
Dividend income		(6,378,449)	(7,940,522)
Other investments income		(1,685)	(62,717)
Loss/(gain) on sale/redemption of available for sale investments		15,918	(937,912)
Impairment of available for sale investments		860,000	-
(Reversal of provision)/provision for obsolete and slow moving inventories		(16,268)	19,098
(Gain)/loss on foreign exchange on non-operating liabilities		(11,390)	221,180
		4,494,009	2,064,891
Changes in operating assets and liabilities:			
Inventories		5,779,726	(2,493,518)
Trade accounts receivable		(6,366,865)	2,475,949
Other receivables and prepayments		(370,025)	(321,961)
Trade accounts payable		255,342	360,493
Other payables and accruals		(327,759)	35,749
Staff indemnity paid		(6,533)	(21,544)
Net cash from operating activities		3,457,895	2,100,059
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(575,542)	(104,148)
Proceeds from disposal of property, plant and equipment		-	3,611
Purchase of available for sale investments		(2,099,109)	(13,174,185)
Proceeds from sale/redemption of available for sale investments		202,451	5,495,709
Dividend income received		6,378,449	7,892,447
Other investments income received		1,685	47,877
Interest income received		2,485	3,263
Net cash from investing activities		3,910,419	164,574
FINANCING ACTIVITIES			
Payment of cash dividends		(6,071,783)	(5,209,229)
Proceeds from term loans		8,675,265	12,000,339
Payment of term loans		(15,624,047)	(5,566,700)
Proceeds from murabaha payable		2,439,904	-
Finance costs paid		(898,551)	(1,075,445)
Net cash (used in)/from financing activities		(11,479,212)	148,965
(Decrease)/increase in cash and cash equivalents		(4,110,898)	2,413,598
Foreign currency adjustment		(14,757)	27,568
Cash and cash equivalents at beginning of the period	7	10,016,536	3,145,211
Cash and cash equivalents at end of the period	7	5,890,881	5,586,377

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

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

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

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

This interim condensed consolidated financial information for the six-month period ended 30 June2014 was authorised for issue by the parent company's board of directors on 24 July 2014.

2 Basis of presentation

The interim condensed consolidated financial information of the group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2013 except for adoption of relevant new standards, amendments to certain standards and interpretations discussed below.

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

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

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended 31 December 2013.

Operating results for the six month period ended 30 June2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2013.

Basis of consolidation

The interim condensed consolidated financial information includes the financial information of the parent company and its subsidiaries for the six months period ended 30 June2014. The detail of the consolidated subsidiaries is shown in note 3. All material balances, transactions, realized and unrealized profits between the parent company and its subsidiaries are eliminated upon consolidation.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.1 Adoption of new IASB Standards and amendments during the period

The group has adopted the following new and amended IFRS during the period:

Standard or Interpretation	*Effective for financial periods beginning*
IAS 32 Financial Instruments: Presentation - Amendments	1 January 2014
IAS 36 Impairment of Assets- Amendments	1 January 2014
Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21 Levies	1 January 2014

2.1.1 IAS 32 Financial Instruments: Presentation - Amendments

The amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off
- that some gross settlement systems may be considered equivalent to net settlement.

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

2.1.2 IAS 36 Impairment of Assets- Amendments

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

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

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

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

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

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

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

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

2.1.5 IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

• the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on specific date within an accounting period then the entire obligation is recognised on that date.

• the same recognition principles apply in the annual and interim financial statements.

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

2.2 IASB Standards issued but not yet effective

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

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first time during the period beginning on or after the effective date of the new standard, amendment or interpretation. Management is yet to determine impact of these pronouncements in the interim condensed consolidated financial information. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 9 Financial Instruments: Classification and Measurement	No stated effective date
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.1 IFRS 9 Financial Instruments

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

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

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

2.2.2 IFRS 14 Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

2.2.3 IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 11 Revenues and provides a new control-based revenue recognition model using five-step to be applied 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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.3 IFRS 15 Revenue from Contracts with Customers (continued)

- specific issues, including –
  - non-cash consideration and asset exchanges
  - contract costs
  - rights of return and other customer options
  - supplier repurchase options
  - warranties
  - principal versus agent
  - licencing
  - breakage
  - non-refundable upfront fees, and
  - consignment and bill-and-hold arrangements.

2.2.4 Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

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.

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.

2.2.5 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

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.

2.2.6 Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

2.2 IASB Standards issued but not yet effective (continued)

2.2.7 Annual Improvements to IFRSs 2010–2012 Cycle:

- *Amendments to IFRS 3*-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in the consolidated statement of income.
- *Amendments to IFRS 13*- the addition to the Basis for Conclusions confirms the existing measurement treatment of short-term receivables and payables.
- *Amendments to IFRS 8*-Disclosures are required regarding judgements made by management in aggregating operating segments (i.e. description, economic indicators). A reconciliation of reportable segments' assets to total entity assets is required if this is regularly provided to the chief operating decision maker.
- *Amendments to IAS 16 and IAS 38*- When items are revalued, the gross carrying amount is adjusted on a consistent basis to the revaluation of the net carrying amount.
- *Amendments to IAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

2.2.8 Annual Improvements 2011-2013 Cycle:

- *Amendments to IFRS 1*-the amendment to the Basis for Conclusions clarifies that an entity preparing its IFRS financial statements in accordance with IFRS 1 is able to use both:

- IFRSs that are currently effective

- IFRSs that have been issued but are not yet effective, that permits early adoption
The same version of each IFRS must be applied to all periods presented.

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

3 Subsidiary companies

The interim condensed financial information of the following subsidiaries were consolidated with the interim condensed financial information of the parent company up to 30 June2014 the information relating to these companies are as follows:

Notes to the interim condensed consolidated financial information (continued)

3 Subsidiary companies (continued)

Name	Country of incorporation	Percentage Ownership direct / indirect			Activity
		30 June 2014	31 Dec. 2013	30 June 2013	
Gulf Cable and Multi Industries Company – JSC	Jordan	**94.5%**	94.5%	94.5%	Manufacture and supply of electrical cables and related products and the holding of investments.
Hawraa Regional General Trading & Contracting Co. W.L.L	Kuwait	**97.3%**	-	-	General Trading and Contracting

During the current period, the Group acquired a share of 97.3% in Hawraa Regional General Trading & Contracting Company - W.L.L. through acquiring by the parent company of a direct share of 51% and an indirect share of 46.3% through the subsidiary (Gulf Cables and Multi-Industries Company – JSC). The interim condensed financial information of the subsidiaries has been consolidated within the interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2014.

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

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

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2014	30 June 2013	**30 June 2014**	30 June 2013
Profit for the period attributable to the owners of the parent company (KD)	**1,048,568**	6,109,305	**7,849,887**	8,460,823
Weighted average number of ordinary shares outstanding during the period	**209,931,310**	209,931,310	**209,931,310**	209,931,310
Basic and diluted earnings per share attributable to the owners of the parent company	**5 Fils**	29 Fils	**37 Fils**	40 Fils

5 Available for sale investments

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Investment portfolios managed by others comprises of:			
• Quoted shares	**103,489,043**	108,858,832	108,650,810
• Unquoted shares	**7,157,036**	7,971,002	6,058,974
Other investments comprises of:			
• Quoted shares	**-**	-	2,126,000
• Unquoted shares	**15,951,652**	15,951,652	15,949,260
Investment funds managed by others:			
• Unquoted units	**2,726,919**	2,658,747	2,635,294
	129,324,650	135,440,233	135,420,338

Notes to the interim condensed consolidated financial information (continued)

5 Available for sale investments (continued)

A- The group recognised impairment loss of KD860,000 (31 December 2013: KD687,289, 30 June 2013: KD Nil) in respect of investment portfolios managed by others.

B- Other investments include investments amounting to KD15,922,585 (31 December 2013: KD15,922,585 , 30 June 2013: KD15,920,646) stated at cost due to the unpredictable nature of future cash flows and the unavailability of other financial information to arrive at a reliable measure of fair value. Management has performed an analysis of the underlying investments which indicates that there is no impairment.

C- Investment funds managed by others include investments in units of private equity funds amounting to KD 2,726,919 (31 December 2013: KD2,658,747 , 30 June 2013: KD 2,635,294). Information for the value of these units is relating to financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

6 Inventories

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Raw materials	**7,748,544**	11,393,838	12,394,203
Finished goods	**18,135,046**	18,437,711	15,313,936
Work-in-progress	**6,926,520**	8,476,650	9,384,558
Spare parts	**1,948,004**	1,920,584	1,875,871
	34,758,114	40,228,783	38,968,568
Provision for obsolete and slow moving inventories	**(259,753)**	(276,021)	(274,519)
	34,498,361	39,952,762	38,694,049
Goods in transit and prepaid letters of credit	**4,722,245**	5,031,302	5,923,498
	39,220,606	44,984,064	44,617,547

7 Cash and cash equivalents

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

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Cash on hand	**18,671**	26,910	87,673
Cash in portfolios	**2,896,214**	5,916,207	1,021,168
Bank balances	**3,227,026**	4,211,579	4,757,280
Total cash and cash equivalents	**6,141,911**	10,154,696	5,866,121
Less: due to banks	**(251,030)**	(138,160)	(279,744)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	**5,890,881**	10,016,536	5,586,377

Notes to the interim condensed consolidated financial information (continued)

8 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2014	**(2,623,448)**	**(152,343)**	**(2,775,791)**
Exchange differences arising on translation of foreign operations	-	(13,186)	(13,186)
AFS financial assets:			
- Net change in fair value arising during the period	(8,011,440)	-	(8,011,440)
- Transferred to interim condensed consolidated statement of income resulted from sale/redemption	15,117	-	15,117
- Transferred to interim condensed consolidated statement of income on impairment	860,000	-	860,000
Total other comprehensive loss for the period	(7,136,323)	(13,186)	(7,149,509)
Balance at 30 June 2014	**(9,759,771)**	**(165,529)**	**(9,925,300)**

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2013	13,434,285	(152,179)	13,282,106
Exchange differences arising on translation of foreign operations	-	125,233	125,233
AFS financial assets:			
- Net change in fair value arising during the period	(20,998,997)	-	(20,998,997)
- Transferred to interim condensed consolidated statement of income on sale/redemption	(123,065)	-	(123,065)
Total other comprehensive (loss)/ income for the period	(21,122,062)	125,233	(20,996,829)
Balance at 30 June 2013	(7,687,777)	(26,946)	(7,714,723)

Notes to the interim condensed consolidated financial information (continued)

9 Term loans

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Long term loans:			
- USD 50,000,000 facilities	**11,354,000**	12,784,500	14,350,000
- USD 20,000,000 facilities	**-**	113,640	688,800
- KD 40,000,000 facilities	**15,000,000**	20,000,000	25,000,000
	26,354,000	32,898,140	40,038,800
Instalments due within next twelve months	**(12,838,500)**	(12,954,640)	(13,558,800)
Instalments due after next twelve months	**13,515,500**	19,943,500	26,480,000
Short term loans			
- Kuwait Dinar and USD	**29,859,819**	30,276,648	23,000,339

- Long term loan facility amounting to US$50,000,000 was obtained from a regional bank. The loan is unsecured and carries floating interest of 2.15% (31 December 2013: 2.15%, 30 June2013: 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.

- Long term loan facility amounting to US$20,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 1.75% (31 December 2013: 1.75%, 30 June 2013: 1.75%) above three months LIBOR. The loan is repayable in twenty quarterly instalments of US$1,000,000 each. The last instalment has been settled during the current period.

- Long term loan facility amounting to KD40,000,000, which were obtained from a local bank. The loan is unsecured and carries interest of 1.75% (31 December 2013: 2.5%, 30 June2013: 2.5%) per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi annual instalments of KD5,000,000 each ending on 15 August 2015.

- The group obtained short term loans to finance its operating activities. Short term loans were obtained from local banks. The loans are unsecured and carry interest rate ranging from 1.25% to 1.75% (31 December 2013: 1.5% to 2%, 30 June 2013: 1.5% to 2%) per annum above Central Bank of Kuwait discount rate and floating interest rate of 1.75% to 2% (31 December 2013: 2%, 30 June 2013: nil) per annum above three months LIBOR. The loans mature on various dates ending in 31 March 2015.

10 General assembly of shareholders

The annual general assembly of the shareholders held on 20 April 2014 approved the consolidated financial statements of the group for the year ended 31 December 2013 and declared cash dividend of 30% equivalent to 30 Fils per share amounting to KD 6,297,939 for the year ended 31 December 2013. Payment was made after obtaining that approval.

The annual general assembly of the shareholders held on 17 March 2013 approved the consolidated financial statements of the group for the year ended 31 December 2012 and approved cash dividend of 25% which equivalent to 25 Fils per share of paid up share capital amounting to KD5,248,283 for the year ended 31 December 2012 and was paid following that approval.

Notes to the interim condensed consolidated financial information (continued)

11 Segmental information

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

	Cable manufacture	Investment	Total
	KD	KD	KD
Three months ended 30 June2014 (unaudited)			
Revenue	**34,080,423**	**15,044**	**34,095,467**
Segment profit / (loss)	**1,555,227**	**(368,931)**	**1,186,296**
Unallocated expenses			**(127,323)**
Profit for the period			**1,058,973**
Six months ended 30 June 2014 (unaudited)			
Revenue	**65,639,214**	**5,517,638**	**71,156,852**
Segment profit	**3,440,254**	**4,750,690**	**8,190,944**
Unallocated expenses			**(312,257)**
Profit for the period			**7,878,687**
Total assets	**84,083,703**	**132,501,614**	**216,585,317**
Total liabilities	**(41,738,490)**	**(31,461,276)**	**(73,199,766)**
Net assets employed	**42,345,213**	**101,040,338**	**143,385,551**

	Cable manufacture KD	Investment KD	Total KD
Three months ended 30 June 2013 (Unaudited)			
Revenue	22,207,669	8,258,321	30,465,990
Segment (loss)/profit	(1,573,033)	7,793,418	6,220,385
Unallocated expenses			(137,131)
Profit for the period			6,083,254
Six months ended 30 June 2013 (Unaudited)			
Revenue	45,079,235	9,011,669	54,090,904
Segment profit	752,618	8,049,034	8,801,652
Unallocated expenses			(329,517)
Profit for the period			8,472,135
Total assets	82,772,301	136,504,421	219,276,722
Total liabilities	(36,618,194)	(40,166,154)	(76,784,348)
Net assets employed	46,154,107	96,338,267	142,492,374

Notes to the interim condensed consolidated financial information (continued)

12 Related party transactions

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

	30 June 2014 (Unaudited) KD	31 Dec. 2013 (Audited) KD	30 June 2013 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivables	**2,945,463**	2,104,747	1,047,728
Trade accounts payables	**6,095**	5,016	5,016
Other receivables	**286,687**	-	-

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2014 KD	30 June 2013 KD	30 June 2014 KD	30 June 2013 KD
Amounts included in interim condensed consolidated statement of income				
Sales	**966,353**	374,966	**2,130,106**	1,072,337
Industrial expenses	**6,766**	819	**7,603**	15,838
Key management compensation:				
Salaries and other short term benefits	**98,270**	138,154	**239,712**	276,308
End of service benefits	**1,156**	1,778	**17,532**	2,640
	99,426	139,932	**257,244**	278,948

13 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD7,916 (31 December 2013: KD416,303 and 30 June 2013: KD7,569).

14 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD9,288,996 (31 December 2013: KD6,622,081 and 30 June 2013: KD4,651,127).

15 Derivative financial instruments

	30 June 2014 (Unaudited)		31 December 2013 (Audited)		30 June 2013 (Unaudited)	
	Notional principal value USD	**Fair value KD**	Notional principal value USD	Fair value KD	Notional principal value USD	Fair value KD
Interest rate swaps	**40,000,000**	**(32,297)**	45,000,000	22,052	50,000,000	14,245

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement

16.1 Fair value hierarchy

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

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

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

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

	30 June 2014 (Unaudited) KD	31 Dec .2013 (Audited) KD	30 June 2013 (Unaudited) KD
Financial assets:			
Loans and receivables at amortised cost:			
- Trade accounts receivable	**31,969,717**	25,602,852	22,567,139
- Other receivables (excluding prepayments)	**579,987**	210,638	436,102
- Bank balances	**6,123,240**	10,127,786	5,778,448
Available for sale investments (see note 5)			
-At fair value	**111,299,504**	117,205,087	119,009,067
-At cost less impairment in value, if any.	**18,025,146**	18,235,146	16,411,271
	167,997,594	171,381,509	164,202,027
Financial liabilities:			
Financial liabilities at amortised cost:			
-Term loans (see note 9)	**56,213,819**	63,174,788	63,039,139
-Trade accounts payable	**4,028,170**	3,772,828	2,859,100
-Other payables and accruals	**7,804,505**	7,775,845	8,460,290
-Murabaha payable	**2,440,701**	-	-
-Due to banks (see note 7)	**251,030**	138,160	279,744
	70,738,225	74,861,621	74,638,273

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

16.2 Fair value measurement of financial instruments

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

30 June2014

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	**103,489,043**	**-**	**-**	**103,489,043**
• Unquoted shares	B	**-**	**-**	**5,054,475**	**5,054,475**
-Other investments comprises of:					
• Unquoted shares	C	**-**	**-**	**29,067**	**29,067**
-Investment funds managed by others:					
• Unquoted units	D	**-**	**2,726,919**	**-**	**2,726,919**
		103,489,043	**2,726,919**	**5,083,542**	**111,299,504**

31 December 2013

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	108,858,832	-	-	108,858,832
• Unquoted shares	B	-	-	5,658,441	5,658,441
-Other investments comprises of:					
• Unquoted shares	C	-	-	29,067	29,067
-Investment funds managed by others:					
• Unquoted units	D	-	2,658,747	-	2,658,747
		108,858,832	2,658,747	5,687,508	117,205,087

30 June 2013

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial Assets at fair value					
Available for sale:					
-Investment portfolios managed by others comprises of:					
• Quoted shares	A	108,650,810	-	-	108,650,810
• Unquoted shares	B	-	-	5,568,349	5,568,349
-Other investments comprises of:					
• Quoted shares	A	2,126,000	-	-	2,126,000
• Unquoted shares	C	-	-	28,614	28,614
-Investment funds managed by others:					
• Unquoted units	D	-	2,635,294	-	2,635,294
		110,776,810	2,635,294	5,596,963	119,009,067

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instruments (continued)

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.

Financial instruments in level 1

a) Quoted shares (level 1)
All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at reporting date.

Financial instruments in level 2 & 3

b) Unquoted shares (level 3)
Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

c) Unquoted shares (level 3)
The interim condensed consolidated financial information include holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation technique which includes some assumptions that are not supportable by observable market prices or rates.

d) Unquoted units (level 2)
Investment funds managed by others mainly comprise of unquoted units and the fair value of these units has been determined based on net asset values reported by the fund manager as of the interim condensed reporting date.

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

	Available for sale investments		
	30 June 2014 (Unaudited) Unquoted shares KD	31 Dec. 2013 (Audited) Unquoted shares KD	30 June 2013 (Unaudited) Unquoted shares KD
Opening balance	**5,687,508**	5,583,061	5,583,061
Gains or losses recognised in:			
- Other comprehensive (loss)/Income	**(603,966)**	104,447	13,902
Closing balance	**5,083,542**	5,687,508	5,596,963

Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

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

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

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

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

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