

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

Kuwait

30 June 2015 (Unaudited)

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## Report on review of interim condensed consolidated financial information

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 June 2015 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*

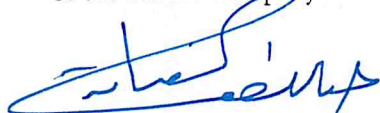
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 International Accounting Standard 34, "Interim Financial Reporting".

### **Report on review of other legal and regulatory requirements**

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the six-month period ended 30 June 2015 that might have had a material effect on the business or financial position of the Parent Company.



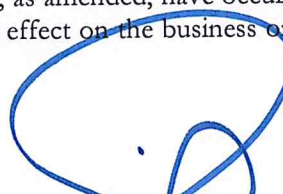
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of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

12 August 2015



Hend Abdulla Al Surayea

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Hend Abdulla Al Surayea & Co.

Member of MAZARS



## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended (Unaudited)		Six months ended (Unaudited)	
		30 June 2015 KD	30 June 2014 KD	30 June 2015 KD	30 June 2014 KD
<b>Revenue</b>					
Sales		24,367,668	34,080,423	49,224,388	65,639,214
Cost of sales		(22,023,062)	(31,099,459)	(44,425,212)	(59,103,419)
<b>Gross profit</b>		<b>2,344,606</b>	<b>2,980,964</b>	<b>4,799,176</b>	<b>6,535,795</b>
Investment income	5	77,358	199,540	5,058,723	6,364,216
Interest income		1,766	932	3,225	2,485
Other income		11,039	5,183	12,200	45,913
Foreign exchange gain		162,455	147,218	195,961	371,695
		<b>2,597,224</b>	<b>3,333,837</b>	<b>10,069,285</b>	<b>13,320,104</b>
<b>Expenses and other charges</b>					
General and administrative expenses		(636,141)	(551,219)	(1,423,841)	(1,454,834)
Commercial expenses		(436,985)	(881,235)	(848,845)	(1,799,172)
Impairment of available for sale investments	7	-	(230,000)	(4,016,684)	(860,000)
(Provision)/ reversal of provision for obsolete and slow moving inventories		(48,085)	(4,582)	(41,299)	16,268
Finance costs		(397,129)	(479,904)	(869,304)	(1,028,814)
		<b>(1,518,340)</b>	<b>(2,146,940)</b>	<b>(7,199,973)</b>	<b>(5,126,552)</b>
<b>Profit for the period before income tax</b>		<b>1,078,884</b>	<b>1,186,897</b>	<b>2,869,312</b>	<b>8,193,552</b>
Income tax for overseas subsidiary		1,256	(601)	-	(2,608)
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration</b>		<b>1,080,140</b>	<b>1,186,296</b>	<b>2,869,312</b>	<b>8,190,944</b>
Provision for contribution to KFAS		(10,989)	(11,758)	(28,819)	(81,621)
Provision for NLST		-	(27,903)	-	(54,740)
Provision for Zakat		-	(10,162)	-	(20,896)
Provision for directors' remuneration		(68,750)	(77,500)	(137,500)	(155,000)
<b>Profit for the period</b>		<b>1,000,401</b>	<b>1,058,973</b>	<b>2,702,993</b>	<b>7,878,687</b>
<b>Profit for the period attributable to:</b>					
Owners of the parent company		1,019,226	1,048,568	2,715,598	7,849,887
Non-controlling interests		(18,825)	10,405	(12,605)	28,800
<b>Profit for the period</b>		<b>1,000,401</b>	<b>1,058,973</b>	<b>2,702,993</b>	<b>7,878,687</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	6	<b>5 Fils</b>	<b>5 Fils</b>	<b>13 Fils</b>	<b>37 Fils</b>

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


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

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2015 KD	30 June 2014 KD	30 June 2015 KD	30 June 2014 KD
Profit for the period	1,000,401	1,058,973	2,702,993	7,878,687
<b>Other comprehensive loss:</b>				
<i>Items that will be reclassified subsequently to statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	59,160	3,083	309,185	(13,953)
Available for sale investments:				
- Net change in fair value arising during the period	(8,443,535)	(7,166,910)	(16,250,446)	(8,011,440)
- Transferred to consolidated statement of profit or loss on sale	982,165	23,767	996,511	15,117
- Transferred to consolidated statement of profit or loss on impairment	-	230,000	4,016,684	860,000
Total other comprehensive loss	(7,402,210)	(6,910,060)	(10,928,066)	(7,150,276)
<b>Total comprehensive (loss)/income for the period</b>	<b>(6,401,809)</b>	<b>(5,851,087)</b>	<b>(8,225,073)</b>	<b>728,411</b>
<b>Total comprehensive (loss)/ income attributable to:</b>				
Owners of the parent company	(6,386,238)	(5,861,662)	(8,229,473)	700,378
Non-controlling interests	(15,571)	10,575	4,400	28,033
	<b>(6,401,809)</b>	<b>(5,851,087)</b>	<b>(8,225,073)</b>	<b>728,411</b>

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

## Interim condensed consolidated statement of financial position

	Notes	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		8,200,952	8,472,869	8,930,641
Available for sale investments	7	98,452,702	115,234,507	129,324,650
		<b>106,653,654</b>	<b>123,707,376</b>	<b>138,255,291</b>
<b>Current assets</b>				
Inventories	8	43,678,391	51,813,123	39,220,606
Trade accounts receivable		26,622,002	28,810,896	31,969,717
Other receivables and prepayments		1,206,597	1,404,045	997,792
Cash and bank balances	9	5,070,108	3,629,835	6,141,911
		<b>76,577,098</b>	<b>85,657,899</b>	<b>78,330,026</b>
<b>Total assets</b>		<b>183,230,752</b>	<b>209,365,275</b>	<b>216,585,317</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		23,270,944	23,270,944	22,783,650
Other components of equity	10	(28,848,761)	(17,903,690)	(9,925,300)
Retained earnings		32,593,465	34,076,493	37,864,475
<b>Total equity attributable to the owners of the parent company</b>		<b>119,155,116</b>	<b>131,583,215</b>	<b>142,862,293</b>
Non-controlling interests		543,610	539,210	523,258
<b>Total equity</b>		<b>119,698,726</b>	<b>132,122,425</b>	<b>143,385,551</b>
<b>Non-current liabilities</b>				
Provision for employees' end of service benefits		2,506,121	2,487,023	2,461,541
Long term loans	11	5,463,900	7,076,400	13,515,500
		<b>7,970,021</b>	<b>9,563,423</b>	<b>15,977,041</b>
<b>Current liabilities</b>				
Trade accounts payable		2,956,561	3,535,362	4,028,170
Other payables and accruals		6,541,859	7,271,218	7,804,505
Current portion of long term loans	11	8,642,600	13,243,350	12,838,500
Short term loans	12	29,547,539	33,020,366	29,859,819
Murabaha payables	13	7,607,140	10,588,754	2,440,701
Due to banks	9	266,306	20,377	251,030
		<b>55,562,005</b>	<b>67,679,427</b>	<b>57,222,725</b>
<b>Total liabilities</b>		<b>63,532,026</b>	<b>77,242,850</b>	<b>73,199,766</b>
<b>Total equity and liabilities</b>		<b>183,230,752</b>	<b>209,365,275</b>	<b>216,585,317</b>

  
 Bader Naser Al-Kharafi  
 Chairman

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





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

Attributable to the owners of the parent company										
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 10) KD	Retained earnings KD	Sub-total KD	Non-controlling interest KD	Total KD
Balance at 1 January 2015	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(17,903,690)	34,076,493	131,583,215	539,210	132,122,425
Cash dividends (note 14)	-	-	-	-	-	-	(4,198,626)	(4,198,626)	-	(4,198,626)
Transactions with owners	-	-	-	-	-	-	(4,198,626)	(4,198,626)	-	(4,198,626)
Profit for the period	-	-	-	-	-	-	2,715,598	2,715,598	(12,605)	2,702,993
Other comprehensive (loss)/income for the period	-	-	-	-	-	(10,945,071)	-	(10,945,071)	17,005	(10,928,066)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(10,945,071)	2,715,598	(8,229,473)	4,400	(8,225,073)
Balance at 30 June 2015	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(28,848,761)	32,593,465	119,155,116	543,610	119,698,726

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

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	Other components of equity (note 8) KD	Retained earnings KD	Sub-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 14)	-	-	-	-	-	-	(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	

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



## Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2015 (Unaudited) KD	Six months ended 30 June 2014 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		2,702,993	7,878,687
Adjustments:			
Depreciation		804,450	798,135
Provision for employees' end of service benefits		253,951	322,732
Finance costs		869,304	1,028,814
Interest income		(3,225)	(2,485)
Dividend income		(5,904,985)	(6,378,449)
Other investment income		(19,175)	(1,685)
Loss on sale of available for sale investments		865,437	15,918
Impairment of available for sale investments		4,016,684	860,000
Provision/(reversal of provision) for obsolete and slow moving inventories		41,299	(16,268)
Foreign currency exchange loss/(gain) on non-operating liabilities		1,003,517	(11,390)
		4,630,250	4,494,009
Changes in operating assets and liabilities:			
Inventories		8,093,433	5,779,726
Trade accounts receivable		2,188,894	(6,366,865)
Other receivables and prepayments		198,985	(370,025)
Trade accounts payable		(578,801)	255,342
Other payables and accruals		(993,131)	(327,759)
Employees' end of service benefits paid		(234,853)	(6,533)
<b>Net cash from operating activities</b>		<b>13,304,777</b>	<b>3,457,895</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(365,389)	(575,542)
Purchase of available for sale investments		(2,848,281)	(2,099,109)
Proceeds from sale of available for sale investments		3,510,714	202,451
Dividend income received		5,904,985	6,378,449
Other investment income received		17,638	1,685
Interest income received		3,225	2,485
<b>Net cash from investing activities</b>		<b>6,222,892</b>	<b>3,910,419</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cash dividends		(4,060,620)	(6,071,783)
Proceeds from term loans		10,458,552	8,675,265
Repayment of term loans		(20,868,270)	(15,624,047)
Proceeds from murabaha payables		7,476,369	2,439,904
Repayment of murabaha payables		(10,737,859)	-
Finance costs paid		(743,538)	(898,551)
<b>Net cash used in financing activities</b>		<b>(18,475,366)</b>	<b>(11,479,212)</b>
Increase/(decrease) in cash and cash equivalents		1,052,303	(4,110,898)
Foreign currency adjustment		142,041	(14,757)
Cash and cash equivalents at beginning of the period	9	3,609,458	10,016,536
<b>Cash and cash equivalents at end of the period</b>	<b>9</b>	<b>4,803,802</b>	<b>5,890,881</b>

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

# Notes to the interim condensed consolidated financial information

## 1 Incorporation and activities

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

The group comprises the parent company and its subsidiaries.

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

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

This interim condensed consolidated financial information for the six-month period ended 30 June 2015 was authorised for issue by the parent company’s board of directors on 12 August 2015.

## 2 Basis of preparation

The interim condensed consolidated financial information of the group for the six-month period ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2014.

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

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

## 3 Changes in accounting policies

### 3.1 New and amended standards adopted by the group

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

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



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

### 3 Changes in accounting policies (continued)

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

##### *Annual Improvements to IFRSs 2010–2012 Cycle:*

(i) *Amendments to IFRS 3*-Contingent consideration that does not meet the definition of an equity instrument is subsequently measured at each reporting date fair value, with changes recognised in interim condensed consolidated statement of profit or loss.

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

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

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

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

(v) *Amendments to LAS 24*- Entities that provide key management personnel services to a reporting entity, or the reporting entity's parent, are considered to be related parties of the reporting entity.

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

##### *Annual Improvements 2011-2013 Cycle*

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

- IFRSs that are currently effective
- IFRSs that have been issued but are not yet effective, that permits early adoption

The same version of each IFRS must be applied to all periods presented.

(ii) *Amendments to IFRS 3*- IFRS 3 is not applied to the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(iii) *Amendments to IFRS 13*- the scope of the portfolio exemption (IFRS 13.52) includes all items that have offsetting positions in market and/or counterparty credit risk that are recognised and measured in accordance with IAS 39/IFRS 9, irrespective of whether they meet the definition of a financial asset/liability.

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

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



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

### 4 Judgement and estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2014.

### 5 Investment income

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2015 KD	30 June 2014 KD	30 June 2015 KD	30 June 2014 KD
Dividend income from available for sale investments	903,680	234,142	5,904,985	6,378,449
Other investment income	10,376	143	19,175	1,685
Loss on sale of available for sale investments	(836,698)	(34,745)	(865,437)	(15,918)
	77,358	199,540	5,058,723	6,364,216

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

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

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit for the period attributable to the owners of the parent company (KD)	1,019,226	1,048,568	2,715,598	7,849,887
Weighted average number of shares in issue during the period excluding treasury shares	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	5 Fils	13 Fils	37 Fils

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

### 7 Available for sale investments

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Local quoted securities held through managed portfolios	62,537,236	79,843,244	91,682,053
Local unquoted securities held through managed portfolios	6,356,058	6,592,847	7,129,644
Foreign quoted securities held through managed portfolios	10,668,937	10,228,276	11,806,989
Foreign unquoted securities held through managed portfolios	473,789	27,392	27,392
Foreign unquoted securities	15,911,271	15,911,271	15,911,271
Local unquoted securities	40,425	40,425	40,382
Local managed fund	2,032,872	2,106,317	2,220,204
Foreign managed funds	432,114	484,735	506,715
	<b>98,452,702</b>	<b>115,234,507</b>	<b>129,324,650</b>

During the period the group recognised impairment loss of KD4,016,684 (30 June 2014: KD860,000) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios, foreign and local unquoted securities include investments amounting to KD17,821,543 (31 December 2014: KD17,375,146 and 30 June 2014: KD18,025,147) stated at cost less impairment due to the unpredictable nature of future cash flows and the unavailability of other financial information to arrive at a reliable measure of fair value. Management has performed an analysis of the underlying investments which indicates that there is no impairment.

Managed funds include investments in units of private equity funds amounting to KD2,464,986 (31 December 2014: KD2,591,052 and 30 June 2014: KD2,726,919). 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 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Raw materials	12,947,360	20,729,687	7,748,544
Finished goods	16,832,715	20,693,400	18,135,046
Work-in-progress	7,614,209	7,242,018	6,926,520
Spare parts	1,966,557	1,949,410	1,948,004
	<b>39,360,841</b>	<b>50,614,515</b>	<b>34,758,114</b>
Provision for obsolete and slow moving inventories	(594,822)	(548,999)	(259,753)
	<b>38,766,019</b>	<b>50,065,516</b>	<b>34,498,361</b>
Goods in transit and prepaid letters of credit	4,912,372	1,747,607	4,722,245
	<b>43,678,391</b>	<b>51,813,123</b>	<b>39,220,606</b>



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

### 9 Cash and cash equivalents

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

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Cash in hand	44,936	16,631	18,671
Cash held in managed portfolios	566,845	842,865	2,896,214
Bank balances	4,458,327	2,770,339	3,227,026
Total cash and cash equivalents	5,070,108	3,629,835	6,141,911
Less: due to banks	(266,306)	(20,377)	(251,030)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	4,803,802	3,609,458	5,890,881

### 10 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2015	(18,083,444)	179,754	(17,903,690)
Exchange differences arising on translation of foreign operations	-	292,180	292,180
Available for sale investments :			
- Net change in fair value arising during the period	(16,250,446)	-	(16,250,446)
- Transferred to consolidated statement of profit or loss on sale	996,511	-	996,511
- Transferred to consolidated statement of profit or loss on impairment	4,016,684	-	4,016,684
Total other comprehensive (loss)/income	(11,237,251)	292,180	(10,945,071)
Balance at 30 June 2015	(29,320,695)	471,934	(28,848,761)
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)
Available for sale investments :			
- Net change in fair value arising during the period	(8,011,440)	-	(8,011,440)
- Transferred to consolidated statement of profit or loss on sale	15,117	-	15,117
- Transferred to consolidated statement of profit or loss on impairment	860,000	-	860,000
Total other comprehensive loss	(7,136,323)	(13,186)	(7,149,509)
Balance at 30 June 2014	(9,759,771)	(165,529)	(9,925,300)



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

### 11 Long term loans

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
- USD 50,000,000 facility	9,106,500	10,319,750	11,354,000
- KD 40,000,000 facility	5,000,000	10,000,000	15,000,000
	<b>14,106,500</b>	<b>20,319,750</b>	<b>26,354,000</b>
Installments due within next twelve months	(8,642,600)	(13,243,350)	(12,838,500)
Installments due after next twelve months	<b>5,463,900</b>	<b>7,076,400</b>	<b>13,515,500</b>

- Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries floating interest of 2.15% (31 December 2014: 2.15% and 30 June 2014: 2.15%) per annum above six months LIBOR. The loan is repayable in four semi-annual instalments of US\$ 5,000,000 each and five semi-annual installments of US\$6,000,000 each ending on 18 September 2017.
- Long term loan facility amounting to KD40,000,000, was obtained from a local bank. The loan is unsecured and carries interest of 1.6% (31 December 2014: 1.75% and 30 June 2014: 1.75%) per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi-annual instalments of KD5,000,000 each ending on 15 August 2015.

### 12 Short term loans

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Kuwait Dinar facility	13,400,000	18,500,000	21,500,000
USD facility	16,147,539	14,520,366	8,359,819
	<b>29,547,539</b>	<b>33,020,366</b>	<b>29,859,819</b>

The group obtained unsecured short term loans from local banks carrying interest rate ranging from 1.25% to 1.65% (31 December 2014: 1.25% to 1.75% and 30 June 2014: 1.25% to 1.75%) per annum above Central Bank of Kuwait discount rate and floating interest rate of 1.75% to 2% (31 December 2014: 1.75% to 2% and 30 June 2014: 1.75% to 2%) per annum above three months LIBOR. The loans mature on various dates ending 29 October 2015.

### 13 Murabaha payables

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
USD facilities	7,607,140	10,588,754	2,440,701
	<b>7,607,140</b>	<b>10,588,754</b>	<b>2,440,701</b>

The group obtained murabaha facilities from a local Islamic Bank and it carries profit rate of 2.38% (31 December 2014: 2.33% and 30 June 2014: 2.33%). The murabaha payables mature on various dates ending 9 December 2015.

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

### 14 General assembly of shareholders

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

### 15 Segmental information

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

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

	Cable manufacture	Investment	Total
	KD	KD	KD
<b>Three months ended 30 June 2015 (unaudited)</b>			
Revenue	24,367,668	93,049	24,460,717
Segment profit/(loss)	1,252,643	(172,503)	1,080,140
Unallocated expenses			(79,739)
Profit for the period			1,000,401
<b>Six months ended 30 June 2015 (unaudited)</b>			
Revenue	49,224,388	5,080,880	54,305,268
Segment profit	2,401,102	468,210	2,869,312
Unallocated expenses			(166,319)
Profit for the period			2,702,993
Total assets	83,882,204	99,348,548	183,230,752
Total liabilities	(37,143,009)	(26,389,017)	(63,532,026)
Depreciation	804,450	-	804,450
Impairment of available for sale investments	-	4,016,684	4,016,684
<b>Three months ended 30 June 2014 (unaudited)</b>			
Revenue	34,080,423	214,956	34,295,379
Segment profit/(loss)	1,555,227	(368,931)	1,186,296
Unallocated expenses			(127,323)
Profit for the period			1,058,973



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

### 15 Segmental information (continued)

	Cable manufacture	Investment	Total
	KD	KD	KD
<b>Six months ended 30 June 2014 (unaudited)</b>			
Revenue	65,639,214	6,377,638	72,016,852
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)
Depreciation	798,135	-	798,135
Impairment of available for sale investments	-	860,000	860,000

### 16 Related party transactions

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

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

	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Trade accounts receivable	3,865,022	3,826,677	2,951,400
Other receivables and prepayments	301,450	291,750	280,750
Trade accounts payable	6,095	6,095	6,095

	Three months ended (Unaudited)		Six months ended (Unaudited)	
	30 June 2015 KD	30 June 2014 KD	30 June 2015 KD	30 June 2014 KD
<b>Amounts included in interim condensed consolidated statement of profit or loss</b>				
Sales	269,647	966,353	476,335	2,130,106
Industrial expenses	38,882	6,766	52,658	7,603
<b>Key management compensation:</b>				
Salaries and other short term benefits	111,415	99,839	222,751	185,540
End of service benefits	9,553	7,506	17,053	110,236
Provision for directors' remuneration	68,750	77,500	137,500	155,000
	189,718	184,845	377,304	450,776



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

### 17 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD41,540 (31 December 2014: KD184,532 and 30 June 2014: KD7,916).

### 18 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD5,215,808 (31 December 2014: KD6,653,411 and 30 June 2014: KD9,288,996).

### 19 Fair value measurement

#### 19.1 Fair value hierarchy

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

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

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

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

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

#### 19.2 Fair value measurement of financial instruments

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

30 June 2015 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Available for sale investments:</b>				
Local quoted securities held through managed portfolios	62,537,236	-	-	62,537,236
Local unquoted securities held through managed portfolios	-	-	4,903,497	4,903,497
Foreign quoted securities held through managed portfolios	10,668,937	-	-	10,668,937
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,111	29,111
Local managed fund	-	2,032,872	-	2,032,872
Foreign managed funds	-	432,114	-	432,114
	<b>73,206,173</b>	<b>2,464,986</b>	<b>4,960,000</b>	<b>80,631,159</b>

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

### 19 Fair value measurement (continued)

#### 19.2 Fair value measurement of financial instruments (continued)

31 December 2014 (Audited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Available for sale investments:</b>				
Local quoted securities held through managed portfolios	79,843,244	-	-	79,843,244
Local unquoted securities held through managed portfolios	-	-	5,140,286	5,140,286
Foreign quoted securities held through managed portfolios	10,228,276	-	-	10,228,276
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,111	29,111
Local managed fund	-	2,106,317	-	2,106,317
Foreign managed funds	-	484,735	-	484,735
	90,071,520	2,591,052	5,196,789	97,859,361
<b>30 June 2014 (Unaudited)</b>	<b>Level 1 KD</b>	<b>Level 2 KD</b>	<b>Level 3 KD</b>	<b>Total KD</b>
<b>Available for sale investments:</b>				
Local quoted securities held through managed portfolios	91,682,053	-	-	91,682,053
Local unquoted securities held through managed portfolios	-	-	5,027,083	5,027,083
Foreign quoted securities held through managed portfolios	11,806,989	-	-	11,806,989
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,067	29,067
Local managed fund	-	2,220,204	-	2,220,204
Foreign managed funds	-	506,715	-	506,715
	103,489,042	2,726,919	5,083,542	111,299,503

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

#### Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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

### 19 Fair value measurement (continued)

#### 19.2 Fair value measurement of financial instruments (continued)

##### Level 3 fair value measurements

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

	Available for sale investments (Unquoted securities)		
	30 June 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 June 2014 (Unaudited) KD
Opening balance	5,196,789	5,687,507	5,687,507
Purchase	-	75,088	-
Losses recognised in:			
- Other comprehensive loss	(236,789)	(565,806)	(603,965)
<b>Closing balance</b>	<b>4,960,000</b>	<b>5,196,789</b>	<b>5,083,542</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 comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.