

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

30 September 2013 (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 September 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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 Companies Law No. 25 of 2012, or of the articles and memorandum of association of the Company, as amended, have occurred during the nine-month period ended 30 September 2013 that might have had a material effect on the business or financial position of the Company.



Abdullatif M. Al-Aiban (CPA)
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Fawzia Mubarak Al-Hassawi
(Licence No. 80-A)
of UHY-Fawzia Mubarak Al-Hassawi

Kuwait
13 November 2013

Interim condensed consolidated statement of income

	Notes	Three months ended (Unaudited)		Nine months ended (Unaudited)	
		30 Sept. 2013 KD	30 Sept. 2012 KD	30 Sept. 2013 KD	30 Sept. 2012 KD
Revenue					
Sales		25,553,454	19,954,392	70,632,689	65,781,373
Cost of sales		(23,776,172)	(16,963,171)	(65,278,546)	(56,665,455)
Gross profit		1,777,282	2,991,221	5,354,143	9,115,918
Dividends income		6,037	8,000	7,946,559	8,459,386
Other investments income		10,812	4,092	73,529	36,550
(Loss)/profit on sale of available for sale investments	5	(13,761)	(310,606)	924,151	(242,964)
Interest income		1,309	2,239	4,572	8,326
Other revenue		-	53	936	2,653
Foreign currency exchange gain		71,914	155,109	667,620	669,010
		1,853,593	2,850,108	14,971,510	18,048,879
Expenses and other changes					
Administrative expenses		289,543	916,240	2,104,933	2,762,597
Commercial expenses		527,834	441,352	1,804,217	1,853,613
Impairment of available for sale investments		-	-	-	676,008
Reversal of provision for doubtful debts		(276,255)	-	(276,255)	-
(Reversal of provision)/ provision for obsolete stock		(2,357)	78,630	16,741	47,803
Finance costs		618,149	558,556	1,820,948	1,639,474
		1,156,914	1,994,778	5,470,584	6,979,495
Profit for the period before income tax		696,679	855,330	9,500,926	11,069,384
Income tax for overseas subsidiary		1,692	(5,145)	(903)	(9,350)
Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		698,371	850,185	9,500,023	11,060,034
Contribution to KFAS		(7,047)	(8,272)	(94,950)	(110,021)
NLST		(10,219)	(23,026)	(82,086)	(80,914)
Zakat		(4,088)	(9,210)	(18,835)	(32,365)
Directors' remuneration		(77,500)	(77,500)	(232,500)	(232,500)
Profit for the period		599,517	732,177	9,071,652	10,604,234
Profit/(loss) for the period attributable to:					
Owners of the parent company		605,788	709,269	9,066,611	10,546,334
Non-controlling interests		(6,271)	22,908	5,041	57,900
		599,517	732,177	9,071,652	10,604,234
Basic and diluted earnings per share attributable to the owners of the parent company	4	3 Fils	3 Fils	43 Fils	50 Fils

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of comprehensive income

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2013 KD	30 Sept. 2012 KD	30 Sept. 2013 KD	30 Sept. 2012 KD
Profit for the period	599,517	732,177	9,071,652	10,604,234
Other comprehensive income:				
Exchange differences arising on translation of foreign operations	(99,741)	24,938	32,780	76,882
Available for sale investments:				
- Net change in fair value during the period	9,388,230	1,557,919	(11,610,767)	(15,662,956)
- Transferred to interim condensed consolidated statement of income on sale	(640)	(44)	(123,705)	(30,330)
- Transferred to interim condensed consolidated statement of income on impairment	-	-	-	676,008
Total other comprehensive income/(loss)	9,287,849	1,582,813	(11,701,692)	(14,940,396)
Total comprehensive income/(loss) for the period	9,887,366	2,314,990	(2,630,040)	(4,336,162)
Total comprehensive income/(loss) for the period attributable to:				
Owners of the parent company	9,899,122	2,290,711	(2,636,884)	(4,398,290)
Non-controlling interests	(11,756)	24,279	6,844	62,128
	9,887,366	2,314,990	(2,630,040)	(4,336,162)

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		9,690,131	10,632,418	10,881,864
Available for sale investments	5	145,092,377	147,926,012	132,684,427
		154,782,508	158,558,430	143,566,291
Current assets				
Inventories	6	44,103,746	42,143,127	37,340,850
Trade accounts receivable		25,658,763	25,043,088	23,898,388
Other receivables and prepayments		515,583	448,120	450,306
Cash and bank balances	7	5,213,322	4,612,043	17,876,422
		75,491,414	72,246,378	79,565,966
Total assets		230,273,922	230,804,808	223,132,257
Equity and liabilities				
Equity				
Share capital		20,993,131	20,993,131	20,993,131
Share premium		29,160,075	29,160,075	29,160,075
Legal reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		21,731,840	21,731,840	20,532,256
Other components of equity	8	1,578,611	13,282,106	7,765,217
Retained earnings		36,465,465	32,647,137	32,974,495
Equity attributable to the owners of the parent company		151,915,384	159,800,551	153,411,436
Non-controlling interests		464,356	457,512	471,691
Total equity		152,379,740	160,258,063	153,883,127
Non-current liabilities				
Provision for end of service indemnity		2,128,825	1,938,851	1,873,120
Long term loans	9	19,969,750	32,839,120	33,114,960
		22,098,575	34,777,971	34,988,080
Current liabilities				
Trade accounts payable		2,834,937	2,498,607	2,154,359
Other payables and accruals		7,631,132	8,258,135	9,297,593
Current portion of long term loans	9	13,247,290	12,545,200	12,543,850
Short term loans	9	28,486,822	11,000,000	10,000,000
Due to banks	7	3,595,426	1,466,832	265,248
		55,795,607	35,768,774	34,261,050
Total liabilities		77,894,182	70,546,745	69,249,130
Total equity and liabilities		230,273,922	230,804,808	223,132,257

Bader Naser Al-Kharafi
Chairman

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the parent company							Non- controlling interests	Total
	Share capital	Share premium	Legal reserve	Voluntary reserve	General reserve	Other components of equity (Note 8)	Retained earnings	Sub-total	
	KD	KD	KD	KD	KD	KD	KD	KD	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	-	-	-	-	-	-	9,066,611	9,066,611	5,041 9,071,652
Total other comprehensive (loss)/income	-	-	-	-	-	(11,703,495)	-	(11,703,495)	1,803 (11,701,692)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(11,703,495)	9,066,611	(2,636,884)	6,844 (2,630,040)
Balance at 30 September 2013	20,993,131	29,160,075	20,993,131	20,993,131	21,731,840	1,578,611	36,465,465	151,915,384	464,356 152,379,740

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

	Equity 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	Other components of equity (Note 8) KD		
Balance at 1 January 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	22,709,841	37,753,148	173,134,713
Cash dividends (Note 10)	-	-	-	-	-	-	(15,324,987)	(15,324,987)
Transactions with owners	-	-	-	-	-	-	(15,324,987)	(15,324,987)
Profit for the period	-	-	-	-	-	-	10,546,334	10,546,334
Total other comprehensive (loss)/income	-	-	-	-	-	(14,944,624)	-	(14,944,624)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(14,944,624)	10,546,334	(4,398,290)
Balance at 30 September 2012	20,993,131	29,160,075	20,993,131	20,993,131	20,532,256	7,765,217	32,974,495	153,411,436
							62,128	(4,336,162)
							471,691	153,883,127

The notes set out on pages 8 to 19 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2013 (Unaudited) KD	Nine months ended 30 Sept. 2012 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		9,071,652	10,604,234
Adjustments:			
Depreciation		1,314,604	1,345,175
Provision for end of service indemnity		276,572	307,498
Finance costs		1,820,948	1,639,474
Interest income		(4,572)	(8,326)
Dividends income		(7,946,559)	(8,459,386)
Other investments income		(73,529)	(36,550)
(Profit)/loss on sale of available for sale investments		(924,151)	242,964
Impairment of available for sale investments		-	676,008
Foreign currency exchange loss on non-operating liabilities		92,572	87,955
Reversal of provision for doubtful debts		(276,255)	-
Provision for obsolete stock		16,741	47,803
		3,368,023	6,446,849
Changes in operating assets and liabilities:			
Inventories		(1,977,360)	48,050
Trade accounts receivable		(339,420)	6,474,931
Other receivables and prepayments		(57,983)	(136,049)
Trade accounts payable		336,330	(366,727)
Other payables and accruals		(626,431)	(699,982)
End of service indemnity paid		(86,598)	(149,430)
Net cash from operating activities		616,561	11,617,642
INVESTING ACTIVITIES			
Capital expenditure		(337,029)	(224,663)
Proceeds from disposal of property, plant and equipment		3,611	-
Purchase of available for sale investments		(13,880,627)	(15,514,209)
Proceeds from sale of available for sale investments		5,903,941	10,378,935
Dividends income received		7,946,559	8,459,386
Other investments income received		64,049	36,550
Interest income received		4,572	8,326
Net cash (used in)/from investing activities		(294,924)	3,144,325
FINANCING ACTIVITIES			
Payment of cash dividends		(5,271,720)	(15,088,376)
Proceeds from term loans		21,209,959	24,092,500
Payment of term loans		(15,982,989)	(15,257,971)
Finance costs paid		(1,798,083)	(1,622,829)
Net cash used in financing activities		(1,842,833)	(7,876,676)
(Decrease)/increase in cash and cash equivalents		(1,521,196)	6,885,291
Foreign currency adjustment		(6,119)	50,016
Cash and cash equivalents at beginning of the period	7	3,145,211	10,675,867
Cash and cash equivalents at end of the period	7	1,617,896	17,611,174

The notes set out on pages 8 to 19 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 – 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 group comprises the parent company and its 94.5% subsidiary Gulf Cable and Multi Industries Company – JSC, Jordan. The principal activities of the group are the manufacture and supply of electrical cables and related products and the holding of 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 nine months period ended 30 September 2013 was authorised for issue by the parent company’s board of directors on 13 November 2013.

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 2012 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 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 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 expenses. 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 2012.

Operating results for the nine months period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013. For further details, refer to the consolidated financial statements and its disclosures for the year ended 31 December 2012.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 Adoption of new IASB Standards and amendments during the period

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Presentation of Financial Statements – amendment	1 July 2012
IAS 27 Consolidated and Separate Financial Statements - Revised as IAS 27 Separate Financial Statements	1 January 2013
IFRS 7 Financial Instruments: Disclosures – amendments	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
Annual Improvements 2009-2011	1 January 2013

3.1.1 IAS 1 Presentation of Financial Statements- amendment

The group has adopted the amendment to IAS 1 which requires entities to group other comprehensive income items presented in the interim condensed consolidated statement of comprehensive income based on those:

- Potentially reclassifiable to interim condensed consolidated statement of income in a subsequent period, and
- That will not be reclassified to interim condensed consolidated statement of income subsequently.

3.1.2 IAS 27 Consolidated and Separate Financial statements – Revised as IAS 27 Separate Financial Statements

As a result of the consequential amendments, IAS 27 now deals with separate financial statements.

The adoption of this amendment did not have any significant impact on the financial position or performance of the group

3.1.3 IFRS 7 Financial Instruments: Disclosures – Amendments

Qualitative and quantitative disclosures have been added to IFRS 7 ‘Financial Instruments: Disclosures’ (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The required disclosures are required to be provided retrospectively.

3.1.4 IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements. It revised the definition of control together with accompanying guidance to identify an interest in subsidiary. However, the requirements and procedures of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

3.1.5 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is designed to complement the other new standards. It sets out consistent disclosure requirements for subsidiaries, joint ventures and associates, as well as unconsolidated structured entities. The disclosure requirements are extensive and will result in significant amounts of new disclosures for some companies. Structured entities were previously referred to in SIC 12 as special purpose entities. The disclosures required by IFRS 12 aim to provide transparency about the risks a company is exposed to through its interests in structured entities.

None of these disclosure requirements are applicable for interim condensed consolidated financial information unless significant events and transactions in the interim period requires that they are provided. Accordingly, the group has not made any disclosures.

3.1.6 IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items to be fair valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements.

The adoption of this standard did not have any significant impact on the financial position or performance of the group.

3.1.7 Annual Improvements 2009-2011

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 'Income Taxes' (IAS 12) and IAS 32 'Financial Instruments: Presentation' (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

3.1.7 Annual Improvements 2009-2011 (continued)

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The adoption of the above amendments did not have any significant impact on the financial position or performance of the group.

3.2 IASB Standards issued but not yet effective

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

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. 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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 32 Financial Instruments: Presentation – amendments	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

3.2.1 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 effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the group's interim condensed consolidated financial information from these amendments.

3.2.2 IFRS 9 Financial Instruments: Classification and Measurement

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety, with the replacement standard to be effective for annual periods beginning 1 January 2015. 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.

Notes to the interim condensed consolidated financial information (continued)

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)		Nine months ended (Unaudited)	
	30 Sept. 2013	30 Sept. 2012	30 Sept. 2013	30 Sept. 2012
Profit for the period attributable to the owners of the parent company (KD)	605,788	709,269	9,066,611	10,546,334
Weighted average number of ordinary shares outstanding during the period (share)	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	3 Fils	3 Fils	43 Fils	50 Fils

5 Available for sale investments

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Managed portfolios	126,451,410	112,679,410	102,185,237
Quoted shares	-	16,845,454	18,271,088
Managed funds	2,183,037	2,018,603	1,996,681
Unquoted shares	15,949,713	15,729,573	9,514,882
Unquoted funds	508,217	652,972	716,539
	145,092,377	147,926,012	132,684,427

During the period, the group sold available for sale investments for a sale value amounted to KD5,903,941 (30 September 2012: KD10,378,935), and a profit of amount KD924,151 (30 September 2012: loss of amount KD242,964) has resulted from this sale transaction and recognised in the interim condensed consolidated statement of income for the period.

Unquoted funds include investments in private equity funds amounting to KD508,217 (31 December 2012: KD652,972 and 30 September 2012 : KD716,539). 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.

Investments in unquoted shares include investments amounting to KD15,920,647 (31 December 2012: KD10,173,904 and 30 September 2012: KD3,948,240) 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.

Notes to the interim condensed consolidated financial information (continued)

6 Inventories

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Raw materials	10,689,498	5,698,501	7,926,860
Finished goods	15,848,333	14,807,662	15,227,333
Work-in-progress	8,227,459	7,518,725	6,316,784
Spare parts	1,877,489	1,813,675	1,813,085
	36,642,779	29,838,563	31,284,062
Provision for obsolete stock	(272,161)	(255,420)	(383,400)
	36,370,618	29,583,143	30,900,662
Goods in transit and prepaid letters of credit	7,733,128	12,559,984	6,440,188
	44,103,746	42,143,127	37,340,850

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 balances:

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Cash on hand	20,656	14,563	67,673
Cash in portfolios	2,724,778	1,930,020	419,300
Bank balances	2,467,888	2,667,460	17,389,449
Total cash and cash equivalents	5,213,322	4,612,043	17,876,422
Less: due to banks	(3,595,426)	(1,466,832)	(265,248)
Cash and cash equivalents for statement of cash flows	1,617,896	3,145,211	17,611,174

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 2013	13,434,285	(152,179)	13,282,106
Exchange differences arising on translation of foreign operations	-	30,977	30,977
Available for sale investments:			
- Net change in fair value during the period	(11,610,767)	-	(11,610,767)
- Transferred to interim condensed consolidated statement of income on sale	(123,705)	-	(123,705)
Total other comprehensive (loss)/ income for the period	(11,734,472)	30,977	(11,703,495)
Balance at 30 September 2013	1,699,813	(121,202)	1,578,611
Balance at 1 January 2012	22,932,912	(223,071)	22,709,841
Exchange differences arising on translation of foreign operations	-	72,654	72,654
Available for sale investments:			
- Net change in fair value during the period	(15,662,956)	-	(15,662,956)
- Transferred to interim condensed consolidated statement of income on sale	(30,330)	-	(30,330)
- Transferred to interim condensed consolidated statement of income on impairment	676,008	-	676,008
Total other comprehensive (loss)/income for the period	(15,017,278)	72,654	(14,944,624)
Balance at 30 September 2012	7,915,634	(150,417)	7,765,217

9 Term loans

	30 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Long term loans			
- USD 50,000,000 facility	12,818,250	14,140,000	14,132,500
- USD 20,000,000 facility	398,790	1,244,320	1,526,310
- KD 40,000,000 facility	20,000,000	30,000,000	30,000,000
	33,217,040	45,384,320	45,658,810
Instalments due within next twelve months	(13,247,290)	(12,545,200)	(12,543,850)
Instalments due after next twelve months	19,969,750	32,839,120	33,114,960
Short term loans			
- Kuwaiti Dinar	28,486,822	11,000,000	10,000,000

Notes to the interim condensed consolidated financial information (continued)

9 Term loans (continued)

- Long term loan facility amounting to US\$50,000,000 was obtained from a regional bank. The loan is unsecured and carries interest of 2.15% above six months LIBOR. The loan is repayable in four semi annual instalments of US\$5,000,000 and five semi annual instalments of US\$6,000,000 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% above three months LIBOR. The loan is repayable in twenty quarterly instalments of US\$1,000,000 ending on 1 January 2014.
- Long term loan facility amounting to KD40,000,000 was obtained from a local bank. The loan is unsecured and carries interest of 2.5% per annum above Central Bank of Kuwait discount rate. The loan is repayable in eight semi annual instalments of KD5,000,000 ending on 15 August 2015.
- From time to time, the group obtains short term loans to finance its operating activities. Short term loans outstanding at 30 September 2013 were obtained from local banks. The loans are unsecured and carry interest rate ranging from 1.5% to 2% per annum above Central Bank of Kuwait discount rate. The loans mature on various dates ending in February 2014.

10 General assembly of shareholders

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 declared cash dividends of percentage 25% or equivalent to 25 Fils per share amounting to KD5,248,283 for the year ended 31 December 2012 (cash dividends of percentage 73% or equivalent to 73 Fils per share amounting to KD15,324,987 for the year ended 31 December 2011).

11 Segmental information

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

	Cable manufacture KD	Investment KD	Total KD
Three months ended 30 September 2013 (Unaudited)			
Revenue/(loss)	25,553,454	(51,397)	25,502,057
Segment profit / (loss)	1,214,647	(516,276)	698,371
Unallocated expenses			(98,854)
Profit for the period			599,517
Nine months ended 30 September 2013 (Unaudited)			
Revenue	70,632,689	8,960,272	79,592,961
Segment profit	1,967,265	7,532,758	9,500,023
Unallocated expenses			(428,371)
Profit for the period			9,071,652
Total assets	82,704,178	147,569,744	230,273,922
Total liabilities	(39,655,750)	(38,238,432)	(77,894,182)
Net assets employed	43,048,428	109,331,312	152,379,740

Notes to the interim condensed consolidated financial information (continued)

11 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
Three months ended 30 September 2012 (Unaudited)			
Revenue/(loss)	19,954,392	(310,679)	19,643,713
Segment profit/(loss)	1,650,252	(800,067)	850,185
Unallocated expenses			(118,008)
Profit for the period			732,177
Nine months ended 30 September 2012 (Unaudited)			
Revenue	65,781,373	7,650,194	73,431,567
Segment profit	4,979,023	6,081,011	11,060,034
Unallocated expenses			(455,800)
Profit for the period			10,604,234
Impairment of available for sale investments	-	676,008	676,008
Total assets	90,028,530	133,103,727	223,132,257
Total liabilities	(23,573,674)	(45,675,456)	(69,249,130)
Net assets employed	66,454,856	87,428,271	153,883,127

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 Sept. 2013 (Unaudited) KD	31 Dec. 2012 (Audited) KD	30 Sept. 2012 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivable	2,223,876	2,255,067	2,984,159
Trade accounts payable	16,092	5,015	695
Amounts included in interim condensed consolidated statement of income			
	Three months ended (Unaudited)		Nine months ended (Unaudited)
	30 Sept. 2013 KD	30 Sept. 2012 KD	30 Sept. 2013 KD
			30 Sept. 2012 KD
Sales	350,156	1,090,662	1,422,493
Industrial expenses	11,246	2,075	27,084
Key management compensation:			
Salaries and other short term benefits	(49,346)	358,154	226,962
End of service benefits	878	3,468	3,518
	(48,468)	361,622	230,480
			1,088,732

Notes to the interim condensed consolidated financial information (continued)

13 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD409,021 (31 December 2012: KD7,567 and 30 September 2012: KD7,366).

14 Contingent liabilities

Contingent liabilities at the period end in respect of issued letters of guarantee amounted to KD4,385,460 (31 December 2012: KD9,818,824 and 30 September 2012: KD12,862,184).

15 Derivative financial instruments

	30 September 2013 (Unaudited)		31 December 2012 (Audited)		30 September 2012 (Unaudited)	
	Notional principal value USD	Negative fair value KD	Notional principal value USD	Negative fair value KD	Notional principal value USD	Negative fair value KD
Interest rate swaps	45,000,000	(16,366)	50,000,000	(78,577)	50,000,000	(77,362)

16 Summary of financial assets and liabilities by category

The group adopted the amendments to IFRS 13: Fair Value Measurement and consequential amendments to IAS 34 effective from 1 January 2013. In the first year of adoption comparative information need not be presented for the disclosures required by the amendment. Accordingly the disclosure for the fair value hierarchy is only presented for the period ended 30 September 2013.

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

	30 September 2013 (Unaudited)	
	Carrying amount KD	Fair value KD
Available for sale investments	15,920,647	129,171,730
Trade accounts receivable	25,658,763	-
Other receivables and prepayments	515,583	-
Cash and bank balances	5,213,322	-
	47,308,315	129,171,730
Term loans	61,703,862	-
Trade accounts payable	2,834,937	-
Other payables and accruals	7,631,132	-
Due to banks	3,595,426	-
	75,765,357	-

Notes to the interim condensed consolidated financial information (continued)

16 Summary of financial assets and liabilities by category (continued)

Financial instruments measured at fair value

The following table presents financial assets measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets into three levels based on the significance of inputs used in measuring the fair value of the financial assets. The fair value hierarchy has the following levels:

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

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

The financial assets measured at fair value in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2013 (Unaudited)

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Assets					
<i>Available for sale investments:</i>					
Managed portfolios	a	126,451,410	-	-	126,451,410
Managed funds	b	-	2,183,037	-	2,183,037
Unquoted shares	c	-	-	29,066	29,066
Unquoted funds	d	-	-	508,217	508,217
		126,451,410	2,183,037	537,283	129,171,730

There have been no 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.

a) Managed portfolios

The underlying investments of managed portfolios primarily comprise of local quoted securities whose fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Managed funds

The underlying investments of managed funds primarily comprise of local quoted securities whose fair values has been determined by reference to their quoted bid prices at the reporting date.

c) Unquoted shares

The investments in unlisted shares are measured at fair value using some assumptions that are not based on observable market prices or rates.

d) Unquoted funds

Unquoted funds represent investments in private equity funds, 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.

Notes to the interim condensed consolidated financial information (continued)

16 Summary of financial assets and liabilities by category (continued)

Financial instruments measured at fair value (continued)

Level 3 fair value measurements

The group's financial assets 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 September 2013 (Unaudited)	
	Unquoted shares KD	Unquoted funds KD
Opening balances	5,555,669	652,972
Sold/redeemed	-	(254,085)
Transferred to level 1 (managed portfolios)	(5,540,959)	-
Gains recognised in:		
- Consolidated other comprehensive income	14,356	109,330
Closing balances	29,066	508,217

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

There have been transfers out of level 3 in the reporting period under review.