

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

Kuwait

30 September 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 September 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 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*

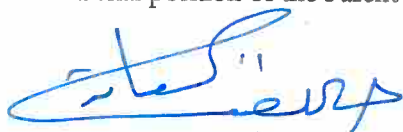
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 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 nine-month period ended 30 September 2015 that might have had a material effect on the business or financial position of the Parent Company.



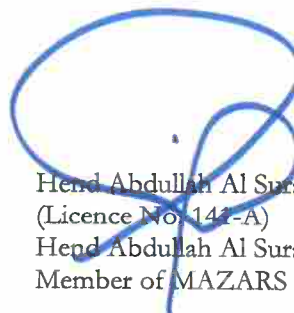
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Kuwait

15 November 2015



Hend Abdulla Al Surayea

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Member of MAZARS

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended (Unaudited)		Nine months ended (Unaudited)	
		30 Sept. 2015 KD	30 Sept. 2014 KD	30 Sept. 2015 KD	30 Sept. 2014 KD
<b>Revenue</b>					
Sales		19,315,053	23,991,624	68,539,441	89,630,838
Cost of sales		(17,215,444)	(21,212,194)	(61,640,656)	(80,315,613)
<b>Gross profit</b>		<b>2,099,609</b>	<b>2,779,430</b>	<b>6,898,785</b>	<b>9,315,225</b>
Investments income	5	(14,406)	9,972	5,044,317	6,374,188
Interest income		2,173	1,181	5,398	3,666
Other income		1,298	137	13,498	46,050
Foreign exchange gain		144,182	228,067	340,143	599,762
		<b>2,232,856</b>	<b>3,018,787</b>	<b>12,302,141</b>	<b>16,338,891</b>
<b>Expenses and other changes</b>					
General and administrative expenses		(633,059)	(749,106)	(2,056,900)	(2,203,940)
Commercial expenses		(330,860)	(519,903)	(1,179,705)	(2,319,075)
Impairment of available for sale investments	7	-	(108,158)	(4,016,684)	(968,158)
(Provision)/ reversal of provision for obsolete and slow moving inventories		(10,789)	1,587	(52,088)	17,855
Finance costs		(358,876)	(492,663)	(1,228,180)	(1,521,477)
		<b>(1,333,584)</b>	<b>(1,868,243)</b>	<b>(8,533,557)</b>	<b>(6,994,795)</b>
<b>Profit for the period before income tax</b>		<b>899,272</b>	<b>1,150,544</b>	<b>3,768,584</b>	<b>9,344,096</b>
Income tax for overseas subsidiary		-	(885)	-	(3,493)
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration</b>		<b>899,272</b>	<b>1,149,659</b>	<b>3,768,584</b>	<b>9,340,603</b>
Provision for contribution to KFAS		(9,306)	(11,480)	(38,125)	(93,101)
Provision for NLST		-	(29,854)	-	(84,594)
Provision for Zakat		-	(11,941)	-	(32,837)
Provision for directors' remuneration		(68,750)	(77,500)	(206,250)	(232,500)
<b>Profit for the period</b>		<b>821,216</b>	<b>1,018,884</b>	<b>3,524,209</b>	<b>8,897,571</b>
<b>Profit for the period attributable to:</b>					
Owners of the parent company		852,510	1,017,198	3,568,108	8,867,085
Non-controlling interests		(31,294)	1,686	(43,899)	30,486
<b>Profit for the period</b>		<b>821,216</b>	<b>1,018,884</b>	<b>3,524,209</b>	<b>8,897,571</b>
<b>Basic and diluted earnings per share attributable to the owners of the parent company</b>	6	<b>4 Fils</b>	<b>5 Fils</b>	<b>17 Fils</b>	<b>42 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)		Nine months ended (Unaudited)	
	30 Sept. 2015 KD	30 Sept. 2014 KD	30 Sept. 2015 KD	30 Sept. 2014 KD
Profit for the period	821,216	1,018,884	3,524,209	8,897,571
<b>Other comprehensive (loss)/income:</b>				
<i>Items that will be reclassified subsequently to statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	7,075	210,068	316,260	196,115
Available for sale investments:				
- Net change in fair value arising during the period	(3,838,853)	6,537,053	(20,089,299)	(1,474,387)
- Transferred to consolidated statement of profit or loss on sale	(6,789)	-	989,722	15,117
- Transferred to consolidated statement of profit or loss on impairment	-	108,158	4,016,684	968,158
Total other comprehensive (loss)/income	(3,838,567)	6,855,279	(14,766,633)	(294,997)
<b>Total comprehensive (loss)/income for the period</b>	<b>(3,017,351)</b>	<b>7,874,163</b>	<b>(11,242,424)</b>	<b>8,602,574</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Owners of the parent company	(2,986,446)	7,860,924	(11,215,919)	8,561,302
Non-controlling interests	(30,905)	13,239	(26,505)	41,272
	<b>(3,017,351)</b>	<b>7,874,163</b>	<b>(11,242,424)</b>	<b>8,602,574</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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		7,833,393	8,472,869	8,715,763
Available for sale investments	7	94,834,400	115,234,507	137,652,361
		<b>102,667,793</b>	<b>123,707,376</b>	<b>146,368,124</b>
<b>Current assets</b>				
Inventories	8	49,451,060	51,813,123	49,172,381
Trade accounts receivable	9	22,038,172	28,810,896	24,760,610
Other receivables and prepayments		1,272,309	1,404,045	960,282
Cash and bank balances	10	2,809,549	3,629,835	4,817,563
		<b>75,571,090</b>	<b>85,657,899</b>	<b>79,710,836</b>
<b>Total assets</b>		<b>178,238,883</b>	<b>209,365,275</b>	<b>226,078,960</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	11	(32,687,717)	(17,903,690)	(3,081,574)
Retained earnings		33,445,975	34,076,493	38,881,673
<b>Total equity attributable to the owners of the parent company</b>		<b>116,168,670</b>	<b>131,583,215</b>	<b>150,723,217</b>
Non-controlling interests		512,705	539,210	536,497
<b>Total equity</b>		<b>116,681,375</b>	<b>132,122,425</b>	<b>151,259,714</b>
<b>Non-current liabilities</b>				
Provision for employees' end of service benefits		2,625,523	2,487,023	2,509,325
Long term loans	12	3,643,800	7,076,400	6,950,400
		<b>6,269,323</b>	<b>9,563,423</b>	<b>9,459,725</b>
<b>Current liabilities</b>				
Trade accounts payable		3,474,203	3,535,362	3,417,107
Other payables and accruals		6,051,656	7,271,218	7,835,268
Current portion of long term loans	12	3,643,800	13,243,350	13,185,600
Short term loans	13	28,735,449	33,020,366	32,375,347
Murabaha payables	14	13,153,563	10,588,754	8,320,525
Due to banks	10	229,514	20,377	225,674
		<b>55,288,185</b>	<b>67,679,427</b>	<b>65,359,521</b>
<b>Total liabilities</b>		<b>61,557,508</b>	<b>77,242,850</b>	<b>74,819,246</b>
<b>Total equity and liabilities</b>		<b>178,238,883</b>	<b>209,365,275</b>	<b>226,078,960</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 11) KD	Retained earnings KD	Sub-total KD
							Non-controlling interest KD	Total KD
<b>Balance at 1 January 2015</b>	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(17,903,690)	34,076,493	131,583,215
Cash dividends (note 15)	-	-	-	-	-	-	(4,198,626)	(4,198,626)
Transactions with owners	-	-	-	-	-	-	(4,198,626)	(4,198,626)
Profit/(loss) for the period	-	-	-	-	-	-	3,568,108	3,568,108
Other comprehensive (loss)/income for the period	-	-	-	-	-	(14,784,027)	-	(14,784,027)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(14,784,027)	3,568,108	(11,215,919)
<b>Balance at 30 September 2015</b>	<b>20,993,131</b>	<b>29,160,075</b>	<b>20,993,131</b>	<b>20,993,131</b>	<b>23,270,944</b>	<b>(32,687,717)</b>	<b>33,445,975</b>	<b>116,168,670</b>
							<b>512,705</b>	<b>116,681,375</b>

## Interim condensed consolidated statement of changes in equity (Unaudited) (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	components of equity (note 11) KD	Retained earnings KD	Sub-total KD
						Other	Non-controlling interests KD	Total KD
<b>Balance at 1 January 2014</b>	20,993,131	29,160,075	20,993,131	20,993,131	22,783,650	(2,775,791)	36,312,527	148,459,854
Payment of cash dividend (Note 15)	-	-	-	-	-	-	(6,297,939)	(6,297,939)
Transactions with owners	-	-	-	-	-	-	(6,297,939)	(6,297,939)
Profit for the period	-	-	-	-	-	-	8,867,085	8,867,085
Total other comprehensive (loss)/income	-	-	-	-	-	(305,783)	-	(305,783)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(305,783)	8,867,085	8,561,302
<b>Balance at 30 September 2014</b>	20,993,131	29,160,075	20,993,131	20,993,131	22,783,650	(3,081,574)	38,881,673	150,723,217
							536,497	151,259,714

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	Nine months ended 30 Sept. 2015 (Unaudited) KD	Nine months ended 30 Sept. 2014 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period		3,524,209	8,897,571
Adjustments:			
Depreciation		1,215,570	1,200,736
Provision for employees' end of service benefits		383,196	390,829
Finance costs		1,228,180	1,521,477
Interest income		(5,398)	(3,666)
Dividend income		(5,912,988)	(6,378,664)
Other investments income		(32,775)	(13,651)
Loss on sale of available for sale investments		901,446	18,127
Impairment of available for sale investments		4,016,684	968,158
Provision/ (reversal of) provision for obsolete and slow moving inventories		52,088	(17,855)
Foreign currency exchange loss on non-operating liabilities		1,015,893	539,780
		6,386,105	7,122,842
Changes in operating assets and liabilities:			
Inventories		2,309,975	(4,170,462)
Trade accounts receivable		6,772,724	842,242
Other receivables and prepayments		135,550	(331,316)
Trade accounts payable		(61,159)	(355,721)
Other payables and accruals		(1,336,018)	(128,648)
Employees' end of service benefits paid		(244,696)	(26,846)
<b>Net cash from operating activities</b>		<b>13,962,481</b>	<b>2,952,091</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(404,085)	(650,528)
Purchase of available for sale investments		(3,707,434)	(3,929,883)
Proceeds from sale of available for sale investments		4,106,518	240,358
Dividend income received		5,912,988	6,378,664
Other investments income received		28,961	12,452
Interest income received		5,398	3,666
<b>Net cash from investing activities</b>		<b>5,942,346</b>	<b>2,054,729</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cash dividend		(4,148,335)	(6,163,148)
Proceeds from term loans		17,824,302	20,204,875
Repayment of term loans		(35,874,040)	(31,286,728)
Proceeds from murabaha payables		15,945,039	9,278,095
Repayment of murabaha payables		(13,663,452)	(1,078,938)
Finance costs paid		(1,162,015)	(1,468,197)
<b>Net cash used in financing activities</b>		<b>(21,078,501)</b>	<b>(10,514,041)</b>
Decrease in cash and cash equivalents		(1,173,674)	(5,507,221)
Foreign currency adjustment		144,251	82,574
Cash and cash equivalents at beginning of the period	10	3,609,458	10,016,536
<b>Cash and cash equivalents at end of the period</b>	<b>10</b>	<b>2,580,035</b>	<b>4,591,889</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 nine-month period ended 30 September 2015 was authorised for issue by the parent company’s board of directors on 15 November 2015.

## 2 Basis of preparation

The interim condensed consolidated financial information of the group for the nine-month period ended 30 September 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 nine months ended 30 September 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 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.

(v) *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.

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 IAS 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		Nine months ended	
	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD	30 Sept. 2015 (Unaudited) KD	30 Sept. 2014 (Unaudited) KD
Dividend income from available for sale investments	8,003	215	5,912,988	6,378,664
Other investment income	13,600	11,966	32,775	13,651
Loss on sale of available for sale investments	(36,009)	(2,209)	(901,446)	(18,127)
	(14,406)	9,972	5,044,317	6,374,188

### 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		Nine months ended	
	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)	30 Sept. 2015 (Unaudited)	30 Sept. 2014 (Unaudited)
Profit for the period attributable to the owners of the parent company (KD)	852,510	1,017,198	3,568,108	8,867,085
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	4 Fils	5 Fils	17 Fils	42 Fils

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

### 7 Available for sale investments

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Local quoted securities held through managed portfolios	59,513,094	79,843,244	98,443,791
Local unquoted securities held through managed portfolios	6,551,443	6,592,847	7,242,847
Foreign quoted securities held through managed portfolios	10,033,038	10,228,276	13,094,650
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	44,244	40,425	40,425
Local managed fund	1,875,408	2,106,317	2,379,898
Foreign managed funds	432,113	484,735	512,087
	<b>94,834,400</b>	<b>115,234,507</b>	<b>137,652,361</b>

During the period the group recognised impairment loss of KD4,016,684 (30 September 2014: KD968,158) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios, local and foreign unquoted securities, include investments amounting to KD18,026,720 (31 December 2014: KD17,375,146 and 30 September 2014: KD18,025,146) 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 KD2,307,521 (31 December 2014: KD2,591,052 and 30 September 2014: KD2,891,985). 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Raw materials	17,877,976	20,729,687	16,418,151
Finished goods	18,357,144	20,693,400	19,743,853
Work-in-progress	7,812,620	7,242,018	6,091,073
Spare parts	1,935,521	1,949,410	1,971,882
	<b>45,983,261</b>	<b>50,614,515</b>	<b>44,224,959</b>
Provision for obsolete and slow moving inventories	(605,660)	(548,999)	(258,166)
	<b>45,377,601</b>	<b>50,065,516</b>	<b>43,966,793</b>
Goods in transit and prepaid letters of credit	4,073,459	1,747,607	5,205,588
	<b>49,451,060</b>	<b>51,813,123</b>	<b>49,172,381</b>

### 9 Trade accounts receivable

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Trade accounts receivable	24,931,650	31,697,198	27,484,729
Provision for doubtful debts	(2,893,478)	(2,886,302)	(2,724,119)
	<b>22,038,172</b>	<b>28,810,896</b>	<b>24,760,610</b>

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

### 10 Cash and cash equivalents

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

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Cash in hand	52,259	16,631	5,448
Cash held in managed portfolios	509,100	842,865	1,149,543
Bank balances	2,248,190	2,770,339	3,662,572
Total cash and cash equivalents	2,809,549	3,629,835	4,817,563
Less: due to banks	(229,514)	(20,377)	(225,674)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	2,580,035	3,609,458	4,591,889

### 11 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	-	298,866	298,866
Available for sale investments :			
- Net change in fair value arising during the period	(20,089,299)	-	(20,089,299)
- Transferred to consolidated statement of profit or loss on sale	989,722	-	989,722
- Transferred to consolidated statement of profit or loss on impairment	4,016,684	-	4,016,684
Total other comprehensive (loss)/income	(15,082,893)	298,866	(14,784,027)
Balance at 30 September 2015 (Unaudited)	(33,166,337)	478,620	(32,687,717)
Balance at 1 January 2014	(2,623,448)	(152,343)	(2,775,791)
Exchange differences arising on translation of foreign operations	-	185,329	185,329
Available for sale investments :			
- Net change in fair value arising during the period	(1,474,387)	-	(1,474,387)
- Transferred to consolidated statement of profit or loss on sale	15,117	-	15,117
- Transferred to consolidated statement of profit or loss on impairment	968,158	-	968,158
Total other comprehensive (loss)/income	(491,112)	185,329	(305,783)
Balance at 30 September 2014 (Unaudited)	(3,114,560)	32,986	(3,081,574)



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

### 12 Long term loans

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
- USD 50,000,000 facility	7,287,600	10,319,750	10,136,000
- KD 40,000,000 facility	-	10,000,000	10,000,000
	7,287,600	20,319,750	20,136,000
Installments due within next twelve months	(3,643,800)	(13,243,350)	(13,185,600)
Installments due after next twelve months	3,643,800	7,076,400	6,950,400

- 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 September 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 instalments 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 September 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. The last instalment has been settled during the current period.

### 13 Short term loans

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Kuwait Dinar facility	15,350,000	18,500,000	20,000,000
USD facility	13,385,449	14,520,366	12,375,347
	28,735,449	33,020,366	32,375,347

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 September 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 September 2014: 1.75% to 2%) per annum above three months LIBOR. The loans mature on various dates ending 17 February 2016.

### 14 Murabaha payables

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
USD facilities	13,153,563	10,588,754	8,320,525
	13,153,563	10,588,754	8,320,525

The group obtained murabaha facilities from a local Islamic Bank and it carries profit rate of 2.34% (31 December 2014: 2.33% and 30 September 2014: 2.33%). The murabaha payables mature on various dates ending 29 March 2016.

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

### 15 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.

### 16 Segmental information

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

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

	Cable manufacture KD	Investment KD	Total KD
<b>Three months ended 30 September 2015 (unaudited)</b>			
Revenue/(loss)	19,315,053	(8,689)	19,306,364
Segment profit/(loss)	1,121,409	(222,137)	899,272
Unallocated expenses			(78,056)
Profit for the period			821,216
<b>Nine months ended 30 September 2015 (unaudited)</b>			
Revenue	68,539,441	5,072,191	73,611,632
Segment profit	3,522,511	246,073	3,768,584
Unallocated expenses			(244,375)
Profit for the period			3,524,209
Total assets	82,590,020	95,648,863	178,238,883
Total liabilities	(44,744,991)	(16,812,517)	(61,557,508)
Depreciation	1,215,570	-	1,215,570
Impairment of available for sale investments	-	4,016,684	4,016,684
<b>Three months ended 30 September 2014 (unaudited)</b>			
Revenue	23,991,624	127,074	24,118,698
Segment profit/(loss)	1,488,906	(339,247)	1,149,659
Unallocated expenses			(130,775)
Profit for the period			1,018,884



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

### 16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
<b>Nine months ended 30 September 2014 (unaudited)</b>			
Revenue	89,630,838	6,504,712	96,135,550
Segment profit	4,929,160	4,411,443	9,340,603
Unallocated expenses			(443,032)
Profit for the period			8,897,571
Total assets	86,981,528	139,097,432	226,078,960
Total liabilities	(44,664,478)	(30,154,768)	(74,819,246)
Depreciation	1,200,736	-	1,200,736
Impairment of available for sale investments	-	968,158	968,158

### 17 Related party transactions

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

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

	30 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
<b>Amounts included in interim condensed consolidated statement of financial position</b>			
Trade accounts receivable	3,926,580	3,826,677	3,586,300
Other receivables and prepayments	301,550	291,750	287,500
Trade accounts payable	6,095	6,095	6,095

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2015 KD	30 Sept. 2014 KD	30 Sept. 2015 KD	30 Sept. 2014 KD
<b>Amounts included in interim condensed consolidated statement of profit or loss</b>				
Sales	461,174	724,825	937,509	2,854,931
Industrial expenses	1,427	-	54,085	7,603
<b>Key management compensation:</b>				
Salaries and other short term benefits	111,383	108,639	334,134	294,179
End of service benefits	5,443	10,789	22,496	121,025
Provision for directors' remuneration	68,750	77,500	206,250	232,500
	185,576	196,928	562,880	647,704

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

### 18 Capital commitments

At the period end, the group was committed to purchase new machinery and equipment amounting to KD39,506 (31 December 2014: KD184,532 and 30 September 2014: KD156,830).

### 19 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD5,596,927 (31 December 2014: KD6,653,411 and 30 September 2014: KD6,630,578).

### 20 Fair value measurement

#### 20.1 Fair value hierarchy

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

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

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

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

The 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.

#### 20.2 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 September 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	59,513,094	-	-	59,513,094
Local unquoted securities held through managed portfolios	-	-	4,897,552	4,897,552
Foreign quoted securities held through managed portfolios	10,033,038	-	-	10,033,038
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,083	29,083
Local managed fund	-	1,875,408	-	1,875,408
Foreign managed funds	-	432,113	-	432,113
	69,546,132	2,307,521	4,954,027	76,807,680

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

### 20 Fair value measurement (continued)

#### 20.2 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 September 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	98,443,791	-	-	98,443,791
Local unquoted securities held through managed portfolios	-	-	5,140,286	5,140,286
Foreign quoted securities held through managed portfolios	13,094,650	-	-	13,094,650
Foreign unquoted securities held through managed portfolios	-	-	27,392	27,392
Local unquoted securities	-	-	29,111	29,111
Local managed fund	-	2,379,898	-	2,379,898
Foreign managed funds	-	512,087	-	512,087
	111,538,441	2,891,985	5,196,789	119,627,215

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)

### 20 Fair value measurement (continued)

#### 20.2 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 Sept. 2015 (Unaudited) KD	31 Dec. 2014 (Audited) KD	30 Sept. 2014 (Unaudited) KD
Opening balance	5,196,789	5,687,507	5,687,507
Purchase	-	75,088	75,088
Gains or losses recognised in:			
- Other comprehensive loss	(242,762)	(565,806)	(565,806)
<b>Closing balance</b>	<b>4,954,027</b>	<b>5,196,789</b>	<b>5,196,789</b>

The group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.