Interim condensed consolidated financial information and review report

Gulf Cable and Electrical Industries Company – KPSC

and Subsidiaries

Kuwait

30 September 2016 (Unaudited)

Contents

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Report on review of interim condensed consolidated financial information

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cable and Electrical Industries Company (Kuwaiti Public Shareholding Company) (the "Parent Company") and its subsidiaries (collectively the "Group") as of 30 September 2016 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. 1 of 2016 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 2016 that might have had a material effect on the business or financial position of the Parent Company.

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Kuwait
14 November 2016

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended (Unaudited) 30 Sept. 2016 KD	Three months ended (Unaudited) 30 Sept. 2015 KD	Nine months ended (Unaudited) 30 Sept. 2016 KD	Nine months ended (Unaudited) 30 Sept. 2015 KD
Revenue					
Sales		**20,768,375**	19,315,053	**69,212,476**	68,539,441
Cost of sales		**(18,222,986)**	(17,215,444)	**(61,301,815)**	(61,640,656)
Gross profit		**2,545,389**	2,099,609	**7,910,661**	6,898,785
Investment income/(loss)	5	**40,542**	(14,406)	**3,944,628**	5,044,317
Interest income		**3,503**	2,173	**7,608**	5,398
Other income		**408**	1,298	**46,194**	13,498
Foreign currency exchange gain		**195,117**	144,182	**554,551**	340,143
		2,784,959	2,232,856	**12,463,642**	12,302,141
Expenses and other charges					
General and administrative expenses		**(693,927)**	(633,059)	**(2,173,818)**	(2,056,900)
Commercial expenses		**(526,695)**	(330,860)	**(1,416,069)**	(1,179,705)
Impairment of available for sale investments	7	**-**	-	**(1,792,860)**	(4,016,684)
Provision for doubtful debts		**(92,293)**	-	**(307,940)**	-
Provision for obsolete and slow moving inventories		**(233,358)**	(10,789)	**(233,358)**	(52,088)
Finance costs		**(280,698)**	(358,876)	**(867,311)**	(1,228,180)
		(1,826,971)	(1,333,584)	**(6,791,356)**	(8,533,557)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST), Zakat and Directors' remuneration		**957,988**	899,272	**5,672,286**	3,768,584
Reversal of provision/(provision) for contribution to KFAS		**7,326**	(9,306)	**(39,967)**	(38,125)
Provision for NLST		**(32,681)**	-	**(56,913)**	-
Provision for Zakat		**(13,072)**	-	**(21,765)**	-
Provision for directors' remuneration		**(77,500)**	(68,750)	**(232,500)**	(206,250)
Profit for the period		**842,061**	821,216	**5,321,141**	3,524,209
Profit/(loss) for the period attributable to:					
Owners of the parent company		**845,317**	852,510	**5,339,358**	3,568,108
Non-controlling interests		**(3,256)**	(31,294)	**(18,217)**	(43,899)
Profit for the period		**842,061**	821,216	**5,321,141**	3,524,209
Basic and diluted earnings per share attributable to the owners of the parent company	6	**4 Fils**	4 Fils	**25 Fils**	17 Fils

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2016 KD	30 Sept. 2015 KD	**30 Sept. 2016 KD**	30 Sept. 2015 KD
Profit for the period	**842,061**	821,216	**5,321,141**	3,524,209
Other comprehensive income/(loss):				
Items that will be reclassified subsequently into the statement of profit or loss:				
Exchange differences arising on translation of foreign operations	**(9,799)**	7,075	**(54,917)**	316,260
Available for sale investments:				
- Net change in fair value arising during the period	**477,800**	(3,838,853)	**(4,083,828)**	(20,089,299)
- Transferred to interim condensed consolidated statement of profit or loss on sale	**461**	(6,789)	**415,013**	989,722
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**-**	-	**1,792,860**	4,016,684
Total other comprehensive income/(loss)	**468,462**	(3,838,567)	**(1,930,872)**	(14,766,633)
Total comprehensive income/(loss) for the period	**1,310,523**	(3,017,351)	**3,390,269**	(11,242,424)
Total comprehensive income/(loss) attributable to:				
Owners of the parent company	**1,314,319**	(2,986,446)	**3,411,508**	(11,215,919)
Non-controlling interests	**(3,796)**	(30,905)	**(21,239)**	(26,505)
	1,310,523	(3,017,351)	**3,390,269**	(11,242,424)

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		**6,557,822**	7,544,044	7,833,393
Available for sale investments	7	**91,494,831**	96,014,996	94,834,400
		98,052,653	103,559,040	102,667,793
Current assets				
Inventories	8	**36,961,497**	45,439,553	49,451,060
Trade accounts receivable	9	**27,673,831**	18,627,575	22,038,172
Other receivables and prepayments		**898,925**	1,473,347	1,272,309
Cash and bank balances	10	**6,803,040**	2,965,995	2,809,549
		72,337,293	68,506,470	75,571,090
Total assets		**170,389,946**	172,065,510	178,238,883
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		**23,270,944**	23,270,944	23,270,944
Other components of equity	11	**(1,167,838)**	760,012	(32,687,717)
Retained earnings/(accumulated losses)		**3,645,525**	(1,693,833)	33,445,975
Total equity attributable to the owners of the parent company		**117,888,099**	114,476,591	116,168,670
Non-controlling interests		**435,456**	456,695	512,705
Total equity		**118,323,555**	114,933,286	116,681,375
Non-current liabilities				
Provision for employees' end of service benefits		**2,484,526**	2,492,544	2,625,523
Long term loans	12	**-**	3,660,600	3,643,800
		2,484,526	6,153,144	6,269,323
Current liabilities				
Trade accounts payable		**2,974,494**	3,387,458	3,474,203
Other payables and accruals		**7,232,010**	6,015,145	6,051,656
Current portion of long term loans	12	**3,634,800**	3,660,600	3,643,800
Short term loans	13	**23,087,000**	25,460,234	28,735,449
Murabaha payables	14	**12,408,866**	12,444,014	13,153,563
Due to banks	10	**244,695**	11,629	229,514
		49,581,865	50,979,080	55,288,185
Total liabilities		**52,066,391**	57,132,224	61,557,508
Total equity and liabilities		**170,389,946**	172,065,510	178,238,883

Bader Naser Al-Kharafi
Chairman

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the owners of the parent company									
	Share capital KD	Share premium KD	Legal reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 11) KD	(Accumulated losses) /retained earnings KD	Sub-total KD	Non-controlling interests KD	Total KD
Balance at 1 January 2016	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	760,012	(1,693,833)	114,476,591	456,695	114,933,286
Profit/(loss) for the period	-	-	-	-	-	-	5,339,358	5,339,358	(18,217)	5,321,141
Total other comprehensive loss	-	-	-	-	-	(1,927,850)	-	(1,927,850)	(3,022)	(1,930,872)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(1,927,850)	5,339,358	3,411,508	(21,239)	3,390,269
Balance at 30 September 2016	**20,993,131**	**29,160,075**	**20,993,131**	**20,993,131**	**23,270,944**	**(1,167,838)**	**3,645,525**	**117,888,099**	**435,456**	**118,323,555**

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (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	Other components of equity (note 11) KD	Retained earnings KD	Sub-total KD	Non-controlling interests 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 dividend (note 15)	-	-	-	-	-	-	(4,198,626)	(4,198,626)	-	(4,198,626)
Transactions with owners	-	-	-	-	-	-	(4,198,626)	(4,198,626)	-	(4,198,626)
Profit/(loss) for the period	-	-	-	-	-	-	3,568,108	3,568,108	(43,899)	3,524,209
Total other comprehensive (loss)/income	-	-	-	-	-	(14,784,027)	-	(14,784,027)	17,394	(14,766,633)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(14,784,027)	3,568,108	(11,215,919)	(26,505)	(11,242,424)
Balance at 30 September 2015	20,993,131	29,160,075	20,993,131	20,993,131	23,270,944	(32,687,717)	33,445,975	116,168,670	512,705	116,681,375

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2016 (Unaudited) KD	Nine months ended 30 Sept. 2015 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		**5,321,141**	3,524,209
Adjustments:			
Depreciation		**1,100,696**	1,215,570
Provision for employees' end of service benefits		**195,408**	383,196
Finance costs		**867,311**	1,228,180
Interest income		**(7,608)**	(5,398)
Dividend income		**(4,490,234)**	(5,912,988)
Other investment income		**(31,430)**	(32,775)
Loss on sale of available for sale investments		**577,036**	901,446
Impairment of available for sale investments		**1,792,860**	4,016,684
Provision for obsolete and slow moving inventories		**233,358**	52,088
Provision for doubtful debts		**307,940**	-
Foreign currency exchange (gain)/loss on non-operating liabilities		**(223,674)**	1,015,893
		5,642,804	6,386,105
Changes in operating assets and liabilities:			
Inventories		**8,244,698**	2,309,975
Trade accounts receivable		**(9,354,196)**	6,772,724
Other receivables and prepayments		**578,278**	135,550
Trade accounts payable		**(412,964)**	(61,159)
Other payables and accruals		**1,265,219**	(1,336,018)
Employees' end of service benefits paid		**(203,426)**	(244,696)
Net cash from operating activities		**5,760,413**	13,962,481
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(137,922)**	(404,085)
Purchase of available for sale investments		**(478,527)**	(3,707,434)
Proceeds from sale of available for sale investments		**826,622**	4,106,518
Dividend income received		**4,416,453**	5,912,988
Other investment income received		**27,574**	28,961
Interest income received		**7,608**	5,398
Net cash from investing activities		**4,661,808**	5,942,346
FINANCING ACTIVITIES			
Cash dividend paid		**(73,942)**	(4,148,335)
Proceeds from term loans		**10,000,000**	17,824,302
Repayment of term loans		**(15,913,862)**	(35,874,040)
Proceeds from murabaha payables		**2,505,329**	15,945,039
Repayment of murabaha payables		**(2,462,575)**	(13,663,452)
Finance costs paid		**(841,723)**	(1,162,015)
Net cash used in financing activities		**(6,786,773)**	(21,078,501)
Increase/(decrease) in cash and cash equivalents		**3,635,448**	(1,173,674)
Foreign currency adjustment		**(31,469)**	144,251
Cash and cash equivalents at beginning of the period	10	**2,954,366**	3,609,458
Cash and cash equivalents at end of the period	10	**6,558,345**	2,580,035
Non cash transactions			
Available for sale investments		**(73,781)**	-
Dividend income		**73,781**	-

The notes set out on pages 8 to 23 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

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

The group comprises the parent company and its subsidiaries.

Objectives for which the company was incorporated:

1- Produce all kinds of electrical and telephone cables of various sizes and varieties.
2- Produce all kinds of electric and telephone wires of various sizes and varieties.
3- Produce the wires necessary for the production of light bulbs.
4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry.
5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry.
6- Various industries belonging to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry.
7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry.
8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry.
9- Trade in all kinds of these products.
10- Import machinery, plant, equipment and tools necessary to achieve the company's objectives.
11- Import the raw materials for this industry.
12- Invest the surplus funds in investment portfolios in order to serve the company's objectives.

The company may have interest or participate in any aspect in the entities which practice similar activities or which may assist it in the achievement of its objectives in Kuwait and abroad. The company may also purchase these entities or affiliate them therewith.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 in which they have cancelled Law No. 25 of 2012 and its amendments thereto, as stipulated in article (5) thereto. The new Law will be effective retrospectively from 26 November 2012. The executive regulations of Law No. 1 of 2016 was issued on 12 July 2016.

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 2016 was authorised for issue by the parent company's board of directors on 14 November 2016.

2 Basis of preparation

The interim condensed consolidated financial information of the group for the nine-month period ended 30 September 2016 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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

Operating results for the nine months ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016. For more details refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2015.

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 2015 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 2016. Information on these new standards is presented below:

Standard or Interpretation	*Effective for financial periods beginning*
IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments	No stated date
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	1 January 2016
IAS 1 'Disclosure Initiative - Amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - Amendments	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)

- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

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)

IFRS 10 and IAS 28 Sale or Contribution of Assets between and an Investor and its Associate or Joint Venture – Amendments (continued)

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception - Amendments

The Amendments are aimed at clarifying the following aspects:

- *Exemption from preparing consolidated financial statements.* The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

- *A subsidiary providing services that relate to the parent's investment activities.* A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

- *Application of the equity method by a non-investment entity investor to an investment entity investee.* When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

- *Disclosures required.* An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

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

IAS 1 Disclosure Initiative – Amendments

The Amendments to IAS 1 make the following changes:

- *Materiality*: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- *Statement of financial position and statement of profit or loss and other comprehensive income*: The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

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)

IAS 1 Disclosure Initiative – Amendments (continued)

- *Notes*: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

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

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets address the following matters:

- A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- An amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is generally inappropriate except for limited circumstances.
- Expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

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

IAS 27 Equity Method in Separate Financial Statements - Amendments

The Amendments to IAS 27 Separate Financial Statements permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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

Annual Improvements to IFRSs 2012–2014 Cycle

(i) *Amendments to IFRS 7* - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in interim condensed consolidated financial statements.

(ii) *Amendments to IAS 34* - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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)

3 Changes in accounting policies (continued)

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 pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's interim condensed consolidated financial information.

Standard or Interpretation	*Effective for financial periods beginning*
IAS 12 Income Taxes - Amendments	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments

The Amendments to IAS 12 make the following changes:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type

The group's management has yet to assess the effect of these amendments on the group's interim condensed consolidated financial information.

IFRS 9 Financial Instruments: Classification and Measurement

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- The classification and measurement of the group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)

- An expected credit loss-based impairment will need to be recognised on the group's trade receivables and investments in debt-type assets currently classified as available for sale and held-to-maturity, unless classified as at fair value through profit or loss in accordance with the new criteria.
- It will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the group makes an irrevocable designation to present them in other comprehensive income. This will affect the group's investment amounting to KD1,254,985 (see note 7) if still held on 1 January 2018.
- If the group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the group's own credit risk.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 "Revenues" and IAS 11 "Construction Contracts" and several revenue related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard includes important guidance, such as

- Contracts involving the delivery of two or more goods or services – when to account separately for the individual performance obligations in a multiple element arrangement, how to allocate the transaction price, and when to combine contracts
- Timing – whether revenue is required to be recognized over time or at a single point in time
- Variable pricing and credit risk – addressing how to treat arrangements with variable or contingent (e.g. performance-based) pricing, and introducing an overall constraint on revenue
- Time value – when to adjust a contract price for a financing component
- Specific issues, including –
  - o non-cash consideration and asset exchanges
  - o contract costs
  - o rights of return and other customer options
  - o supplier repurchase options
  - o warranties
  - o principal versus agent
  - o licencing
  - o breakage
  - o non-refundable upfront fees, and
  - o consignment and bill-and-hold arrangements.

The group's management has yet to assess the effect of this new standard on the group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 16 Leases

The new Standard requires lessees to account for leases 'on-balance sheet' by recognising a 'right of use' asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. For many other businesses, however, exemptions for short-term leases and leases of low value assets will reduce the impact.

The group's management has yet to assess the effect of this new standard on the group's interim condensed consolidated financial information.

4 Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, 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 judgments 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 2015.

5 Investment income/(loss)

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2016	30 Sept. 2015	**30 Sept. 2016**	30 Sept. 2015
	KD	KD	**KD**	KD
Dividend income from available for sale investments	**29,121**	8,003	**4,490,234**	5,912,988
Other investment income	**8,867**	13,600	**31,430**	32,775
Gain/(loss) on sale of available for sale investments	**2,554**	(36,009)	**(577,036)**	(901,446)
	40,542	(14,406)	**3,944,628**	5,044,317

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

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

	Three months ended (Unaudited)		Nine months ended (Unaudited)	
	30 Sept. 2016	30 Sept. 2015	**30 Sept. 2016**	30 Sept. 2015
Profit for the period attributable to the owners of the parent company (KD)	**845,317**	852,510	**5,339,358**	3,568,108
Weighted average number of shares outstanding during the period	**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**	4 Fils	**25 Fils**	17 Fils

Notes to the interim condensed consolidated financial information (continued)

7 Available for sale investments

The components of available for sale investments are as follows:

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Local quoted securities held through managed portfolios	**50,422,971**	52,900,128	59,513,094
Local unquoted securities held through managed portfolios	**5,723,283**	6,551,443	6,551,443
Foreign quoted securities held through managed portfolios	**7,248,322**	8,307,261	10,060,430
Foreign unquoted securities held through managed portfolios	**446,397**	446,397	446,397
Foreign unquoted securities	**25,527,867**	25,527,867	15,911,271
Local unquoted securities	**44,414**	44,244	44,244
Local managed fund	**1,774,400**	1,809,188	1,875,408
Foreign managed funds	**307,177**	428,468	432,113
	91,494,831	96,014,996	94,834,400

During the period the group recognised impairment loss of KD1,792,860 (30 September 2015: KD4,016,684) in respect of certain available for sale investments.

Local and foreign unquoted securities held through managed portfolios by third parties and unquoted securities include investments amounting to KD1,254,985 (31 December 2015: KD2,115,449 and 30 September 2015: KD 18,026,720) 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 significantly indicates that there is no impairment.

Managed funds represent investments in units of private equity funds amounting to KD2,081,577 (31 December 2015: KD2,237,656 and 30 September 2015: KD2,307,521). 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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Raw materials	**16,628,111**	15,491,965	17,877,976
Finished goods	**13,194,085**	19,123,726	18,357,144
Work-in-progress	**5,802,366**	8,138,870	7,812,620
Spare parts	**1,927,870**	1,945,313	1,935,521
	37,552,432	44,699,874	45,983,261
Provision for obsolete and slow moving inventories	**(970,780)**	(738,763)	(605,660)
	36,581,652	43,961,111	45,377,601
Goods in transit and prepaid letters of credit	**379,845**	1,478,442	4,073,459
	36,961,497	45,439,553	49,451,060

Notes to the interim condensed consolidated financial information (continued)

9 Trade accounts receivable

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Trade accounts receivable	**32,615,093**	23,264,900	24,931,650
Provision for doubtful debts	**(4,941,262)**	(4,637,325)	(2,893,478)
	27,673,831	18,627,575	22,038,172

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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Cash in hand	**90,686**	46,382	52,259
Cash held in managed portfolios	**486,990**	610,821	509,100
Bank balances	**6,225,364**	2,308,792	2,248,190
Total cash and cash equivalents	**6,803,040**	2,965,995	2,809,549
Less: due to banks	**(244,695)**	(11,629)	(229,514)
Cash and cash equivalents for interim condensed consolidated statement of cash flows	**6,558,345**	2,954,366	2,580,035

11 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 1 January 2016	**235,473**	**524,539**	**760,012**
Exchange differences arising on translation of foreign operations	**-**	**(51,895)**	**(51,895)**
Available for sale investments :			
- Net change in fair value arising during the period	**(4,083,828)**	**-**	**(4,083,828)**
- Transferred to interim condensed consolidated statement of profit or loss on sale	**415,013**	**-**	**415,013**
- Transferred to interim condensed consolidated statement of profit or loss on impairment	**1,792,860**	**-**	**1,792,860**
Total other comprehensive loss	**(1,875,955)**	**(51,895)**	**(1,927,850)**
Balance at 30 September 2016 (Unaudited)	**(1,640,482)**	**472,644**	**(1,167,838)**

Notes to the interim condensed consolidated financial information (continued)

11 Other components of equity (continued)

	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 interim condensed consolidated statement of profit or loss on sale	989,722	-	989,722
- Transferred to interim condensed 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)

12 Long term loan

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
- USD 50,000,000 facility	**3,634,800**	7,321,200	7,287,600
Installments due within next twelve months	**(3,634,800)**	(3,660,600)	(3,643,800)
Installments due after next twelve months	-	3,660,600	3,643,800

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 2015 and 30 September2015: 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 which were reclassified to current portion of long term loan.

Notes to the interim condensed consolidated financial information (continued)

13 Short term loans

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Kuwait Dinar facility	**14,000,000**	14,500,000	15,350,000
USD facility	**9,087,000**	10,960,234	13,385,449
	23,087,000	25,460,234	28,735,449

The short term loans are unsecured and carrying interest rate ranging from 1% to 1.65% (31 December 2015: 1% to 1.65% and 30 September 2015: 1.25% to 1.65%) per annum above Central Bank of Kuwait discount rate and floating interest rate of 1.75% to 3% (31 December 2015: 1.75% to 3% and 30 September 2015: 1.75% to 2%) per annum above three months LIBOR. The loans mature on various dates ending on 28 December 2016.

14 Murabaha payables

	30 Sept. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
USD facilities	**12,408,866**	12,444,014	13,153,563
	12,408,866	12,444,014	13,153,563

The murabaha facilities granted to the group by a local Islamic Bank and it carries profit rate of 2.59% (31 December 2015: 2.37% and 30 September2015: 2.34%). The murabaha payables mature on various dates ending on 29 December 2016.

15 Annual General Assembly of the Shareholders

The Annual General Assembly of the Shareholders held on 27 April 2016 approved the consolidated financial statements of the group for the year ended 31 December 2015 and approved the directors' proposal not to distribute any dividend for the year ended 31 December 2015 (cash dividend of 20% which equivalent to KD4,198,626 for 2014).

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.

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

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
Three months ended 30 September 2016 (unaudited)			
Revenue	**20,768,375**	**49,666**	**20,818,041**
Segment profit/(loss)	**1,011,986**	**(53,998)**	**957,988**
Unallocated expenses			**(115,927)**
Profit for the period			**842,061**
Nine months ended 30 September 2016 (unaudited)			
Revenue	**69,212,476**	**3,976,965**	**73,189,441**
Segment profit	**3,862,933**	**1,809,353**	**5,672,286**
Unallocated expenses			**(351,145)**
Profit for the period			**5,321,141**
Total assets	**78,067,151**	**92,322,795**	**170,389,946**
Total liabilities	**(43,275,268)**	**(8,791,123)**	**(52,066,391)**
Additions to property, plant and equipment	**137,922**	**-**	**137,922**
Depreciation	**1,100,696**	**-**	**1,100,696**
Impairment of available for sale investments	**-**	**1,792,860**	**1,792,860**
Finance costs	**581,820**	**285,491**	**867,311**
Dividend income	**-**	**4,490,234**	**4,490,234**
Three months ended 30 September 2015 (unaudited)			
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
Nine months ended 30 September 2015 (unaudited)			
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)
Additions to property, plant and equipment	404,085	-	404,085
Depreciation	1,215,570	-	1,215,570
Impairment of available for sale investments	-	4,016,684	4,016,684
Finance costs	541,008	687,172	1,228,180
Dividend income	-	5,912,988	5,912,988

Notes to the interim condensed consolidated financial information (continued)

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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Amounts included in interim condensed consolidated statement of financial position			
Trade accounts receivable	**1,202,354**	1,522,177	3,926,580
Other receivables and prepayments	**300,800**	302,950	301,550
Trade accounts payable	**7,001**	6,095	6,095

	Three months ended (Unaudited)		**Nine months ended (Unaudited)**	
	30 Sept. 2016 KD	30 Sept. 2015 KD	**30 Sept. 2016 KD**	30 Sept. 2015 KD
Amounts included in interim condensed consolidated statement of profit or loss				
Sales	**31,321**	461,174	**90,958**	937,509
Industrial expenses	**906**	1,427	**4,977**	54,085
Provision for doubtful debts	**-**	-	**250,000**	-
Key management compensation:				
Salaries and other short term benefits	**104,613**	111,383	**340,658**	334,134
End of service benefits	**6,138**	5,443	**18,453**	22,496
Provision for directors' remuneration	**77,500**	68,750	**232,500**	206,250
	188,251	185,576	**591,611**	562,880

18 Contingent liabilities

Contingent liabilities at the period end in respect of outstanding letters of guarantee amounted to KD11,370,116 (31 December 2015: KD6,134,535 and 30 September 2015: KD5,596,927).

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement

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).

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.

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

30 September 2016 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Available for sale investments:				
Local quoted securities held through managed portfolios	50,422,971	-	-	50,422,971
Local unquoted securities held through managed portfolios	-	-	4,929,856	4,929,856
Foreign quoted securities held through managed portfolios	7,248,322	-	-	7,248,322
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,253	29,253
Local managed fund	-	1,774,400	-	1,774,400
Foreign managed funds	-	307,177	-	307,177
	57,671,293	2,081,577	30,486,976	90,239,846

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

31 December 2015 (Audited)	**Level 1** **KD**	**Level 2** **KD**	**Level 3** **KD**	**Total** **KD**
Available for sale investment:				
Local quoted securities held through managed portfolios	52,900,128	-	-	52,900,128
Local unquoted securities held through managed portfolios	-	-	4,897,551	4,897,551
Foreign quoted securities held through managed portfolios	8,307,261	-	-	8,307,261
Foreign unquoted securities	-	-	25,527,867	25,527,867
Local unquoted securities	-	-	29,084	29,084
Local managed fund	-	1,809,188	-	1,809,188
Foreign managed funds	-	428,468	-	428,468
	61,207,389	2,237,656	30,454,502	93,899,547

30 September 2015 (Unaudited)	**Level 1** **KD**	**Level 2** **KD**	**Level 3** **KD**	**Total** **KD**
Available for sale investments:				
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	10,060,430	-	-	10,060,430
Local unquoted securities	-	-	29,083	29,083
Local managed fund	-	1,875,408	-	1,875,408
Foreign managed funds	-	432,113	-	432,113
	69,573,524	2,307,521	4,926,635	76,807,680

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)

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. 2016 (Unaudited) KD	31 Dec. 2015 (Audited) KD	30 Sept. 2015 (Unaudited) KD
Opening balance	**30,454,502**	5,169,397	5,169,397
Transfer to level 3 previously measurement at cost	**-**	15,911,271	-
Additions	**73,781**	-	-
Gains or losses recognised in:			
- Other comprehensive (loss)/income	**(41,307)**	9,373,834	(242,762)
Closing balance	**30,486,976**	30,454,502	4,926,635

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%.