

Interim condensed consolidated financial information and review report

**Gulf Cable and Electrical Industries Company – KPSC
and Subsidiaries**

Kuwait

31 March 2019 (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 – KPSC (“Parent Company”) and its subsidiaries (“the Group”) as of 31 March 2019 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 three-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 violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2019 that might have had a material effect on the business or financial position of the Parent Company.



Anwar Y. Al-Qatami, F.C.C.A.
(Licence No. 50-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
15 May 2019

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
Revenue			
Sales		14,858,257	19,681,419
Cost of sales		(13,252,803)	(16,740,263)
Gross profit		1,605,454	2,941,156
Investment income	5	3,396,306	185,487
Interest income		6,149	2,888
Other income		7,714	4,231
Foreign currency exchange gain		71,491	256,114
		5,087,114	3,389,876
Expenses and other charges			
General and administrative expenses		(862,569)	(984,680)
Commercial expenses		(266,297)	(356,846)
Reversal of provision for obsolete and slow moving inventories - net		58,429	-
Reversal of provision/(provision for) doubtful debts – net	9,17	95,659	(371,846)
Finance costs		(124,405)	(188,010)
		(1,099,183)	(1,901,382)
Profit before income tax		3,987,931	1,488,494
Income tax relating to overseas subsidiary		(8,450)	-
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST), Zakat and Board of Directors' remuneration		3,979,481	1,488,494
Provision for contribution to KFAS		(39,776)	(14,859)
Provision for NLST		(27,780)	(55,316)
Provision for Zakat		(11,020)	(21,758)
Provision for board of directors' remuneration		(77,500)	(77,500)
Profit for the period		3,823,405	1,319,061
Profit for the period attributable to:			
Owners of the Parent Company		3,821,479	1,316,498
Non-controlling interests		1,926	2,563
Profit for the period		3,823,405	1,319,061
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	18 Fils	6 Fils

The notes set out on pages 7 to 17 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 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
Profit for the period	3,823,405	1,319,061
<i>Other comprehensive income/(loss):</i>		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	24,596	(7,244)
<i>Total other comprehensive income/(loss) that may be reclassified subsequently to consolidated statement of profit or loss</i>	24,596	(7,244)
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
Equity investments at fair value through other comprehensive income		
- Net change in fair value arising during the period	11,539,329	6,951,180
<i>Total other comprehensive income that will not be reclassified subsequent to consolidated statement of profit or loss</i>	11,539,329	6,951,180
Total other comprehensive income	11,563,925	6,943,936
Total comprehensive income for the period	15,387,330	8,262,997
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	15,384,051	8,260,832
Non-controlling interests	3,279	2,165
	15,387,330	8,262,997

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment		5,806,044	5,748,008	5,418,081
Investment in associate		1,048,274	1,048,274	1,050,000
Investments at fair value through other comprehensive income	7	112,676,810	104,832,534	105,461,759
		119,531,128	111,628,816	111,929,840
Current assets				
Inventories	8	40,847,514	39,657,430	39,532,875
Trade accounts receivable	9	13,952,223	18,031,129	16,903,426
Other receivables and prepayments	10	7,698,832	4,299,133	4,040,485
Investments at fair value through profit or loss		-	1	2
Cash and bank balances	11	9,821,740	3,608,819	5,457,756
		72,320,309	65,596,512	65,934,544
Total assets		191,851,437	177,225,328	177,864,384
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
Statutory reserve		20,993,131	20,993,131	20,993,131
Voluntary reserve		20,993,131	20,993,131	20,993,131
General reserve		25,631,110	25,631,110	24,729,315
Other components of equity	12	35,657,676	24,592,071	23,290,027
Retained earnings		8,577,914	9,926,581	9,110,695
Total equity attributable to the owners of the Parent Company		162,006,168	152,289,230	149,269,505
Non-controlling interests		472,615	469,336	448,810
Total equity		162,478,783	152,758,566	149,718,315
Non-current liabilities				
Provision for employees' end of service benefits		3,679,911	3,713,622	3,396,577
Current liabilities				
Trade accounts payable		2,162,301	1,715,912	1,868,621
Other payables and accruals		12,543,864	7,591,174	7,858,564
Short term loans	13	7,057,838	7,951,613	9,039,000
Murabaha payables	14	3,482,203	3,471,953	5,860,431
Due to banks	11	446,537	22,488	122,876
		25,692,743	20,753,140	24,749,492
Total liabilities		29,372,654	24,466,762	28,146,069
Total equity and liabilities		191,851,437	177,225,328	177,864,384


 Bader Naser Al-Kharafi
 Chairman

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company									Total KD
	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	General reserve KD	Other components of equity (note 12) KD	Retained earnings KD	Sub-total KD	Non- controlling interests KD	
Balance at 31 December 2018 (Audited)	20,993,131	29,160,075	20,993,131	20,993,131	25,631,110	24,592,071	9,926,581	152,289,230	469,336	152,758,566
Cash dividend (Note 15)	-	-	-	-	-	-	(5,667,113)	(5,667,113)	-	(5,667,113)
Transactions with owners	-	-	-	-	-	-	(5,667,113)	(5,667,113)	-	(5,667,113)
Profit for the period	-	-	-	-	-	-	3,821,479	3,821,479	1,926	3,823,405
Other comprehensive income	-	-	-	-	-	11,562,572	-	11,562,572	1,353	11,563,925
Total comprehensive income for the period	-	-	-	-	-	11,562,572	3,821,479	15,384,051	3,279	15,387,330
Profit on sale of equity investments at FVTOCI (Note 7)	-	-	-	-	-	(496,967)	496,967	-	-	-
Balance at 31 March 2019 (Unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	25,631,110	35,657,676	8,577,914	162,006,168	472,615	162,478,783
Balance at 31 December 2017 (Audited)	20,993,131	29,160,075	20,993,131	20,993,131	24,729,315	16,373,288	7,766,602	141,008,673	446,645	141,455,318
Profit for the period	-	-	-	-	-	-	1,316,498	1,316,498	2,563	1,319,061
Total other comprehensive income/(loss)	-	-	-	-	-	6,944,334	-	6,944,334	(398)	6,943,936
Total comprehensive income for the period	-	-	-	-	-	6,944,334	1,316,498	8,260,832	2,165	8,262,997
Profit on sale of equity investments at FVTOCI (Note 7)	-	-	-	-	-	(27,595)	27,595	-	-	-
Balance at 31 March 2018 (Unaudited)	20,993,131	29,160,075	20,993,131	20,993,131	24,729,315	23,290,027	9,110,695	149,269,505	448,810	149,718,315

The notes set out on pages 7 to 17 form an integral part of this interim condensed consolidated financial information

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		3,823,405	1,319,061
Adjustments:			
Depreciation		254,374	262,107
Provision for employees' end of service benefits		89,009	492,545
Finance costs		124,405	188,010
Interest income		(6,149)	(18,048)
Dividend income		(3,355,927)	(148,115)
Other investment income		(14,418)	(8,384)
Gain on sale of investments at fair value through profit or loss		(690)	-
Gain on sale of property, plant and equipment		(1,386)	-
Reversal of provision for obsolete and slow moving inventories - net		(58,429)	-
(Reversal of provision)/provision for doubtful debts – net		(95,659)	371,846
Foreign exchange loss/(gain) on non-operating liabilities		32,375	(194,314)
		790,910	2,264,708
Changes in operating assets and liabilities:			
Inventories		(1,131,655)	5,795,651
Trade accounts receivable		4,174,565	1,159,211
Other receivables and prepayments		(202,405)	(171,542)
Trade accounts payable		446,389	(643,233)
Other payables and accruals		(592,703)	289,111
Employees' end of service benefits paid		(122,720)	(28,272)
Net cash from operating activities		3,362,381	8,665,634
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(304,011)	(116,177)
Proceeds from sale of property, plant and equipment		1,386	-
Investment in associate		-	(1,050,000)
Purchase of Investments at fair value through other comprehensive income		(211,455)	(465,142)
Proceeds from sale of Investments at fair value through other comprehensive income		3,906,508	740,667
Proceeds from sale of investments at fair value through profit or loss		691	-
Dividend income received		171,197	38,720
Other investment income received		1,854	2,110
Interest income received		6,149	15,146
Net cash from/(used in) investing activities		3,572,319	(834,676)
FINANCING ACTIVITIES			
Payment of cash dividends		(137,235)	(17,353)
Repayment of short term loans		(915,900)	-
Repayment of murabaha payables		-	(8,297,769)
Finance costs paid		(108,890)	(172,527)
Net movement in time deposit blocked against a letter of guarantee issued		-	(16,044)
Net cash used in financing activities		(1,162,025)	(8,503,693)
Increase/(decrease) in cash and cash equivalents		5,772,675	(672,735)
Foreign currency adjustment		16,197	(8,124)
Cash and cash equivalents at beginning of the period	11	3,586,331	2,455,915
Cash and cash equivalents at end of the period	11	9,375,203	1,775,056

The notes set out on pages 7 to 17 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. The shares of the Parent Company are listed on Kuwait Stock Exchange.

The Group comprises the Parent Company and its subsidiaries.

Objectives for which the Parent Company was incorporated are as follows:

- 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 manufacturing relating 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 Parent 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 Parent Company may also purchase these entities or affiliate them therewith.

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 three-month period ended 31 March 2019 was authorised for issue by the Parent Company’s board of directors on 15 May 2019.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2019 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed 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 2018, except for the changes described in note 3.

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

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 the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2018.

The Group has consolidated its subsidiaries using management accounts for the period ended 31 March 2019.

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 2019 which have been adopted by the Group. Information on these new standards is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 16 Leases	1 January 2019
IAS 28 - Amendments	1 January 2019

IFRS 16 Leases

IFRS 16 replaced IAS 17 and the related Interpretations. IFRS 16 introduced new and amended requirements with respect to accounting for leases. As a result, lessee accounting is now significantly different and removes distinction between finance and operating leases. It now requires recognition of a right-of-use asset and lease liability at commencement date for all leases, except for short term leases and low value leases. However, the accounting by lessor has largely remained unchanged.

The adoption of this standard did not have a significant impact on this interim condensed consolidated financial information.

IAS 28 – Amendments

The amendments to IAS 28 clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The adoption of these amendments did not result in any significant impact on the interim condensed consolidated financial information.

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. 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.

Notes to the interim condensed consolidated financial information (continued)

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 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 2018 except for the changes arising from applying IFRS 16 as noted in 3 above. These include identification of whether a contract contains a lease, determine reasonable certainty of extension or termination of a lease, classification of leases, determining whether variable payments are in-substance fixed, establishing whether there are multiple leases in a single contract, determination of appropriate discount rate, and assessment of impairment.

5 Investment income

	Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
Dividend income	3,355,927	148,115
Other investment income	8,128	23,544
Gain on sale of investments at fair value through profit or loss	690	-
Income from wakala investment	6,290	-
Foreign currency exchange gain	25,271	13,828
	3,396,306	185,487

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 shares outstanding during the period as follows:

	Three months ended 31 March 2019 (Unaudited)	Three months ended 31 March 2018 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	3,821,479	1,316,498
Weighted average shares outstanding during the period (shares)	209,931,309	209,931,309
Basic and diluted earnings per share attributable to the owners of the Parent Company	18 Fils	6 Fils

Notes to the interim condensed consolidated financial information (continued)

7 Investments at fair value through other comprehensive income

The components of investments at fair value through other comprehensive income are as follows:

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Local quoted securities held through managed portfolios	54,290,538	53,018,564	57,386,205
Local unquoted securities held through managed portfolios	4,965,691	4,965,691	5,291,533
Foreign quoted securities held through managed portfolios	21,779,136	15,300,425	14,762,193
Foreign unquoted securities	29,553,769	29,462,903	25,857,522
Local unquoted securities	8,410	8,410	8,184
Local managed fund	2,079,266	2,076,541	2,156,122
	112,676,810	104,832,534	105,461,759

These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, the management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.

During the period, the Group sold investments at fair value through other comprehensive income with a total cost of KD3,409,541 (31 March 2018: KD713,072) for a total consideration of KD3,906,508 (31 March 2018: KD740,667) resulting into gain of KD496,967 (31 March 2018: KD27,595) recognized directly in retained earnings within equity.

Managed fund includes investments in units of private equity investments. Fair value of these investments is determined using net asset values reported by the investment managers and the management believe that this represent the best estimate of fair value available for these investments.

8 Inventories

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Raw materials	16,385,984	12,263,722	15,483,743
Finished goods	14,937,351	15,139,335	14,877,010
Work-in-progress	7,100,286	6,618,047	7,203,007
Spare parts	2,101,278	2,076,216	2,002,520
	40,524,899	36,097,320	39,566,280
Less: provision for obsolete and slow moving inventories	(1,634,913)	(1,692,042)	(1,947,368)
	38,889,986	34,405,278	37,618,912
Goods in transit and prepaid letters of credit	1,957,528	5,252,152	1,913,963
	40,847,514	39,657,430	39,532,875

Notes to the interim condensed consolidated financial information (continued)

9 Trade accounts receivable

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Trade accounts receivable	19,826,900	23,999,220	23,058,867
Less: provision for doubtful debts	(5,874,677)	(5,968,091)	(6,155,441)
	13,952,223	18,031,129	16,903,426

10 Other receivables are prepayments

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Financial assets:			
Staff receivable	123,097	106,022	93,302
Amount due from related party – net	3,284,674	3,273,892	3,231,360
Dividend income receivable	3,184,730	-	109,396
Brokers receivables	475,349	468,086	-
Other receivables	119,911	106,698	117,060
	7,187,761	3,954,698	3,551,118
Non-financial assets:			
Prepaid expenses	511,071	344,435	489,367
	7,698,832	4,299,133	4,040,485

11 Cash and cash equivalents

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

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Cash in hand	15,967	124,847	46,069
Cash held in managed portfolios	3,881,218	185,193	188,756
Bank balances	2,659,555	3,298,779	1,663,107
Wakala investment with original maturity not exceeding three months (see below)	3,265,000	-	-
Time deposit blocked against a letter of guarantee issued with original maturity not exceeding three months	-	-	3,559,824
Total cash and bank balances	9,821,740	3,608,819	5,457,756
Less: time deposit blocked against a letter of guarantee issued with original maturity not exceeding three months	-	-	(3,559,824)
Less: due to banks	(446,537)	(22,488)	(122,876)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	9,375,203	3,586,331	1,775,056

Notes to the interim condensed consolidated financial information (continued)

11 Cash and cash equivalents (continued)

Wakala investment is an investment with a local Islamic Bank amounting to KD3,265,000 (31 December 2018: KD Nil and 31 March 2018: KD Nil) and carries effective profit rate of 2.813% per annum (31 December 2018: Nil% and 31 March 2018: Nil%) and is carried at the amortised cost. The wakala investment matures on 30 May 2019.

12 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2018 (Audited)	24,102,073	489,998	24,592,071
Exchange differences arising on translation of foreign operations	-	23,243	23,243
Investments at fair value through other comprehensive income: - Net change in fair value arising during the period	11,539,329	-	11,539,329
Total other comprehensive income for the period	11,539,329	23,243	11,562,572
Profit on sale of equity investments at FVTOCI (note 7)	(496,967)	-	(496,967)
Balance at 31 March 2019 (Unaudited)	35,144,435	513,241	35,657,676
Balance at 31 December 2017 (Audited)	15,962,062	411,226	16,373,288
Exchange differences arising on translation of foreign operations	-	(6,846)	(6,846)
Investments at fair value through other comprehensive income: - Net change in fair value arising during the period	6,951,180	-	6,951,180
Total other comprehensive income for the period	6,951,180	(6,846)	6,944,334
Profit on sale of equity investments at FVTOCI (note 7)	(27,595)	-	(27,595)
Balance at 31 March 2018 (Unaudited)	22,885,647	404,380	23,290,027

13 Short term loans

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
USD facilities	7,057,838	7,951,613	9,039,000
	7,057,838	7,951,613	9,039,000

The above USD loans facilities carry interest rate of 1.75% (31 December 2018: 1.75% and 31 March 2018: 1.75%) per annum above three-month LIBOR. The loans mature on 1 June 2019 (31 December 2018: various dates ending 1 March 2019 and 31 March 2018: various dates ending 11 August 2018).

Notes to the interim condensed consolidated financial information (continued)

14 Murabaha payables

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
USD murabaha facilities	3,482,203	3,471,953	5,860,431
	3,482,203	3,471,953	5,860,431

The murabaha facilities were granted to the Group by a local Islamic Bank and carry profit rate of 4.46% (31 December 2018: 4.28% and 31 March 2018: 3.63%) per annum. The murabaha payables mature on various dates ending on 4 September 2019 and are renewable (31 December 2018: various dates ending on 4 March 2019 and 31 March 2018: various dates ending on 28 June 2018, renewable).

15 General Assembly of the Shareholders and dividend distribution

The annual general assembly of the shareholders held on 27 March 2019 approved the consolidated financial statements of the Group for the year ended 31 December 2018 and cash dividend of 27% (2017: 25%) equivalent to 27 Fils (2017: 25 Fils) per share of the paid up share capital amounting to KD5,667,113 for the year ended 31 December 2018 (2017: KD5,248,283).

Further, the shareholders approved the board of directors' remuneration of KD310,000 for the year ended 31 December 2018 (2017: KD310,000) and was paid following that approval.

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 the Group's profit or loss.

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
For the three months ended 31 March 2019 (Unaudited):			
Revenue	14,858,257	3,396,306	18,254,563
Segment profit	653,196	3,334,735	3,987,931
Unallocated expenses			(164,526)
Profit for the period			3,823,405
Additions to property, plant and equipment	304,011	-	304,011
Depreciation	254,374	-	254,374
Finance costs	94,109	30,296	124,405
Dividend income	-	3,355,927	3,355,927
Total assets	64,461,850	127,389,587	191,851,437
Total Liabilities	(25,055,836)	(4,316,818)	(29,372,654)
Net assets	39,406,014	123,072,769	162,478,783

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

	Cable manufacture KD	Investment KD	Total KD
For the three months ended 31 March 2018 (Unaudited):			
Revenue	19,681,419	185,487	19,866,906
Segment profit/(loss)	1,731,415	(242,921)	1,488,494
Unallocated expenses			(169,433)
Profit for the period			1,319,061
Additions to property, plant and equipment	116,177	-	116,177
Depreciation	262,107	-	262,107
Finance costs	143,651	44,359	188,010
Dividend income	-	148,115	148,115
Total assets	64,217,793	113,646,591	177,864,384
Total Liabilities	(22,985,253)	(5,160,816)	(28,146,069)
Net assets	41,232,540	108,485,775	149,718,315

17 Related party balances and transactions

Related parties represent subsidiaries, associate, 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 balances and transactions between the Group and its related parties are disclosed below.

	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Interim condensed consolidated statement of financial position			
Other receivables and prepayments (net)	3,284,674	3,273,892	3,231,360
Trade accounts payable	12,281	32,460	10,061
		Three months ended 31 March 2019 (Unaudited) KD	Three months ended 31 March 2018 (Unaudited) KD
Interim condensed consolidated statement of profit or loss:			
Sales		269,402	7,758
Expenses		(1,200)	(2,245)
Provision for doubtful debts		-	(353,267)
Key management compensation:			
Salaries and other short term benefits		125,828	96,553
End of service benefits		8,328	73,237
Provision for directors' remuneration		77,500	77,500
		211,656	247,290

Notes to the interim condensed consolidated financial information (continued)

18 Contingent liabilities

Contingent liabilities at 31 March 2019 in respect of outstanding letters of guarantee amounted to KD6,004,175 (31 December 2018: KD6,278,944 and 31 March 2018: KD11,687,330).

19 Capital commitments

At the period end, the Group had capital commitments to purchase new machinery and equipment amounting to KD67,632 (31 December 2018: KD238,176 and 31 March 2018: KD777,649).

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

20.2 Fair value measurement of financial instruments

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:

31 March 2019 (Unaudited):	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	54,290,538	-	-	54,290,538
Local unquoted securities held through managed portfolios	-	-	4,965,691	4,965,691
Foreign quoted securities held through managed portfolios	21,779,136	-	-	21,779,136
Foreign unquoted securities	-	-	29,553,769	29,553,769
Local unquoted securities	-	-	8,410	8,410
Local managed fund	-	2,079,266	-	2,079,266
	76,069,674	2,079,266	34,527,870	112,676,810

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2018 (Audited):				
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	53,018,564	-	-	53,018,564
Local unquoted securities held through managed portfolios	-	-	4,965,691	4,965,691
Foreign quoted securities held through managed portfolios	15,300,425	-	-	15,300,425
Foreign unquoted securities	-	-	29,462,903	29,462,903
Local unquoted securities	-	-	8,410	8,410
Local managed fund	-	2,076,541	-	2,076,541
	68,318,989	2,076,541	34,437,004	104,832,534
31 March 2018 (Unaudited):				
Investments at fair value through other comprehensive income:				
Local quoted securities held through managed portfolios	57,386,205	-	-	57,386,205
Local unquoted securities held through managed portfolios	-	-	5,291,533	5,291,533
Foreign quoted securities held through managed portfolios	14,762,193	-	-	14,762,193
Foreign unquoted securities	-	-	25,857,522	25,857,522
Local unquoted securities	-	-	8,184	8,184
Local managed fund	-	2,156,122	-	2,156,122
	72,148,398	2,156,122	31,157,239	105,461,759

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.

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:

	(Unquoted securities) (Investments at fair value through OCI)		
	31 March 2019 (Unaudited) KD	31 Dec. 2018 (Audited) KD	31 March 2018 (Unaudited) KD
Opening balance at the beginning of the period/year	34,437,004	30,802,708	30,802,708
Additions	-	69	-
Transfer from AFS investments previously measured at cost	-	589,368	142,971
Disposals	-	(1,063,101)	(36,893)
Net changes in fair value	90,866	4,107,960	248,453
Closing balance at the end of period/year	34,527,870	34,437,004	31,157,239

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement for financial instruments (continued)

Level 3 fair value measurements (continued)

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

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

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

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%.

21 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2018.