

Interim condensed consolidated financial information and review report

Gulf Cable and Electrical Industries Company – KPSC

and Subsidiaries

Kuwait

31 March 2022 (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 2022 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 violations 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 2022 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2022 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
15 May 2022

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Revenue			
Sales and contracting revenue		17,950,225	14,230,475
Cost of revenue		(13,900,051)	(11,638,830)
Gross profit		4,050,174	2,591,645
Dividend income		183,442	116,066
Other investment income/(losses)		14,502	(14,964)
Share of results of associates	7	4,249,215	22,838
Interests and other (losses)/income		(710)	7,792
Foreign currency exchange gain		88,126	41,332
		8,584,749	2,764,709
Expenses and other charges			
General and administrative expenses		(1,140,990)	(975,746)
Commercial expenses		(492,283)	(400,705)
(Provision)/reversal of provision for doubtful debts		(81,023)	69,232
(Provision)/reversal of provision slow-moving inventories		(8,667)	12,234
Finance costs		(458,523)	(7,316)
		(2,181,486)	(1,302,301)
Profit before taxation and Board of Directors' remuneration		6,403,263	1,462,408
Taxation	5	(101,857)	(97,950)
Provision for board of directors' remuneration		(77,500)	(77,500)
Profit for the period		6,223,906	1,286,958
Profit for the period attributable to:			
Owners of the Parent Company		6,219,949	1,280,530
Non-controlling interests		3,957	6,428
Profit for the period		6,223,906	1,286,958
Basic and diluted earnings per share attributable to the owners of the Parent Company	6	30 Fils	6 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 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Profit for the period	6,223,906	1,286,958
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of associates	6,102	-
Exchange differences arising on translation of foreign operations	40,811	(24,511)
	46,913	(24,511)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of associates	4,895,195	-
Net change in fair value of investments at FVTOCI	21,590,874	1,734,600
	26,486,069	1,734,600
Total other comprehensive income	26,532,982	1,710,089
Total comprehensive income for the period	32,756,888	2,997,047
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	32,750,686	2,991,967
Non-controlling interests	6,202	5,080
	32,756,888	2,997,047

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	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Assets				
Non-current assets				
Goodwill		3,603,180	3,603,180	-
Property, plant and equipment		9,460,070	9,771,992	7,014,938
Right-of-use assets		576,831	612,883	-
Investment in associates	7	95,532,808	86,168,913	1,126,767
Investments at fair value through other comprehensive income	8	151,205,859	129,097,281	98,246,856
		260,378,748	229,254,249	106,388,561
Current assets				
Inventories	9	45,879,173	35,196,042	47,542,574
Trade accounts receivable	10	31,103,575	31,788,814	28,612,082
Other receivables and prepayments	11	4,228,619	1,134,062	585,868
Cash and bank balances	12	8,257,554	18,981,488	20,956,600
		89,468,921	87,100,406	97,697,124
Total assets		349,847,669	316,354,655	204,085,685
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
Treasury shares	13	(575,724)	(575,724)	(454,480)
Statutory, voluntary and general reserves		70,459,281	70,459,281	68,740,454
Other components of equity	14	109,271,810	82,741,073	49,467,295
Retained earnings		30,447,913	24,227,964	20,943,881
Total equity attributable to the owners of the Parent Company		259,756,486	227,005,800	188,850,356
Non-controlling interests		510,844	504,642	446,878
Total equity		260,267,330	227,510,442	189,297,234

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 (continued)

	Notes	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Non-current liabilities				
Provision for employees' end of service benefits		4,464,536	4,410,937	3,987,114
Term loans	15	26,334,495	26,334,495	-
Islamic financing facilities	16	32,875,000	38,000,000	-
Lease liabilities		432,448	428,888	-
		64,106,479	69,174,320	3,987,114
Current liabilities				
Trade accounts payable		4,891,382	2,038,235	2,504,114
Other payables and accruals		11,896,693	9,662,081	8,272,835
Lease liabilities		151,416	151,416	-
Term loans - current portion	15	6,354,500	5,818,161	-
Islamic financing facilities - current portion	16	2,000,000	2,000,000	-
Due to banks	12	179,869	-	24,388
		25,473,860	19,669,893	10,801,337
Total liabilities		89,580,339	88,844,213	14,788,451
Total equity and liabilities		349,847,669	316,354,655	204,085,685

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

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total
	Share capital KD	Share premium KD	Treasury shares KD	Statutory, voluntary and general reserves KD	Other components of equity KD	Retained earnings KD	Sub-total KD	KD	KD
Balance at 1 January 2022 (Audited)	20,993,131	29,160,075	(575,724)	70,459,281	82,741,073	24,227,964	227,005,800	504,642	227,510,442
Profit for the period	-	-	-	-	-	6,219,949	6,219,949	3,957	6,223,906
Other comprehensive income	-	-	-	-	26,530,737	-	26,530,737	2,245	26,532,982
Total comprehensive income for the period	-	-	-	-	26,530,737	6,219,949	32,750,686	6,202	32,756,888
Balance at 31 March 2022 (Unaudited)	20,993,131	29,160,075	(575,724)	70,459,281	109,271,810	30,447,913	259,756,486	510,844	260,267,330
Balance at 1 January 2021 (Audited)	20,993,131	29,160,075	(454,480)	68,740,454	47,981,962	19,437,247	185,858,389	441,798	186,300,187
Profit for the period	-	-	-	-	-	1,280,530	1,280,530	6,428	1,286,958
Other comprehensive income/(loss)	-	-	-	-	1,711,437	-	1,711,437	(1,348)	1,710,089
Total comprehensive income for the period	-	-	-	-	1,711,437	1,280,530	2,991,967	5,080	2,997,047
Gain on sale of investments at FVTOCI	-	-	-	-	(226,104)	226,104	-	-	-
Balance at 31 March 2021 (Unaudited)	20,993,131	29,160,075	(454,480)	68,740,454	49,467,295	20,943,881	188,850,356	446,878	189,297,234

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	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		6,223,906	1,286,958
Adjustments:			
Depreciation		373,701	218,299
Provision for employees' end of service benefits		99,257	94,499
Finance costs		458,523	7,316
Interest income		(2,179)	(4,693)
Dividend income		(183,442)	(116,066)
Share of results of associates		(4,249,215)	(22,838)
Loss on sale/disposal of property, plant and equipment		5,027	165
Provision/(reversal of provision) for doubtful debts		81,023	(69,232)
Provision/(reversal of provision) for slow-moving inventories		8,667	(12,234)
		2,815,268	1,382,174
Changes in operating assets and liabilities:			
Inventories		(10,691,798)	(6,210,655)
Trade accounts receivable		662,116	1,063,272
Other receivables and prepayments		(3,184,229)	71,664
Trade accounts payable		2,853,147	801,230
Other payables and accruals		2,194,273	1,149,171
Employees' end of service benefits paid		(45,658)	(36,571)
Net cash used in operating activities		(5,396,881)	(1,779,715)
INVESTING ACTIVITIES			
Purchase of associate		(213,383)	-
Purchase of property, plant and equipment		(36,314)	(76,409)
Proceeds from sale of property, plant and equipment		13,000	-
Purchase of investments at FVTOCI		(517,704)	(393,648)
Proceeds from sale of investments at FVTOCI		-	552,720
Dividend income received		215,214	116,066
Interest income received		2,179	4,693
Net cash (used in)/from investing activities		(537,008)	203,422
FINANCING ACTIVITIES			
Payment of cash dividends		(27,095)	(41,451)
Net movement in term-loans		536,339	(3,646,476)
Net movement in Islamic financing facilities		(5,125,000)	-
Finance costs paid		(387,529)	(21,553)
Net cash used in financing activities		(5,003,285)	(3,709,480)
Decrease in cash and cash equivalents		(10,937,174)	(5,285,773)
Foreign currency adjustment		33,371	(20,834)
Cash and cash equivalents at beginning of the period	12	18,981,488	26,238,819
Cash and cash equivalents at end of the period	12	8,077,685	20,932,212

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. The shares of the Parent Company are listed on Boursa Kuwait.

The Group comprises the Parent Company and its subsidiaries.

Pursuant to the decision of the extraordinary general assembly held on 22 June 2020, the objectives of the Parent Company were amended, and the amendments were authenticated in the commercial register on 2 September 2020.

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 Parent Company’s objectives;
- 11- Import the raw materials for this industry;
- 12- Invest the surplus funds in investment portfolios in order to serve the Parent Company’s objectives;
13. Owning real estate and movables for the benefit of the Parent Company.

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 2022 was authorised for issue by the Parent Company’s board of directors on 15 May 2022.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2022 has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2021, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

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

This interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of 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 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2021.

The Group has consolidated its subsidiaries using management accounts for the period ended 31 March 2022.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The adoption of the amendments did not have a significant impact on the Group’s interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

The adoption of the amendment did not have a significant impact on the Group's interim condensed consolidated financial information.

IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

The adoption of the amendment did not have a significant impact on the Group's interim condensed consolidated financial information.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IFRS 16 avoids the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

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 2018-2020 Cycle (continued)

Amendment to IAS 41 removes the requirement in IAS 41.22 to exclude taxation cash flows when measuring fair value. This amendment aligns the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

The adoption of the amendments did not have a significant impact on the Group's 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. 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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

IFRS 10 and IAS 28 Sale or Contribution of Assets between 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.

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 a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IAS 12 Amendments – Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 12 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

4 Judgment 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 2021.

Notes to the interim condensed consolidated financial information (continued)

5 Taxation

	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Taxation charge on overseas subsidiary	-	28,649
Provision for contributions to Kuwait Foundation for Advancement of Science (KFAS)	21,501	14,045
Provision for Zakat	22,784	14,910
Provision for National Labour Support Tax (NLST)	57,572	40,346
	101,857	97,950

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 after excluding treasury shares as follows:

	Three months ended 31 March 2022 (Unaudited)	Three months ended 31 March 2021 (Unaudited)
Profit for the period attributable to the owners of the Parent Company – KD	6,219,949	1,280,530
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	208,931,309	209,091,309
Basic and diluted earnings per share attributable to the owners of the Parent Company	30 Fils	6 Fils

7 Investment in associates

Details of the investment in associates are given below:

Name	Country of incorporation	Ownership percentage			Principal activities
		31 March 2022 (Unaudited) %	31 Dec. 2021 (Audited) %	31 March 2021 (Unaudited) %	
Team Holding Company – KSC (Closed) - (Unquoted)	Kuwait	47.5	47.5	47.5	Financing and investment
National Investment Company – KPSC (Quoted)	Kuwait	25.4	25.4	-	Financial services
Heavy Engineering Industries and Shipbuilding – KPSC (Quoted)	Kuwait	28.3	28.3	-	Industrial

Notes to the interim condensed consolidated financial information (continued)

7 Investment in associates (continued)

Movement in the carrying amount of the investment in associates is as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
At the beginning of the period/year	86,168,913	1,103,929	1,103,929
Additions during the period/year	213,383	84,657,613	-
Share of results for the period/year	4,249,215	411,251	22,838
Share of other comprehensive income/(loss) for the period/year	4,901,297	(3,880)	-
At the end of period/year	95,532,808	86,168,913	1,126,767

8 Investments at fair value through other comprehensive income

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Local quoted securities held through managed portfolios	85,206,301	64,816,226	37,788,265
Local unquoted securities held through managed portfolios	4,711,503	4,705,721	4,525,040
Foreign quoted securities held through managed portfolios	18,209,575	18,507,697	14,816,669
Foreign unquoted securities held through managed portfolios	2,733,253	2,698,145	2,755,044
Foreign managed unquoted securities	-	-	3,044,962
Foreign unquoted securities	34,492,840	33,180,532	30,918,165
Local managed funds	5,852,387	5,188,960	4,398,711
	151,205,859	129,097,281	98,246,856

These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, 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.

Local managed funds include investments in units of equity investments. Fair value of these investments is determined using net asset values reported by the investment managers and the management believes that this represent the best estimate of fair value available for these investments.

Notes to the interim condensed consolidated financial information (continued)

9 Inventories

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Raw materials	5,808,488	12,555,910	20,636,916
Finished goods	20,321,775	14,464,460	13,121,809
Work-in-progress	7,664,671	6,022,803	4,612,215
Spare parts	2,876,597	2,838,692	2,670,478
	36,671,531	35,881,865	41,041,418
Less: provision for slow-moving inventories	(1,103,634)	(1,094,184)	(1,054,673)
	35,567,897	34,787,681	39,986,745
Goods in transit and prepaid letters of credit	10,311,276	408,361	7,555,829
	45,879,173	35,196,042	47,542,574

10 Trade accounts receivable

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Trade accounts receivable	39,371,048	40,029,573	34,757,756
Less: provision for doubtful debts	(8,267,473)	(8,240,759)	(6,145,674)
	31,103,575	31,788,814	28,612,082

11 Other receivables and prepayments

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Financial assets:			
Staff receivable	76,397	81,075	58,101
Advance to purchase an investment	3,033,500	-	-
Other receivables	658,635	725,930	108,326
	3,768,532	807,005	166,427
Non-financial assets:			
Prepaid expenses	460,087	327,057	419,441
	4,228,619	1,134,062	585,868

Notes to the interim condensed consolidated financial information (continued)

12 Cash and cash equivalents

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Cash in hand	58,578	99,333	107,016
Cash held in managed portfolios	3,007,047	6,283,865	640,121
Bank balances	5,191,929	12,598,290	20,209,463
Total cash and bank balances	8,257,554	18,981,488	20,956,600
Less: due to banks	(179,869)	-	(24,388)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	8,077,685	18,981,488	20,932,212

Due to banks represent overdraft facilities which carry commercial interest rates and are payable on demand.

13 Treasury shares

The Group holds treasury shares as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Number of shares	1,000,000	1,000,000	840,000
Percentage of issued shares	0.48%	0.48%	0.40%
Market value (KD)	1,457,000	871,000	705,600
Cost (KD)	575,724	575,724	454,480

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as non-distributable.

14 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Other reserves KD	Total KD
Balance at 1 January 2022 (Audited)	82,195,030	468,155	77,888	-	82,741,073
Group's share in associates' reserves	4,890,110	6,102	-	5,085	4,901,297
Exchange differences arising on translation of foreign operations	-	38,566	-	-	38,566
Change in fair value of investments at FVTOCI	21,590,874	-	-	-	21,590,874
Total other comprehensive income for the period	26,480,984	44,668	-	5,085	26,530,737
Balance at 31 March 2022 (Unaudited)	108,676,014	512,823	77,888	5,085	109,271,810

Notes to the interim condensed consolidated financial information (continued)

14 Other components of equity (continued)

	Fair value reserve KD	Foreign currency translation reserve KD	Treasury shares reserve KD	Other reserves KD	Total KD
Balance at 1 January 2021 (Audited)	47,398,434	505,640	77,888	-	47,981,962
Exchange differences arising on translation of foreign operations	-	(23,163)	-	-	(23,163)
Change in fair value of investments at FVTOCI	1,734,600	-	-	-	1,734,600
Total other comprehensive income for the period	1,734,600	(23,163)	-	-	1,711,437
Gain on sale of investments at FVTOCI	(226,104)	-	-	-	(226,104)
Balance at 31 March 2021 (Unaudited)	48,906,930	482,477	77,888	-	49,467,295

15 Term loans

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Short term:			
Short term-loans	3,054,500	-	-
	3,054,500	-	-
Long term:			
- Current portion	3,300,000	5,818,161	-
- Due after one year	26,334,495	26,334,495	-
	29,634,495	32,152,656	-
	32,688,995	32,152,656	-

The term loans represent the following:

- A term loan amounting to KD3,054,500 (31 December 2021: KD Nil and 31 March 2021: KD Nil), the term loan is fully repayable in 15 June 2022.
- A term loan amounting to KD27,500,000 (31 December 2021: KD30,000,000 and 31 March 2021: KD Nil) repayable in 12 semi-annual installments of KD2,500,000 ending on 20 December 2027.
- A term loan amounting to KD2,134,495 (31 December 2021: KD 2,152,656 and 31 March 2021: KD Nil) mature on various dates ending 31 December 2023.

The above loans are denominated in Kuwaiti Dinar and carry commercial interest rates.

Notes to the interim condensed consolidated financial information (continued)

16 Islamic financing facilities

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Long term Islamic financing facilities			
- Current portion	2,000,000	2,000,000	-
- Due after one year	32,875,000	38,000,000	-
	34,875,000	40,000,000	-

The Islamic financing facilities represent the following:

- Murabaha amounting to KD10,000,000 repayable in 20 quarterly installments of KD125,000 with final repayment of KD7,500,000 on 31 December 2026.
- Wakala amounting to KD25,000,000 repayable in 10 semi-annual installments of KD750,000 with final repayment of KD17,500,000 on 12 December 2026.

As at 31 March 2022, the Wakala Islamic financing facilities are secured against certain sharers of an associate with carrying value of KD50,156,682.

The above facilities are denominated in Kuwaiti Dinar and carry commercial interest rates.

17 General Assembly of the Shareholders and dividend distribution

The Annual General Assembly of the shareholders held on 27 April 2022 approved the consolidated financial statements of the Group for the year ended 31 December 2021 and cash dividend of 60% (2020: 50%) equivalent to 60 Fils (2020: 50 Fils) per share of the paid-up share capital amounting to KD12,533,584 for the year ended 31 December 2021 (2020: KD10,452,653).

Further, the shareholders approved the board of directors' remuneration of KD310,000 for the year ended 31 December 2021 (2020: KD310,000).

18 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.

Notes to the interim condensed consolidated financial information (continued)

18 Segmental information (continued)

The Group's reportable segments are cable manufacture, investment and rendering services. The information relating to these segments are as follows:

	Cable manufacture KD	Investment KD	Rendering services KD	Total KD
For the three months ended 31 March 2022 (Unaudited):				
Revenue	17,198,242	4,447,159	751,983	22,397,384
Segment results	2,584,791	3,959,615	(141,143)	6,403,263
Unallocated expenses				(179,357)
Profit for the period				6,223,906
Additions to property, plant and equipment	36,124	-	190	36,314
Depreciation	(250,371)	-	(123,330)	(373,701)
Finance costs	(3,560)	(426,808)	(28,155)	(458,523)
Dividend income	-	183,442	-	183,442
Total assets	93,008,567	252,983,969	3,855,133	349,847,669
Total liabilities	(21,159,598)	(65,585,434)	(2,835,307)	(89,580,339)
Net assets	71,848,969	187,398,535	1,019,826	260,267,330
For the three months ended 31 March 2021 (Unaudited):				
Revenue	14,230,475	123,940	-	14,354,415
Segment results	1,358,408	104,000	-	1,462,408
Unallocated expenses				(175,450)
Profit for the period				1,286,958
Additions to property, plant and equipment	76,409	-	-	76,409
Depreciation	(218,299)	-	-	(218,299)
Finance costs	(7,316)	-	-	(7,316)
Dividend income	-	116,066	-	116,066
Total assets	104,035,462	100,050,223	-	204,085,685
Total liabilities	(14,752,134)	(36,317)	-	(14,788,451)
Net assets	89,283,328	100,013,906	-	189,297,234

Notes to the interim condensed consolidated financial information (continued)

19 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 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Trade accounts receivable	10,056	-	11,989
Trade accounts payable	23,108	18,716	15,192
Purchase of property, plant and equipment	27,500	175,300	-
		Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Amounts included in the Interim condensed consolidated statement of profit or loss:			
Sales		10,852	14,834
Expenses		48,515	-
Key management compensation:			
Salaries and other short-term benefits		157,756	165,661
End of service benefits		13,781	13,576
Provision for directors' remuneration		77,500	77,500
		249,037	256,737

20 Contingent liabilities

Contingent liabilities as at 31 March 2022 in respect of outstanding letters of guarantee amounted to KD9,219,410 (31 December 2021: KD6,997,181 and 31 March 2021: KD4,166,692).

21 Capital commitments

At the period end, the Group had capital commitments amounting to KD574,900 (31 December 2021: KD574,900 and 31 March 2021: KD153,661).

22 Fair value measurement

22.1 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.

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.1 Fair value hierarchy (continued)

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.

22.2 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:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2022 (Unaudited):				
Investments at fair value through other comprehensive income:				
Quoted equity securities	103,415,876	-	-	103,415,876
Unquoted equity securities	-	-	41,937,596	41,937,596
Local managed funds	-	5,852,387	-	5,852,387
	103,415,876	5,852,387	41,937,596	151,205,859
31 December 2021 (Audited):				
Investments at fair value through other comprehensive income:				
Quoted equity securities	83,323,923	-	-	83,323,923
Unquoted equity securities	-	-	40,584,398	40,584,398
Local managed funds	-	5,188,960	-	5,188,960
	83,323,923	5,188,960	40,584,398	129,097,281
31 March 2021 (Unaudited):				
Investments at fair value through other comprehensive income:				
Quoted equity securities	52,604,934	-	-	52,604,934
Unquoted equity securities	-	-	41,243,211	41,243,211
Local managed funds	-	4,398,711	-	4,398,711
	52,604,934	4,398,711	41,243,211	98,246,856

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)

22 Fair value measurement (continued)

22.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

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

	(Unquoted equity securities) (Investments at FVTOCI)		
	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Opening balance at the beginning of the period/year	40,584,398	41,222,912	41,222,912
Disposals	-	(2,900,238)	-
Net changes in fair value	1,353,198	2,261,724	20,299
Closing balance at the end of period/year	41,937,596	40,584,398	41,243,211

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 adjusted net book value to determine fair value.

The impact on 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%.

23 Subsequent event

Subsequent to the reporting date, the Parent Company participated in establishment of a company in Kuwait having a total share capital of KD5,000,000. The Company's main objective is manufacturing of electric and electronic wires and cables and the Parent Company owns 50% of the new company's share capital, the Company will be classified as investment in joint venture.

24 Covid19 pandemic impact

The outbreak of Coronavirus ("COVID19") pandemic and related global responses caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local markets experienced significant volatility and weakness during the pandemic. While the pandemic has now been largely controlled with measures from governments and central banks with various financial packages and reliefs designed to stabilise economic conditions.

Notes to the interim condensed consolidated financial information (continued)

24 Covid19 pandemic impact (continued)

Management updated its assumptions with respect to judgements and estimates on various account balances which may still be potentially impacted due to the lingering effects. The assessment did not result into any significant impact on this interim condensed consolidated financial information. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any future negative impact on the Group.

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