



Kuwait Foundry Company – K.P.S.C.
State of Kuwait

**Interim Condensed Financial Information
For the three-months ended 31 March 2019
And Review Report
(Unaudited)**



Kuwait Foundry Company – K.P.S.C.

State of Kuwait

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For the three-months ended 31 March 2019
And Review Report
(Unaudited)

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Kuwait Foundry Company – K.P.S.C.

State of Kuwait

Report on Review of Interim Condensed Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Foundry Company K.P.S.C. "the Company" as at 31 March 2019, and the related interim condensed statements of income, 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 financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

Except as set out below in "Basis of Qualified Conclusion" paragraph, 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 the interim condensed 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.

Basis for Qualified Conclusion

We draw attention to note (6) of this interim condensed financial information for three months period ended 31 March 2019 which describe the Company's investment in Egyptian Kuwaiti Foundry Company, an associate, amounting to KD 1,511,036 (KD 1,509,945 as at 31 December 2018). Further, the share of loss amounting to KD 57,233 for the three months ended 31 March 2019 and share of other comprehensive income amounting to KD 58,324 for the three months ended 31 March 2019 from this associate were included in the statements of income and comprehensive income respectively. We were unable to complete our review of the carrying value of such investment because we were denied access to the auditors and management of the associate. A Qualified Opinion in respect of this matter has been provided on our audit report dated 18 March 2019 on the audited financial statements as of 31 December 2018. Had we been able to complete our review of the investment in an associate, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed financial information.

Qualified Conclusion

Except for the adjustments to the interim financial information that we might have become aware of had it not been for the situation described above, "Basis of Qualified Conclusion" paragraph, and based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34").

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company except for the matters described in the "Basis of Qualified Conclusion" paragraph above. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies' law No. 1 of 2016 and its executive regulations, as amended, or of the 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 of the Company or on its financial position.



Talal Yousef Al-Muzaini

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Deloitte & Touche – Al-Wazzan & Co

Kuwait, 5 May 2019



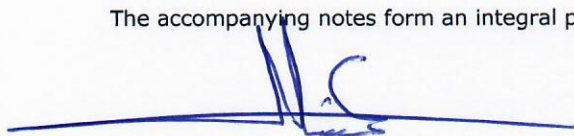
Interim Condensed Statement of Financial Position as at 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Notes	31 March 2019	31 December 2018 (Audited)	31 March 2018
Assets				
Non-current assets				
Property, plant and equipment		331,342	333,818	329,837
Right-of-use assets	5	109,116	-	-
Investment in an associate	6	1,511,036	1,509,945	1,670,643
Investments at fair value through other comprehensive income	7	36,029,920	33,989,497	33,362,211
Loan receivable - long term	8	1,540,681	1,499,903	1,448,158
		<u>39,522,095</u>	<u>37,333,163</u>	<u>36,810,849</u>
Current assets				
Inventories		2,524,374	2,467,434	2,296,322
Trade and other receivables	9	708,984	576,617	932,189
Loan receivable - short term	8	301,102	300,013	268,508
Investments at fair value through profit or loss		1,909,173	1,907,720	1,147,642
Cash and cash equivalents	10	1,732,689	1,713,487	6,196,852
		<u>7,176,322</u>	<u>6,965,271</u>	<u>10,841,513</u>
Total assets		<u>46,698,417</u>	<u>44,298,434</u>	<u>47,652,362</u>
Equity and liabilities				
Equity				
Share capital		15,388,423	15,388,423	15,388,423
Share premium		17,100,000	17,100,000	17,100,000
Statutory reserve		5,463,472	5,463,472	5,342,966
Voluntary reserve		211,404	211,404	275,463
Other reserves	11	5,193,690	3,094,942	2,679,243
Retained earnings		1,604,792	1,095,860	5,081,013
		<u>44,961,781</u>	<u>42,354,101</u>	<u>45,867,108</u>
Liabilities				
Non-current liabilities				
Post-employment benefits		1,103,031	1,098,501	1,066,851
Current liabilities				
Trade and other payables		566,941	520,840	718,403
Lease liabilities		66,664	-	-
Bank overdraft		-	324,992	-
		<u>633,605</u>	<u>845,832</u>	<u>718,403</u>
Total liabilities		<u>1,736,636</u>	<u>1,944,333</u>	<u>1,785,254</u>
Total equity and liabilities		<u>46,698,417</u>	<u>44,298,434</u>	<u>47,652,362</u>

The accompanying notes form an integral part of this interim condensed financial information.


Aly Mohammad Abdullatif Al Shaya
Chairman


Adel Abdel Rahman Rashed Al Bader
Vice Chairman and Chief Executive Officer

شركة السلب التوتية ش.م.ك
سجل تجاري ١٢١٩٤



Interim Condensed Statement of Income for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended	
		31 March	
		2019	2018
Sales		444,267	621,897
Cost of sales		<u>(266,497)</u>	<u>(301,600)</u>
Gross profit		177,770	320,297
Other operating income		11,297	4,578
Selling and marketing expenses		(12,219)	(11,556)
General and administrative expenses		<u>(112,930)</u>	<u>(184,516)</u>
Operating profit		63,918	128,803
Company's share in an associate's results	6	(57,233)	(38,541)
Net gains from investments	12	<u>514,566</u>	<u>388,096</u>
Net profit before deductions		521,251	478,358
Contribution to Kuwait Foundation for the Advancement of Sciences		(4,691)	(4,305)
National Labor Support Tax		(5,906)	(7,977)
Zakat		<u>(1,722)</u>	<u>(1,362)</u>
Net profit for the period		<u>508,932</u>	<u>464,714</u>
Earnings per share (fils)	13	<u>3.31</u>	<u>3.02</u>

The accompanying notes form an integral part of this interim condensed financial information.



Interim Condensed Statement of Comprehensive Income for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended	
	31 March	
	2019	2018
Net profit for the period	<u>508,932</u>	<u>464,714</u>
Items that will not be reclassified to interim condensed statement of income in subsequent periods:		
Change in fair value of investments	2,040,424	869,213
Items that are or may be reclassified subsequently to interim condensed statement of income:		
Foreign currency translation reserve	<u>58,324</u>	<u>-</u>
Total other comprehensive income items	<u>2,098,748</u>	<u>869,213</u>
Total comprehensive income for the period	<u>2,607,680</u>	<u>1,333,927</u>

The accompanying notes form an integral part of this interim condensed financial information.



Kuwait Foundry Company - K.P.S.C.
State of Kuwait

Interim Condensed Statement of Changes in Equity for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Other reserves (Note 11)	Retained earnings	Total
Balance as at 1 January 2018	15,388,423	17,100,000	5,342,966	275,463	2,121,440	4,552,468	44,780,760
Impact of adoption of IFRS 9	-	-	-	-	(311,410)	(45,844)	(357,254)
Balance as at 1 January 2018	15,388,423	17,100,000	5,342,966	275,463	1,810,030	4,506,624	44,423,506
Net profit for the period	-	-	-	-	-	464,714	464,714
Other comprehensive income items	-	-	-	-	869,213	-	869,213
Total comprehensive income for the period	-	-	-	-	869,213	464,714	1,333,927
Gain from sales of investment	-	-	-	-	-	109,675	109,675
Balance as at 31 March 2018	15,388,423	17,100,000	5,342,966	275,463	2,679,243	5,081,013	45,867,108
Balance as at 1 January 2019	15,388,423	17,100,000	5,463,472	211,404	3,094,942	1,095,860	42,354,101
Net profit for the period	-	-	-	-	-	508,932	508,932
Other comprehensive income items	-	-	-	-	2,098,748	-	2,098,748
Total comprehensive income for the period	-	-	-	-	2,098,748	508,932	2,607,680
Balance as at 31 March 2019	15,388,423	17,100,000	5,463,472	211,404	5,193,690	1,604,792	44,961,781

The accompanying notes form an integral part of this interim condensed financial information.



Interim Condensed Statement of Cash Flows for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended 31 March	
		2019	2018
Cash flows from operating activities			
Net profit for the period		508,932	464,714
<i>Adjustments:</i>			
Depreciation		17,840	4,159
Net gains from investments	12	(514,566)	(388,096)
Post-employment benefits - provided during the period		11,958	12,239
Charged interests of lease liability		357	-
Expected credit losses		-	56,119
Company's share in an associate's results	6	57,233	38,541
Interests income		<u>(10,163)</u>	<u>(3,261)</u>
Operating profit before changes in the working capital		71,591	184,415
Inventories		(56,940)	60,472
Trade and other receivables and matured loans		(23,274)	84,758
Trade and other payables		46,101	31,125
Post-employment benefits- paid during the period		(7,428)	(8,019)
Bank over draft		<u>(324,992)</u>	<u>-</u>
Net cash (used in)/ generated from operating activities		<u>(294,942)</u>	<u>352,751</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	182,791
Paid for lease liabilities		(4,804)	-
Paid for increase share capital of an associate		(44,475)	-
Cash dividends received	12	353,425	182,791
Interests income received		<u>10,163</u>	<u>3,261</u>
Net cash generated from investing activities		<u>314,309</u>	<u>368,843</u>
Net change in cash and cash equivalents			
		19,367	721,594
Cash and cash equivalents at the beginning of period		<u>1,727,906</u>	<u>5,475,258</u>
Cash and cash equivalents at the end of period	10	<u>1,747,273</u>	<u>6,196,852</u>

The accompanying notes form an integral part of this interim condensed financial information.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

1. Company's incorporation

Kuwait Foundry Company K.P.S.C. "the Company" was established as a closed Kuwaiti Shareholding Company under Articles of Association no. 1201/C/ Vol. 3 on 5 December 1973 and its amendments thereof. The Company is located at Al Rai Industrial Area, Street (10) - Kuwait. On 14 April 1997, the Company had been listed in Kuwait Stock Exchange.

The objectives of the Company are casting of iron and other metals, manufacturing the sanitary tools, manufacturing the accessories for sewage systems, manufacturing of casting joint for "Asbestos" pipes, manufacturing of water valves, manufacturing of water pumps, manufacturing casting accessories for rain water drains, manufacturing casting joints for water extensions, manufacturing casting pipes by centrifugal method, manufacturing electric cables joints, manufacturing electric fuse boxes, manufacturing galvanized joints, manufacturing the mechanic instruments, manufacturing all the requirements related to casting industry, importing the materials necessary to achieve the Company objectives and all the commercial activities related to marketing and distribution of the Company products. The Company may have an interest or participate under any manner in the entities carrying out works similar to the Company works or which may assist the Company to achieve its objectives in Kuwait or abroad. It may buy these entities or take it as its subsidiaries. And invest of its available excess funds through portfolios managed by specialized companies and parties.

The general assembly of shareholders for the year ended 31 December 2018 was not held, and accordingly the consolidated financial statements for the year ended 31 December 2018 were not yet approved.

This interim condensed consolidated financial information was approved for issue by the Board of Directors in the meeting held on 5 May 2019.

2. Basis of presentation and significant accounting policies

2.1 Basis of presentation

This interim condensed financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed financial information for fair presentation. The operating results for the period ended 31 March 2019 are not necessarily indicative of results that may be expected for the year ending 31 December 2019. For further information, it is possible to refer to the financial statements and its related notes for the year ended 31 December 2018.

2.2 Significant accounting policies

The accounting policies used in preparing the interim condensed financial information similar to those used in the preparation of financial statements for the year ended 31 December 2018 except for the effect of application of new and revised International Financial Reporting Standards (IFRS) as the follows:

2.2.1 New and amended standards adopted by the Company

The Company has adopted the new and amended standards and interpretations that became effective in the current period. The adoption of these standards and interpretations has no material impact on the financial statements of the Company, except as mentioned below:

IFRS 16 "Leases"

General impact

IFRS 16 'Leases' replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated financial position as at 31 December 2018.

Impact on accounting policy

Until the financial year ended 31 December 2018, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to income statement on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company unless the term is 12 months or less or the lease for low value asset.

Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement over the lease period.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Practical expedient

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The change in accounting policy affected the following items in the consolidated financial position on 1 January 2019:

- right-of-use assets – increase by KD 119,676
- lease liabilities – increase by KD 110,781

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that is not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: valuation techniques that are not based on observable market data.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

The table below gives information about how the fair values of the significant financial assets and liabilities are determined:

	Fair value as at		Valuation date	Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs with fair value
	31 March 2019	31 March 2018					
Equity instruments designated as FVTOCI							
Quoted shares	20,052,768	18,010,714	31 March	Level 1	Last bid price	N/A	N/A
Unquoted shares	15,977,152	15,978,783	31 March	Level 3	Discounted cash flows/ market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investments at FVTPL:							
Quoted shares	176,528	176,528	31 March	Level 2	Recent transaction	N/A	N/A
Unquoted shares	1,000,000	1,000,000	31 March	Level 3	Income approach/ market multiple model	Cash flow, discount rate, growth rate	Higher estimated cash flows and lower discount rates, results in higher fair value
Investment funds	732,645	731,192	31 March	Level 2	Net value of investment unit	N/A	N/A

The fair value of other financial assets and financial liabilities approximately equal its book value as at the financial information date.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

4. Critical judgments and key sources of estimation uncertainty

Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the changes highlighted below:

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the time of first time application of IFRS 16.

5. Right-of-use assets

The Company as a lessee has leased land in which factory is located. The lease contract has been concluded for a fixed period with the possibility of renewal by a new contract or agreement. Consequently, the impact of the standard has been calculated on the basis of the current contract term as stated in the contract. The current lease expires at the beginning of November 2021.

	Buildings
Net book amount	
1 January 2019	119,676
31 March 2019	109,116
Amortization expense for the period ended 31 March 2019	10,560
Lease liabilities	
	31 March 2019
Non Current lease liabilities	
Amounts due for settlement after 12 months	66,664
Current lease liabilities	
Amounts due for settlement within 12 months	-
	66,664

Lease commitments for 2019 have been paid in advance.

The breakdown of related lease amounts recognised in statement of income is as follows:

	Three months ended 31 March 2019
Amortization expense on right-of-use assets	10,560
Interest expense on lease liabilities	357
	10,917

As at 31 March 2019, the Company has no liabilities against lease contracts for less than one year.

6. Investment in an associate

	Country of Incorporation	Principle activity	Ownership percentage	31 March 2019	31 December 2018	31 March 2018
			%			
Egyptian Kuwaiti Foundry Company S.A.E	Egypt	Casting of Iron And other metals	50	1,511,036	1,509,945	1,670,643

Following is the movement on investment in an associate:

	31 March 2019	31 December 2018 (Audited)	31 March 2018
As at 1 January	1,509,945	1,709,184	1,709,184
Company's share in an associate results	(57,233)	(205,805)	(38,541)
Changes in foreign currency reserves	58,324	6,566	-
	1,511,036	1,509,945	1,670,643

The investment in such associate is unquoted.

The Company's share in the associate's results as per the last available financial interim information prepared by the management.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

7. Investments at fair value through other comprehensive income

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Quoted investments	20,052,768	18,010,714	17,491,713
Unquoted investments	15,977,152	15,978,783	15,870,498
	<u>36,029,920</u>	<u>33,989,497</u>	<u>33,362,211</u>

The fair value of investments is determined based on the bases mentioned in Note 3.

8. Loans receivable

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Loan receivable - long term loan			
Foulath Holding B.S.C	1,642,680	1,636,740	1,618,650
Expected credit losses	(101,999)	(136,837)	(170,492)
	<u>1,540,681</u>	<u>1,499,903</u>	<u>1,448,158</u>
Loan receivable - short term loan			
loan to associate	304,200	303,100	299,750
Expected credit losses	(3,098)	(3,087)	(31,242)
	<u>301,102</u>	<u>300,013</u>	<u>268,508</u>
	<u>1,841,783</u>	<u>1,799,916</u>	<u>1,716,666</u>

Long term loan represent USD 5.4 Million paid to an investee with a fully settled during 2020.

Short-term loan to associate does not have fixed maturity and is repayable on demand.

9. Trade and other receivables

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Trade receivables	176,198	169,505	179,425
Provisions and expected credit losses	(35,523)	(862)	(229)
	140,675	168,643	179,196
Staff receivables	378,066	384,300	387,587
Refundable deposits	9,483	9,483	9,483
Accrued cash dividends	159,690	-	298,383
Prepaid expenses	18,601	11,722	55,071
Others debit balances	2,469	2,469	2,469
	<u>708,984</u>	<u>576,617</u>	<u>932,189</u>

10. Cash and cash equivalents

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Current account with banks	1,421,221	1,014,484	5,801,855
Cash at investment portfolios	307,492	410,122	380,658
Time deposits (less than 3 months)	-	303,300	-
Cash on hand	18,560	-	14,339
	<u>1,747,273</u>	<u>1,727,906</u>	<u>6,196,852</u>
Expected credit losses	(14,584)	(14,419)	-
	<u>1,732,689</u>	<u>1,713,487</u>	<u>6,196,852</u>



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019
(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

11. Other reserves

	Change in fair value reserve	Foreign currency translation reserve	Total
Balance at 1 January 2018	3,777,313	(1,655,873)	2,121,440
Effect of applying IFRS 9	(311,410)	-	(311,410)
Balance as at 1 January 2018 (amended)	3,465,903	(1,655,873)	1,810,030
Other comprehensive income items	869,213	-	869,213
Balance as at 31 March 2018	<u>4,335,116</u>	<u>(1,655,873)</u>	<u>2,679,243</u>
Balance at 1 January 2019	4,744,249	(1,649,307)	3,094,942
Other comprehensive income items	2,040,424	58,324	2,098,748
Balance as at 31 March 2019	<u>6,784,673</u>	<u>(1,590,983)</u>	<u>5,193,690</u>

12. Net income from investments

	Three months ended 31 March	
	2019	2018
Cash dividends	513,115	481,174
Changes in fair value of investments at fair value of statement of income	1,451	(93,078)
	<u>514,566</u>	<u>388,096</u>

13. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 31 March	
	2019	2018
Net profit for the period	508,932	464,714
Weighted average number of ordinary shares (share)	<u>153,884,230</u>	<u>153,884,230</u>
Earnings per share (fils)	<u>3.31</u>	<u>3.02</u>

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. During the three months ended 31 March 2019, there were transactions with related parties in the Company's ordinary course of business and under the same ordinary terms of dealing with others, which represent the sale of goods to major shareholders of KD 3,082 (KD 8,366 for the three months ended 31 March 2018).

These transactions are subject to the approval of the General Assembly of shareholders.



Notes to the Interim Condensed Statements for the three-months ended 31 March 2019

(Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

15. Segments information

The activities segments of the Company, which are presented to the management, are represented in the following:

- Industrial activities segment: which represents main objective of the Company.
- Investment activities segment: which represents the Company's investments in securities and investment units in order to utilize the Company's financial surplus.

The following schedule explains the information about revenues, profits for the period and assets for each segment:

	Three months ended 31 March 2019			Total
	Manufacturing segment	Investment segment	Unallocated items	
Net revenues	444,267	457,333	11,297	912,897
Costs and expenses	(278,716)	-	(125,249)	(403,965)
Segment profits	165,551	457,333	(113,952)	508,932
Segment assets	3,093,697	41,759,094	1,845,626	46,698,417

	Three months ended 31 March 2018			Total
	Manufacturing segment	Investment segment	Unallocated items	
Net revenues	621,897	349,555	4,578	976,030
Costs and expenses	(313,156)	-	(198,160)	(511,316)
Segment profits	308,741	349,555	(193,582)	464,714
Segment assets	2,800,794	38,576,203	6,275,365	47,652,362

16. Contingent liabilities

	31 March 2019	31 December 2018 (Audited)	31 March 2018
Letters of guarantee issued for third party	22,150	22,150	22,150
Unsettled portion of loan to Foulath	-	81,041	389,675