

**KUWAIT FOUNDRY COMPANY K.S.C.P. AND  
ITS SUBSIDIARY**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**30 SEPTEMBER 2023**



## **INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FOUNDRY COMPANY K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Foundry Company K.S.C.P. (the “Parent Company”) and its Subsidiary (collectively, “the Group”) as at 30 September 2023, the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and nine month periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the 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.

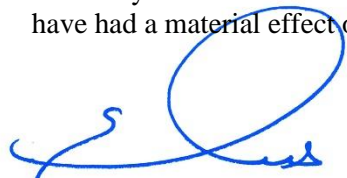
### ***Conclusion***

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 IAS 34.

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. 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, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

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 violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN

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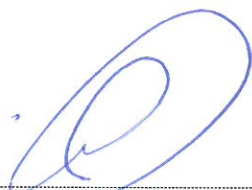
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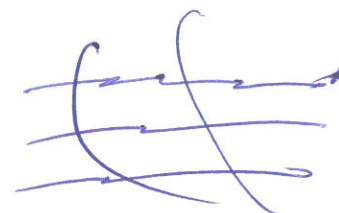
Kuwait Foundry Company K.S.C.P. and its Subsidiary  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
 POSITION (UNAUDITED)

As at 30 September 2023

		<i>(Audited)</i>	
	<i>Notes</i>	<i>30 September 2023 KD</i>	<i>31 December 2022 KD</i>
		<i>30 September 2023 KD</i>	<i>30 September 2022 KD</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		298,613	300,348
Financial assets at fair value through other comprehensive income	3	10,964,277	10,243,097
		<u>11,262,890</u>	<u>10,543,445</u>
<b>Current assets</b>			
Inventories		1,331,403	1,333,105
Trade and other receivables		120,400	60,309
Cash and cash equivalents	4	1,030,290	2,287,547
		<u>2,482,093</u>	<u>3,680,961</u>
<b>TOTAL ASSETS</b>		<u><u>13,744,983</u></u>	<u><u>14,224,406</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	6,500,000	7,232,559
Share premium		2,239,981	8,026,028
Statutory reserve		3,616,280	3,616,280
Voluntary reserve		76,190	76,190
Fair value reserve		(4,853,498)	(5,574,678)
Foreign currency translation reserve		(1,418,868)	(1,418,868)
Retained earnings		6,868,138	2,446,022
		<u>13,028,223</u>	<u>13,589,751</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		111,778	108,516
<b>Current liabilities</b>			
Trade and other payables	5	604,982	526,139
<b>Total liabilities</b>		<u>716,760</u>	<u>634,655</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,744,983</u></u>	<u><u>14,224,406</u></u>



**Nawaf Arhamah Arhamah**  
 Chairman



**Al Muthana Mohammed Al Maktoum**  
 Board member and Chief Executive  
 Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Kuwait Foundry Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 30 September 2023

	<i>Note</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Revenue from contracts with customers		<b>184,229</b>	132,786	<b>486,981</b>	559,071
Cost of sales		<b>(118,223)</b>	(79,063)	<b>(298,051)</b>	(346,216)
<b>GROSS PROFIT</b>		<b>66,006</b>	53,723	<b>188,930</b>	212,855
Other operating income		<b>50</b>	-	<b>3,431</b>	8,394
Interest income		<b>15,956</b>	81	<b>88,715</b>	299
Foreign currency exchange gain (loss)		<b>556</b>	20,263	<b>(4,943)</b>	33,492
Reversal provision no longer required		<b>1,159</b>	-	<b>1,159</b>	7,074
Selling and marketing expenses		<b>(3,293)</b>	(4,040)	<b>(12,552)</b>	(16,122)
General and administrative expenses		<b>(38,908)</b>	(35,821)	<b>(163,066)</b>	(134,552)
<b>OPERATING PROFIT</b>		<b>41,526</b>	34,206	<b>101,674</b>	111,440
Dividend income		-	-	<b>7,047,200</b>	1,833,696
<b>PROFIT BEFORE TAX</b>		<b>41,526</b>	34,206	<b>7,148,874</b>	1,945,136
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		<b>(416)</b>	(164)	<b>(71,489)</b>	(19,116)
National Labour Support Tax ("NLST")		<b>(1,007)</b>	(2,837)	<b>(178,803)</b>	(50,401)
Zakat		<b>(403)</b>	(164)	<b>(71,521)</b>	(19,116)
<b>PROFIT FOR THE PERIOD</b>		<b>39,700</b>	31,041	<b>6,827,061</b>	1,856,503
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	6	<b>0.61 Fils</b>	0.43 Fils	<b>99.00 Fils</b>	25.67 Fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Kuwait Foundry Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 September 2023

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>39,700</b>	31,041	<b>6,827,061</b>	1,856,503
<b>Other comprehensive income</b>				
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net gain on equity instruments designated at fair value through other comprehensive income	<b>1,112,820</b>	129,938	<b>721,180</b>	1,625,062
<b>Total other comprehensive income for the period</b>	<b>1,112,820</b>	129,938	<b>721,180</b>	1,625,062
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,152,520</b>	160,979	<b>7,548,241</b>	3,481,565

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Kuwait Foundry Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2023

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Fair value reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
<b>As at 1 January 2023 (Audited)</b>	<b>7,232,559</b>	<b>8,026,028</b>	<b>3,616,280</b>	<b>76,190</b>	<b>(5,574,678)</b>	<b>(1,418,868)</b>	<b>1,632,240</b>	<b>13,589,751</b>
Profit for the period	-	-	-	-	-	-	6,827,061	6,827,061
Other comprehensive income	-	-	-	-	721,180	-	-	721,180
Total comprehensive income	-	-	-	-	721,180	-	6,827,061	7,548,241
Reduction in share capital (Note 12)	(732,559)	-	-	-	-	-	-	(732,559)
Cash dividends (Note 11)	-	(5,786,047)	-	-	-	-	(1,591,163)	(7,377,210)
<b>At 30 September 2023</b>	<b>6,500,000</b>	<b>2,239,981</b>	<b>3,616,280</b>	<b>76,190</b>	<b>(4,853,498)</b>	<b>(1,418,868)</b>	<b>6,868,138</b>	<b>13,028,223</b>
As at 1 January 2022 (Audited)	7,232,559	8,026,028	3,616,280	76,190	(4,018,920)	(1,418,868)	589,519	14,102,788
Profit for the period	-	-	-	-	-	-	1,856,503	1,856,503
Other comprehensive income	-	-	-	-	1,625,062	-	-	1,625,062
Total comprehensive income	-	-	-	-	1,625,062	-	1,856,503	3,481,565
At 30 September 2022	7,232,559	8,026,028	3,616,280	76,190	(2,393,858)	(1,418,868)	2,446,022	17,584,353

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Kuwait Foundry Company K.S.C.P. and its Subsidiary  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

For the period ended 30 September 2023

	<i>Note</i>	<i>Nine months ended</i>	
		<i>30 September</i>	
		<b>2023</b>	<b>2022</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>7,148,874</b>	1,945,136
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		<b>2,371</b>	3,431
Dividend income		<b>(7,047,200)</b>	(1,833,696)
Reversal of provision no longer required		<b>(1,159)</b>	(7,074)
Provision for employees' end of service benefits		<b>8,339</b>	12,752
Interest income		<b>(88,715)</b>	(299)
		<b>22,510</b>	120,250
<i>Working capital changes:</i>			
Inventories		<b>1,702</b>	44,006
Trade and other receivables		<b>(60,091)</b>	(13,909)
Trade and other payables		<b>(277,845)</b>	(92,624)
Cash flows (used in) from operations		<b>(313,724)</b>	57,723
Employees' end of service benefits paid		<b>(5,077)</b>	(5,469)
<b>Net cash flows (used in) from operating activities</b>		<b>(318,801)</b>	52,254
<b>INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment		<b>(636)</b>	-
Dividend income received		<b>7,047,200</b>	1,833,696
Interest income received		<b>81,857</b>	299
<b>Net cash flows from investing activities</b>		<b>7,128,421</b>	1,833,995
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid		<b>(7,334,881)</b>	-
Payments to equity holders on reduction of share capital		<b>(731,996)</b>	-
<b>Net cash flows used in financing activities</b>		<b>(8,066,877)</b>	-
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,257,257)</b>	1,886,249
Cash and cash equivalents as at the 1 January		<b>2,287,547</b>	472,654
<b>CASH AND CASH EQUIVALENTS AT 30 September</b>	<b>4</b>	<b>1,030,290</b>	2,358,903

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Kuwait Foundry Company K.S.C.P. (the "Parent Company") and its Subsidiary (collectively, the "Group") for the nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 9 November 2023.

The financial statements of the Parent Company for the year ended 31 December 2022 were approved in the annual general assembly meeting (AGM) of the shareholders held on 4 May 2023. Dividends declared and paid by the Parent Company for the year then ended are provided in Note 11.

The Parent Company is a public shareholding company, incorporated and domiciled in Kuwait and whose shares are publicly traded in Boursa Kuwait. The Parent Company's registered office is located at Al Rai Industrial Area, Street (10). The Parent Company operates in the iron industry and is principally engaged in the casting of iron and other metals and the manufacturing of industrial supplies and related products. The Parent Company also invests surplus funds through investment portfolios.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial information of the Parent Company, for the nine months ended 30 September 2023 has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34").

The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end date of authorization of interim condensed consolidated financial information.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information does not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

Further, results for the nine-month period ended 30 September 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

#### 2.2 New and amended standards and interpretations

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

#### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.



# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

#### 2.3 Summary of accounting policies for new transactions and events

##### 2.3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights

Where practicable, appropriate adjustments for non-uniform accounting policies are made to their financial statements when included in the consolidated financial statements to bring them in line with the Group's accounting policies.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

During the period, the Group established a new subsidiary "Kuwait Foundry Holding Company K.S.C. (Closed)" with an issued and paid-up share capital of KD 525,000. The Group owns 99.9% equity interest in the subsidiary. The Group's effective interest in the subsidiary is 100%. The Group holds the shares/ units in the respective subsidiary as mentioned above, and the remaining shares/ units are held indirectly in the name of nominees on behalf of the Parent Company. The nominees have confirmed in writing that the Parent Company is the beneficial owner of the shares/ units in the subsidiaries.

### 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>(Audited)</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>
Unquoted equity securities	<u>10,964,277</u>	<u>10,243,097</u>
		<u>13,423,917</u>

The hierarchy for determining the fair values of the financial assets at fair value through other comprehensive income by valuation techniques is presented in Note 10.

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 4 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>30 September</i> <b>2023</b> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <b>2022</b> <i>KD</i>	<i>30 September</i> <b>2022</b> <i>KD</i>
Cash in hand	<b>2,893</b>	2,232	3,623
Short term deposit	<b>750,000</b>	-	-
Cash at banks*	<b>277,397</b>	2,285,315	2,355,280
<b>Total cash and cash equivalents</b>	<b>1,030,290</b>	2,287,547	2,358,903

\*An amount of KD Nil (31 December 2022: KD 525,000 and 30 September 2022: KD 525,000) has been restricted in relation to establishing a new subsidiary. The legal proceedings with respect to the incorporation of the subsidiary were completed on 18 April 2023.

Short-term deposits are made for periods of less than three months and carry an effective profit rate of 4.450% per annum. Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 30 September 2023, the Group had available KD 500,000 undrawn committed overdraft facilities (31 December 2022: KD 500,000 and 30 September 2022: KD 500,000).

### 5 TRADE AND OTHER PAYABLES

	<i>30 September</i> <b>2023</b> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <b>2022</b> <i>KD</i>	<i>30 September</i> <b>2022</b> <i>KD</i>
Trade payables	<b>4,818</b>	7,427	8,644
Advances from customers	<b>46,643</b>	55,323	80,384
Staff leave provision	<b>17,166</b>	16,555	16,505
KFAS payable	<b>71,489</b>	61,634	92,001
Zakat payable	<b>71,521</b>	24,213	19,116
NLST payable	<b>178,803</b>	47,987	47,973
Dividends and distributions payable	<b>208,955</b>	251,017	251,090
Directors' remuneration payable (Note 7)	-	42,000	-
Other payables	<b>5,587</b>	19,983	35,469
	<b>604,982</b>	526,139	551,182

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 6 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period (excluding treasury shares). Diluted EPS is calculating by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net profit for the period (KD)	<b>39,700</b>	31,041	<b>6,827,061</b>	1,856,503
Weighted average number of ordinary shares	<b>65,000,000</b>	72,325,590	<b>68,959,050</b>	72,325,590
<b>Basic and diluted EPS (Fils)</b>	<b>0.61</b>	0.43	<b>99.00</b>	25.67

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

### 7 RELATED PARTY DISCLOSURES

These represent transactions with certain parties (major shareholders, associates, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties) entered by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the total amount of transactions that have been entered with related parties during the nine months ended 30 September 2023 and 2022:

	<i>Major shareholder</i>	<i>Nine months ended 30 September</i>	
		<b>2023</b>	<b>2022</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Statement of profit or loss:</i>			
Revenue from contracts with customers	<b>8,062</b>	<b>8,062</b>	8,359

#### Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash, there have been no guarantees provided or received for any related party receivables or payables.

#### Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Transaction values for the</i>		<i>Balance outstanding as at</i>		
	<i>Nine months ended</i>		<i>(Audited)</i>		
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
Salaries and other short-term benefits	<b>48,498</b>	47,191	<b>5,119</b>	12,418	3,253
Employees end of service benefits	<b>1,741</b>	1,309	<b>6,334</b>	4,593	3,624
	<b>50,239</b>	48,500	<b>11,453</b>	17,011	6,877

The Board of Directors of the Parent Company at the meeting held on 29 March 2023 proposed a directors' remuneration amounting to KD 42,000 (2022: KD Nil) for the year ended 31 December 2022. The proposal was approved by the shareholder at the annual general assembly (AGM) on 4 May 2023.

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 8 SEGMENT INFORMATION

For management purposes, the Group is organised into two major business segments. The principal activities and services under these segments are as follows:

- ▶ **Manufacturing:** which represents the manufacturing of iron and other metal products.
- ▶ **Investment:** which represents the Group's investments in securities and investment units to utilise the Group's financial surplus.

The following tables present revenue and profit information for the Group's operating segments for the nine months ended 30 September 2023 and 2022, respectively:

	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Nine months ended 30 September 2023</i>				
Revenue	<u>486,981</u>	<u>7,135,915</u>	<u>4,590</u>	<u>7,627,486</u>
Segment profit	<u>171,435</u>	<u>7,130,972</u>	<u>(475,346)</u>	<u>6,827,061</u>
Depreciation of property, plant and equipment	<u>(882)</u>	<u>-</u>	<u>(1,489)</u>	<u>(2,371)</u>
	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Nine months ended 30 September 2022</i>				
Revenue	<u>559,071</u>	<u>1,833,995</u>	<u>15,468</u>	<u>2,408,534</u>
Segment profit (loss)	<u>196,733</u>	<u>1,867,487</u>	<u>(207,717)</u>	<u>1,856,503</u>
Depreciation of property and equipment	<u>(1,809)</u>	<u>-</u>	<u>(1,622)</u>	<u>(3,431)</u>

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2023, 31 December 2022 and 30 September 2022, respectively:

	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 30 September 2023</i>				
Total assets	<u>1,646,029</u>	<u>10,964,277</u>	<u>1,134,677</u>	<u>13,744,983</u>
Total liabilities	<u>74,214</u>	<u>-</u>	<u>642,546</u>	<u>716,760</u>
<i>As at 31 December 2022 (Audited)</i>				
Total assets	<u>1,644,655</u>	<u>10,243,097</u>	<u>2,336,654</u>	<u>14,224,406</u>
Total liabilities	<u>84,938</u>	<u>-</u>	<u>549,717</u>	<u>634,655</u>

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 8 SEGMENT INFORMATION (continued)

	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 30 September 2022</i>				
Total assets	<u>2,394,514</u>	<u>13,423,917</u>	<u>2,425,836</u>	<u>18,244,267</u>
Total liabilities	<u>141,002</u>	<u>-</u>	<u>518,912</u>	<u>659,914</u>

### 9 COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no capital commitments or contingent liabilities as at the reporting date.

### 10 FAIR VALUE MEASUREMENT

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

#### *Fair value hierarchy*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value measurements for the unquoted securities have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2023.

Kuwait Foundry Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
(UNAUDITED)

As at and for the period ended 30 September 2023

**10 FAIR VALUE MEASUREMENT (continued)**

**Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:  
(continued)**

	<i>Non-listed equity instruments</i>
	<i>Financial assets at FVOCI</i>
	<i>KD</i>
<b>30 September 2023</b>	
As at 1 January 2023	10,243,097
Remeasurement recognised in OCI	721,180
<b>As at 30 September 2023</b>	<b>10,964,277</b>
	<i>Non-listed equity instruments</i>
	<i>Financial assets at FVOCI</i>
	<i>KD</i>
<b>31 December 2022 (Audited)</b>	
As at 1 January 2022	11,798,855
Remeasurement recognised in OCI	(1,555,758)
<b>As at 31 December 2022</b>	<b>10,243,097</b>
	<i>Non-listed equity instruments</i>
	<i>Financial assets at FVOCI</i>
	<i>KD</i>
<b>30 September 2022</b>	
As at 1 January 2022	11,798,855
Remeasurement recognised in OCI	1,625,062
<b>As at 30 September 2022</b>	<b>13,423,917</b>

The Group has performed a sensitivity analysis to the range of significant unobservable inputs used in the fair value measurements during the period. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

# Kuwait Foundry Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

### 10 FAIR VALUE MEASUREMENT (continued)

#### Description of significant unobservable inputs to valuation of financial assets:

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Multiplier</i>	<i>Sensitivity of the input to fair value</i>
<i>FVOCI</i>				10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 1,087,129 (31 December 2022: KD 1,013,865, 30 September 2022: KD 1,322,059)
Unquoted securities	Market multiple approach	Sector multiple	0.95	
		DLOM	40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 905,941 (31 December 2022: KD 844,887, 30 September 2022: KD 1,101,054)

\* Discount for lack of marketability "DLOM" represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

### 11 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors of the Parent Company in their meeting held on 29 March 2023, proposed a cash dividend of 22 fils per share (aggregating to KD 1,591,163) for the year ended 31 December 2022. The proposed dividend was approved by the shareholders at the AGM held on 4 May 2023.

The Parent Company's Board of Directors in their meeting held on 11 May 2023 proposed distributing interim dividends of 89 fils per share from equity reserves of KD 5,786,047 through partially utilising the share premium. The proposal has been approved by the shareholders at the ordinary general assembly held on 15 June 2023.

### 12 REDUCTION OF SHARE CAPITAL

The Parent Company's Board of Directors in their meeting held on 29 March 2023 proposed the reduction of authorised, issued and paid-up share capital of the Parent Company from KD 7,232,559 to KD 6,500,000 and distributing the reduction amount of KD 732,559 to the shareholders pro-rated to their shareholding in the Parent Company. This proposal has been approved by the shareholders at the Extraordinary General Meeting (EGM) held on 4 May 2023. The capital reduction was authenticated in the commercial register on 28 May 2023 under registration 12194.

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