

KUWAIT FOUNDRY COMPANY K.S.C.P.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2021



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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Foundry Company K.S.C.P. (the “Company”) as at 30 September 2021, and the related interim condensed statement of profit or loss and the interim condensed statement of comprehensive income for the three-month and nine-month periods then ended, and the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the nine-month period then ended. The management of the Company is responsible for the preparation and presentation of the interim condensed financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the interim condensed 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 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 financial information is in agreement with the books of account of the 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 Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2021 that might have had a material effect on the business of the 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 2021 that might have had a material effect on the business of the Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

26 October 2021
Kuwait

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2021

		(Audited)	
	Notes	30 September 2021 KD	31 December 2020 KD
ASSETS			30 September 2020 KD
Non-current assets			
Property, plant and equipment		303,966	309,409
Financial assets at fair value through other comprehensive income	3	11,451,962	10,835,996
		<u>11,755,928</u>	<u>11,145,405</u>
Current assets			
Inventories		2,289,380	2,358,436
Trade and other receivables		82,322	96,423
Financial assets at fair value through profit or loss		-	2,000,000
Cash and cash equivalents	4	387,102	1,113,658
		<u>2,758,804</u>	<u>3,568,517</u>
TOTAL ASSETS		<u>14,514,732</u>	<u>14,713,922</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		7,232,559	7,232,559
Share premium		8,026,028	8,026,028
Statutory reserve		3,616,280	3,616,280
Voluntary reserve		76,190	76,190
Fair value reserve		(4,365,813)	(4,981,779)
Foreign currency translation reserve		(1,418,868)	(1,418,868)
Retained earnings		741,196	1,059,998
		<u>13,907,572</u>	<u>13,610,408</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		113,902	228,622
Current liabilities			
Trade and other payables	5	493,258	874,892
Total liabilities		<u>607,160</u>	<u>1,103,514</u>
TOTAL EQUITY AND LIABILITIES		<u>14,514,732</u>	<u>14,713,922</u>


Ahmad Jassem Al Gumar
Chairman


Al Muthana Mohammed Al Maktoum
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed financial information.

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2021

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Revenue from contracts with customers		171,077	285,662	599,308	973,197
Cost of sales		(105,753)	(155,851)	(334,660)	(583,927)
GROSS PROFIT		65,324	129,811	264,648	389,270
Other operating income		184	3,018	48,460	15,040
Interest income		174	955	1,175	4,125
Reversal of provision no longer required		-	-	26,237	-
Selling and marketing expenses		(2,722)	(7,206)	(9,870)	(23,319)
General and administrative expenses		(39,650)	(44,592)	(155,339)	(135,969)
OPERATING PROFIT		23,310	81,986	175,311	249,147
Impairment loss on investment in an associate		-	(2,010,793)	-	(2,064,208)
Net investment income	6	-	1,004,697	15,080	1,059,995
PROFIT (LOSS) BEFORE TAX		23,310	(924,110)	190,391	(755,066)
(Allowance for) reversal of contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		188	1,521	(416)	-
(Allowance for) reversal of National Labour Support Tax ("NLST")		413	3,805	(1,892)	-
(Allowance for) reversal of Zakat		165	1,362	(606)	-
PROFIT (LOSS) FOR THE PERIOD		24,076	(917,422)	187,477	(755,066)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	7	0.33 Fils	(12.68) Fils	2.59 Fils	(10.44) Fils

The attached notes 1 to 13 form part of this interim condensed financial information.

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the period ended 30 September 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2021	2020	2021	2020
	KD	KD	KD	KD
PROFIT (LOSS) FOR THE PERIOD	24,076	(917,422)	187,477	(755,066)
Other comprehensive income (loss)				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	-	71,273	-	93,198
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Net gain (loss) on equity instruments designated at fair value through other comprehensive income	(326,513)	(137,065)	615,966	(851,348)
Total other comprehensive income (loss) for the period	(326,513)	(65,792)	615,966	(758,150)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(302,437)	(983,214)	803,443	(1,513,216)

The attached notes 1 to 13 form part of this interim condensed financial information.

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
As at 1 January 2021 (Audited)	7,232,559	8,026,028	3,616,280	76,190	(4,981,779)	(1,418,868)	1,059,998	13,610,408
Profit for the period	-	-	-	-	-	-	187,477	187,477
Other comprehensive income	-	-	-	-	615,966	-	-	615,966
Total comprehensive income	-	-	-	-	615,966	-	187,477	803,443
Cash dividends (Note 12)	-	-	-	-	-	-	(506,279)	(506,279)
At 30 September 2021	7,232,559	8,026,028	3,616,280	76,190	(4,365,813)	(1,418,868)	741,196	13,907,572
As at 1 January 2020 (Audited)	7,232,559	8,026,028	3,616,280	76,190	(576,058)	(1,512,066)	4,743,612	21,606,545
Loss for the period	-	-	-	-	-	-	(755,066)	(755,066)
Other comprehensive loss (income)	-	-	-	-	(851,348)	93,198	-	(758,150)
Total comprehensive loss (income)	-	-	-	-	(851,348)	93,198	(755,066)	(1,513,216)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	(73,482)	-	73,482	-
Cash dividends (Note 12)	-	-	-	-	-	-	(1,084,883)	(1,084,883)
At 30 September 2020	7,232,559	8,026,028	3,616,280	76,190	(1,500,888)	(1,418,868)	2,977,145	19,008,446

The attached notes 1 to 13 form part of this interim condensed financial information.

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2021

	Notes	Nine months ended	
		30 September	
		2021	2020
		KD	KD
OPERATING ACTIVITIES			
Profit (loss) before tax		190,391	(755,066)
<i>Non-cash adjustments to reconcile profit (loss) before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		6,896	20,537
Impairment loss on investment in an associate		-	2,064,208
Changes in fair value of financial assets at fair value through profit or loss	6	-	(1,039,250)
Dividend income	6	(15,080)	(20,745)
Reversal of provision no longer required		(26,237)	-
Provision for employees' end of service benefits		7,379	11,880
Gain on sale property, plant and equipment		(777)	-
Reversal of expected credit losses		-	(3,098)
Interest income		(1,175)	(4,125)
		161,397	274,341
<i>Working capital changes:</i>			
Inventories		69,056	3,776
Trade and other receivables		14,102	368,171
Trade and other payables		(358,312)	(381,437)
Cash flows (used in) from operations		(113,757)	264,851
Employees' end of service benefits paid		(122,099)	(27,762)
Taxes paid		-	(230,205)
Receipt of government grants		-	3,426
Net cash flows (used in) from operating activities		(235,856)	10,310
INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(1,453)	(10,553)
Proceeds from Sale of property, plant and equipment		777	-
Proceeds from disposal of financial assets at fair value through profit or loss		-	215,778
Loans advanced to an associate		-	(612,502)
Proceeds from capital redemption of financial assets at FVOCI		-	122,468
Dividend income received	6	15,080	20,745
Interest income received		1,175	4,125
Net cash flows from (used in) investing activities		15,579	(259,939)
FINANCING ACTIVITIES			
Cash dividends paid	12	(506,279)	(1,008,214)
Net cash flows used in financing activities		(506,279)	(1,008,214)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(726,556)	(1,257,843)
Cash and cash equivalents as at the 1 January		1,113,658	2,299,991
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	387,102	1,042,148

The attached notes 1 to 13 form part of this interim condensed financial information.

1 CORPORATE INFORMATION

The interim condensed financial information of Kuwait Foundry Company K.S.C.P. (the "Company") for the nine months ended 30 September 2021 was authorised for issue in accordance with a resolution of the Company's Board of Directors on 26 October 2021.

The financial statements of the Company for the year ended 31 December 2020 were approved in the annual general assembly meeting (AGM) of the shareholders held on 7 March 2021. Dividends declared and paid by the Company for the year then ended are provided in Note 12.

The Company is a public shareholding company, incorporated and domiciled in Kuwait and whose shares are publicly traded in Boursa Kuwait. The Company's registered office is located at Al Rai Industrial Area, Street (10). The 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 Company also invests surplus funds through investment portfolios.

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

2.1 Basis of preparation

The interim condensed financial information of the Company, for the nine months ended 30 September 2021 has been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34").

The Company has prepared the interim condensed financial information on the basis that it will continue to operate as a going concern. The 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 Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial information does not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020.

2.2 New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Unquoted equity securities	11,451,962	10,835,996	14,320,403

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 11.

4 CASH AND CASH EQUIVALENTS

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

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Cash in hand	2,418	-	2,881
Cash at banks	384,684	1,113,658	1,039,267
Total cash and cash equivalents	387,102	1,113,658	1,042,148

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

At 30 September 2021, the Company had available KD Nil (31 December 2020: KD 750,000 and 30 September 2020: KD 750,000) of undrawn committed overdraft facilities.

5 TRADE AND OTHER PAYABLES

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Trade payables	6,765	21,016	22,133
Advances from customers	52,736	96,388	106,531
Accrued expenses	3,682	25,760	12,534
KFAS payable	73,301	72,886	72,886
Zakat payable	606	1,019	1,019
NLST payable	1,892	25,218	35,803
Dividends and distributions payable	335,653	570,357	628,381
Other payables	18,623	62,248	60,792
	493,258	874,892	940,079

6 NET INVESTMENT INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Dividend income	-	4,697	15,080	20,745
Changes in fair value of financial assets at fair value through profit or loss	-	1,000,000	-	1,039,250
	<u>-</u>	<u>1,004,697</u>	<u>15,080</u>	<u>1,059,995</u>

7 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit (loss) for the period by the weighted average number of shares outstanding during the period (excluding treasury shares). Diluted EPS is calculated by dividing the profit (loss) 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>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Net profit (loss) for the period (KD)	24,076	(917,422)	187,477	(755,066)
Weighted average number of ordinary shares	72,325,590	72,325,590	72,325,590	72,325,590
Basic and diluted EPS (Fils)	<u>0.33</u>	<u>(12.68)</u>	<u>2.59</u>	<u>(10.44)</u>

8 RELATED PARTY DISCLOSURES

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

The following table provides the total amount of transactions that have been entered with related parties during the three- and nine-months 30 September 2021 and 2020:

	<i>Major shareholder</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Statement of profit or loss:					
Revenue from contracts with customers	2,962	621	8,068	2,962	15,341

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 Company. The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

8 RELATED PARTY DISCLOSURES (continued)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2021 KD</i>	<i>30 September 2020 KD</i>	<i>30 September 2021 KD</i>	<i>30 September 2020 KD</i>
Salaries and other short-term benefits	15,208	14,904	76,907	63,270
End of service benefits	404	861	839	2,463
	<u>15,612</u>	<u>15,765</u>	<u>77,746</u>	<u>65,733</u>
			<i>Balance outstanding as at 30 September</i>	
			<i>2021 KD</i>	<i>2020 KD</i>
Post-employment benefits			<u>3,579</u>	<u>46,893</u>

The Board of Directors of the Company at the meeting held on 1 February 2021 did not propose any directors' remuneration for the year ended 31 December 2020.

9 SEGMENT INFORMATION

For management purposes, the Company 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 Company's investments in securities and investment units to utilise the Company's financial surplus.

The following tables present revenue and profit information for the Company's operating segments for the nine months ended 30 September 2021 and 2020, respectively:

	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 30 September 2021</i>				
Revenue	<u>599,308</u>	<u>16,255</u>	<u>48,460</u>	<u>664,023</u>
Segment profit (loss)	<u>254,778</u>	<u>16,255</u>	<u>(83,556)</u>	<u>187,477</u>
Depreciation of property and equipment	<u>(4,990)</u>	<u>-</u>	<u>(1,906)</u>	<u>(6,896)</u>
<i>Period ended 30 September 2020</i>				
Revenue	<u>973,197</u>	<u>724,114</u>	<u>15,040</u>	<u>1,712,351</u>
Segment profit (loss)	<u>365,951</u>	<u>(1,000,089)</u>	<u>(120,928)</u>	<u>(755,066)</u>
Depreciation of property and equipment	<u>(19,457)</u>	<u>-</u>	<u>(1,080)</u>	<u>(20,537)</u>
Impairment loss on investment in an associate	<u>-</u>	<u>(2,064,208)</u>	<u>-</u>	<u>(2,064,208)</u>

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

9 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Company's operating segments as at 30 September 2021, 31 December 2020 and 30 September 2020, respectively:

	<i>Manufacturin KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 30 September 2021</i>				
Total assets	2,675,665	11,451,962	387,105	14,514,732
Total liabilities	78,124	-	529,036	607,160
<i>As at 31 December 2020</i>				
Total assets	2,718,546	10,835,996	1,159,380	14,713,922
Total liabilities	179,653	-	923,861	1,103,514
<i>As at 30 September 2020</i>				
Total assets	2,776,523	16,320,403	1,114,937	20,211,863
Total liabilities	189,454	-	1,013,963	1,203,417

10 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Contingent liabilities			
Guarantees to an unrelated party	22,150	22,150	22,150

The Company had no capital commitments as at the reporting date.

11 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 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.

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

11 FAIR VALUE MEASUREMENT (continued)

The 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 Company'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 three months ended 30 September 2021.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 September 2021			
As at 1 January 2021	10,835,996	-	10,835,996
Remeasurement recognised in OCI	615,966	-	615,966
As at 30 September 2021	11,451,962	-	11,451,962

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 December 2020			
As at 1 January 2020	15,294,219	1,176,528	16,470,747
Remeasurement recognised in OCI	(4,332,239)	-	(4,332,239)
Capital redemption	(122,468)	-	(122,468)
Purchases / sales (net)	(3,516)	(215,778)	(219,294)
Distribution in-kind	-	(2,000,000)	(2,000,000)
Remeasurement recognised in profit or loss	-	1,039,250	1,039,250
As at 31 December 2020	10,835,996	-	10,835,996

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 September 2020			
As at 1 January 2020	15,294,219	1,176,528	16,470,747
Remeasurement recognised in OCI	(851,348)	-	(851,348)
Remeasurement recognised in profit or loss	-	1,039,250	1,039,250
Purchases / sales (net)	-	(215,778)	(215,778)
Capital redemption	(122,468)	-	(122,468)
As at 30 September 2020	14,320,403	2,000,000	16,320,403

11 FAIR VALUE MEASUREMENT (continued)

The Company 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 financial information.

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>FVOCI</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range (weighted average)</i>	<i>Sensitivity of the input to fair value</i>
				10% increase (decrease) in the Sector PBV multiple would result in an increase (decrease) in fair value by KD 1,149,344 (31 December 2020: KD 1,138,437)
Unquoted securities	Market multiple approach	Sector multiple	1.59 – 7.79 (7.75)	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 957,364 (31 December 2020: KD 948,274)
		DLOM	40%	

* Discount for lack of marketability (“DLOM”) represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

12 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 1 February 2021, proposed a cash dividend of 7 fils per share aggregating to KD 506,279 for the year ended 31 December 2020 (2019: 15 fils per share aggregating to KD 1,084,883). The proposed dividend for the year ended 31 December 2020 has been approved by the shareholders at the AGM held on 7 March 2021.

13 IMPACT OF COVID-19

During March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the State of Kuwait. Governments across the globe have taken steps to contain the spread of the virus, which included closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

The Company has considered potential impacts of the current market volatility in determination of the reported amounts of the Company’s unquoted financial assets, and this represents management’s best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Company is closely monitoring whether the fair values of its investment securities represent the price that would be achieved for transactions between market participants in the current scenario.

The implications of COVID-19 are ongoing, and the ultimate outcome of this event is unknown and therefore the full impact on the Company for events and circumstances that arose after the reporting date cannot be reasonably quantified at the of authorisation of these financial statements. The effect of COVID-19 on the company as and when known will be incorporated into the determination of the Company’s estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company’s future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, the interim condensed financial information has been appropriately prepared on a going concern basis.