

KUWAIT FOUNDRY COMPANY K.S.C.P.

**INTERIM CONDENSED FINANCIAL
INFORMATION (UNAUDITED)**

30 SEPTEMBER 2022



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74, Safat
13001 Safat, Kuwait
Baitak Tower, 18–20th Floor
Safat Square
Ahmed Al Jaber Street
Kuwait

Tel: +965 2295 5000 /
+965 2295 2880
Fax: +965 2245 6419
www.ey.com

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 2022, 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, 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 2022 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 2022 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


3 November 2022
Kuwait

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

		<i>(Audited)</i>	
	<i>Notes</i>	<i>30 September 2022 KD</i>	<i>31 December 2021 KD</i>
		<i>30 September 2021 KD</i>	
ASSETS			
Non-current assets			
Property, plant and equipment		298,574	302,005
Financial assets at fair value through other comprehensive income	3	13,423,917	11,798,855
		<u>13,722,491</u>	<u>12,100,860</u>
Current assets			
Inventories		2,086,292	2,130,298
Trade and other receivables		76,581	55,598
Cash and cash equivalents	4	2,358,903	472,654
		<u>4,521,776</u>	<u>2,658,550</u>
TOTAL ASSETS		<u><u>18,244,267</u></u>	<u><u>14,759,410</u></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		(2,393,858)	(4,018,920)
Foreign currency translation reserve		(1,418,868)	(1,418,868)
Retained earnings		2,446,022	589,519
		<u>17,584,353</u>	<u>14,102,788</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		108,732	101,449
Current liabilities			
Trade and other payables	5	551,182	555,173
Total liabilities		<u>659,914</u>	<u>656,622</u>
TOTAL EQUITY AND LIABILITIES		<u><u>18,244,267</u></u>	<u><u>14,759,410</u></u>



Nawaf Arhamah Arhamah
 Chairman



Al Muthana Mohammed Al Maktoum
 Chief Executive Officer

Kuwait Foundry Company K.S.C.P.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2022

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Revenue from contracts with customers	132,786	171,077	559,071	599,308
Cost of sales	(79,063)	(105,753)	(346,216)	(334,660)
GROSS PROFIT	53,723	65,324	212,855	264,648
Other operating income	-	184	8,394	48,460
Interest income	81	174	299	1,175
Foreign currency exchange gain (loss)	20,263	202	33,492	(988)
Reversal of provisions no longer required	-	-	7,074	26,237
Selling and marketing expenses	(4,040)	(2,722)	(16,122)	(9,870)
General and administrative expenses	(35,821)	(39,852)	(134,552)	(154,351)
OPERATING PROFIT	34,206	23,310	111,440	175,311
Net investment income	-	-	1,833,696	15,080
PROFIT BEFORE TAX	34,206	23,310	1,945,136	190,391
(Allowance for) reversal of contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	(164)	188	(19,116)	(416)
(Allowance for) reversal of National Labour Support Tax ("NLST")	(2,837)	413	(50,401)	(1,892)
(Allowance for) reversal of Zakat	(164)	165	(19,116)	(606)
PROFIT FOR THE PERIOD	31,041	24,076	1,856,503	187,477
BASIC AND DILUTED EARNINGS PER SHARE	0.43 Fils	0.33 Fils	25.67 Fils	2.59 Fils

The attached notes 1 to 11 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 2022

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2022	2021	2022	2021
	KD	KD	KD	KD
PROFIT FOR THE PERIOD	31,041	24,076	1,856,503	187,477
Other comprehensive income (loss)				
<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	129,938	(326,513)	1,625,062	615,966
Total other comprehensive income (loss) for the period	129,938	(326,513)	1,625,062	615,966
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	160,979	(302,437)	3,481,565	803,443

The attached notes 1 to 11 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 2022

	<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>
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
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 11)	-	-	-	-	-	-	(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

The attached notes 1 to 11 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 2022

	Notes	Nine months ended	
		30 September	
		2022	2021
		KD	KD
OPERATING ACTIVITIES			
Profit before tax		1,945,136	190,391
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		3,431	6,896
Dividend income		(1,833,696)	(15,080)
Reversal of provision no longer required		(7,074)	(26,237)
Provision for employees' end of service benefits		12,752	7,379
Gain on sale property, plant and equipment		-	(777)
Reversal of expected credit losses		-	-
Interest income		(299)	(1,175)
		120,250	161,397
<i>Working capital changes:</i>			
Inventories		44,006	69,056
Trade and other receivables		(13,909)	14,102
Trade and other payables		(92,624)	(358,312)
Cash flows from (used in) operations		57,723	(113,757)
Employees' end of service benefits paid		(5,469)	(122,099)
Net cash flows from (used in) operating activities		52,254	(235,856)
INVESTING ACTIVITIES			
Dividend income received		1,833,696	15,080
Interest income received		299	1,175
Purchase of items of property, plant and equipment		-	(1,453)
Proceeds from sale of property, plant and equipment		-	777
Net cash flows from investing activities		1,833,995	15,579
FINANCING ACTIVITIES			
Cash dividends paid	11	-	(506,279)
Net cash flows used in financing activities		-	(506,279)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as at the 1 January		472,654	1,113,658
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	2,358,903	387,102

The attached notes 1 to 11 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 2022 was authorised for issue in accordance with a resolution of the Company's Board of Directors on 3 November 2022.

The financial statements of the Company for the year ended 31 December 2021 were approved in the annual general assembly meeting (AGM) of the shareholders held on 15 May 2022. Dividends declared and paid by the Company for the year then ended are provided in Note 11.

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 2022 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 doubt 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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed financial information as the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

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

2.2 New and amended standards and interpretations (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial information of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial information of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed financial information of the Company as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed financial information of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Unquoted equity securities	<u>13,423,917</u>	<u>11,798,855</u>	<u>11,451,962</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.

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>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Cash in hand	3,623	1,354	2,418
Cash at banks*	<u>2,355,280</u>	<u>471,300</u>	<u>384,684</u>
Total cash and cash equivalents	<u>2,358,903</u>	<u>472,654</u>	<u>387,102</u>

*An amount of KD 525,000 (31 December 2021: KD Nil and 30 September 2021: KD Nil) has been restricted in relation to establishing a new subsidiary.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 30 September 2022, the Company had available KD 500,000 undrawn committed overdraft facilities (31 December 2021: Nil and 30 September 2021: KD Nil).

5 TRADE AND OTHER PAYABLES

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Trade payables	8,644	10,161	6,765
Advances from customers	80,384	66,774	52,736
Staff leave provision	16,505	16,653	17,993
Accrued expenses	-	12,119	3,682
KFAS payable	92,001	72,886	73,301
Zakat payable	19,116	-	606
NLST payable	47,973	-	1,892
Dividends and distributions payable	251,090	335,626	335,653
Other payables	35,469	40,954	630
	<u>551,182</u>	<u>555,173</u>	<u>493,258</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 2022

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>	
	2022	2021	2022	2021
Net profit for the period (KD)	31,041	24,076	1,856,503	187,477
Weighted average number of ordinary shares	72,325,590	72,325,590	72,325,590	72,325,590
Basic and diluted EPS (Fils)	0.43	0.33	25.67	2.59

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 financial information.

7 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 ended 30 September 2022 and 2021:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
<i>Major shareholder</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Statement of profit or loss:				
Revenue from contracts with customers	4,175	4,175	621	8,359
				2,962

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:

	<i>Transaction values for the</i>		<i>Balance outstanding as at</i>		
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	2022	2021	2022	2021	2021
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	47,191	76,907	3,253	7,556	605
Employees end of service benefits	1,309	839	3,624	2,144	1,094
	48,500	77,746	6,877	9,700	1,699

The Board of Directors of the Company at the meeting held on 17 March 2022 did not propose any directors' remuneration for the year ended 31 December 2021.

Kuwait Foundry Company K.S.C.P.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2022

8 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 2022 and 2021, respectively:

	<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>
	<i>Manufacturing KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Nine months 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>

The following table presents assets and liabilities information for the Company's operating segments as at 30 September 2022, 31 December 2021 and 30 September 2021, respectively:

	<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>
<i>As at 31 December 2021 (Audited)</i>				
Total assets	<u>2,449,419</u>	<u>11,798,855</u>	<u>511,136</u>	<u>14,759,410</u>
Total liabilities	<u>134,542</u>	<u>-</u>	<u>522,080</u>	<u>656,622</u>
<i>As at 30 September 2021</i>				
Total assets	<u>2,675,665</u>	<u>11,451,962</u>	<u>387,105</u>	<u>14,514,732</u>
Total liabilities	<u>78,124</u>	<u>-</u>	<u>529,036</u>	<u>607,160</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 2022

9 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Contingent liabilities		
Guarantees to an unrelated party	-	2,150
	<u> </u>	<u> </u>

The Company had no capital commitments 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 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.

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 nine months ended 30 September 2022.

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

	<u><i>Non-listed equity instruments</i></u>	
	<i>Financial assets</i>	
	<i>at FVOCI</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>
30 September 2022		
As at 1 January 2022	11,798,855	11,798,855
Remeasurement recognised in OCI	1,625,062	1,625,062
	<u> </u>	<u> </u>
As at 30 September 2022	<u>13,423,917</u>	<u>13,423,917</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 2022

10 FAIR VALUE MEASUREMENT (continued)

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

	<i>Non-listed equity instruments</i>	
	<i>Financial assets at FVOCI</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>
<i>31 December 2021 (Audited)</i>		
As at 1 January 2021	10,835,996	10,835,996
Remeasurement recognised in OCI	962,859	962,859
As at 31 December 2021	<u>11,798,855</u>	<u>11,798,855</u>
	<i>Non-listed equity instruments</i>	
	<i>Financial assets at FVOCI</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>
<i>30 September 2021</i>		
As at 1 January 2021	10,835,996	10,835,996
Remeasurement recognised in OCI	615,966	615,966
As at 30 September 2021	<u>11,451,962</u>	<u>11,451,962</u>

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>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 1,322,059 (31 December 2021: KD 1,458,476)
Unquoted securities	Market multiple approach	Sector multiple	1.5	
		DLOM	40%	5% increase (decrease) in the DLOM would result in (decrease) increase in fair value by KD 1,101,054 (31 December 2021: KD 494,916)

* 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.

11 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors, in their meeting held on 17 March 2022, did not propose cash dividends for the year ended 31 December 2021 (2020: 7 fils per share aggregating to KD 506,279). The proposal was approved by the shareholders at the annual general assembly (AGM) held on 15 May 2022. The proposed dividend for the year ended 31 December 2020 was approved by the shareholders at the AGM held on 7 March 2021.