

**KAMCO Investment Company K.S.C.P. and  
Subsidiaries**

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

**PERIOD ENDED 30 SEPTEMBER 2020**



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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KAMCO INVESTMENT COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of KAMCO Investment Company K.S.C.P. (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2020, and the related interim condensed consolidated income statement and related interim condensed consolidated statement of comprehensive income for the three-month and nine-month period then ended, and the related interim condensed consolidated changes in equity and cash flows for the nine-month period then ended. Management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements: 2410 ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of preparation as set out in Note 2.

### **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 accounts 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 2020 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 material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or 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 2020 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


5 November 2020  
Kuwait


KAMCO Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2020

		30 September 2020 KD	(Audited) 31 December 2019 KD	30 September 2019 KD
<b>ASSETS</b>				
Cash and cash equivalents	3	44,534,917	29,273,264	47,867,192
Loans and advances		6,099,693	6,132,019	6,065,393
Financial assets at fair value through profit or loss		25,059,423	28,417,665	23,630,713
Financial assets at fair value through other comprehensive income		8,982,809	11,020,228	10,889,046
Financial assets at amortized cost		-	85,000	86,000
Non-current asset classified as held for sale	11	1,473,298	-	-
Investment in associates		20,333,960	22,968,169	22,503,037
Other assets	4	15,302,960	14,980,069	15,129,367
Investment properties		723,392	716,000	659,000
Property and equipment		11,429,082	11,763,170	11,526,721
Intangible assets		3,810,667	4,067,467	4,153,067
<b>TOTAL ASSETS</b>		<b>137,750,201</b>	<b>129,423,051</b>	<b>142,509,536</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Loans	5	24,712,910	8,000,000	23,922,855
Bonds		40,000,000	40,000,000	40,000,000
Other liabilities		17,577,668	20,620,398	20,270,497
<b>TOTAL LIABILITIES</b>		<b>82,290,578</b>	<b>68,620,398</b>	<b>84,193,352</b>
<b>EQUITY</b>				
Share capital		34,233,263	34,233,263	26,330,175
Share premium		9,089,045	9,089,045	9,089,045
Treasury shares	6	-	-	(12,795,688)
Statutory reserve		5,726,409	5,726,409	12,450,271
Voluntary reserve		325,190	325,190	1,008,953
Treasury shares reserve		-	-	1,383,134
Cumulative changes in fair values		(8,005,973)	(6,121,287)	(6,581,113)
Foreign currency translation reserve		907,309	569,340	654,924
Retained earnings		9,397,637	12,589,660	1,721,573
<b>Equity attributable to equity holders of the Company</b>		<b>51,672,880</b>	<b>56,411,620</b>	<b>33,261,274</b>
Non-controlling interests		3,786,743	4,391,033	25,054,910
<b>TOTAL EQUITY</b>		<b>55,459,623</b>	<b>60,802,653</b>	<b>58,316,184</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>137,750,201</b>	<b>129,423,051</b>	<b>142,509,536</b>

  
Abdullah Naser Sabah Al-Ahmad Al-Sabah  
Chairman

  
Faisal Mansour Sarkhou  
Chief Executive Officer

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

KAMCO Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT  
(UNAUDITED)

For the period ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020	2019	2020	2019
		KD	KD	KD	KD
<b>INCOME</b>					
Fee income	9	3,530,971	4,342,808	11,798,083	13,018,476
Realised gain on sale of financial assets at fair value through profit or loss		296,161	196,121	(545,378)	794,395
Unrealised gain (loss) on financial assets at fair value through profit or loss		693,709	(272,962)	(2,273,466)	394,186
Share of results of associates		219,067	(257,842)	(1,981,685)	937,913
Net income on disposal of non-current assets exclusively acquired for sale	11	33,504	-	170,040	114,028
Dividend income from non-current assets exclusively acquired for sale		246,059	-	482,785	-
Dividend income		100,626	222,361	500,790	1,073,545
Interest income		230,276	434,498	740,602	1,170,362
Foreign exchange gain		855,743	55,191	976,969	38,399
Gain on disposal of associate	12	-	-	434,590	-
Other income		463,449	215,874	893,558	687,054
		<u>6,669,565</u>	<u>4,936,049</u>	<u>11,196,888</u>	<u>18,228,358</u>
<b>EXPENSES</b>					
General and administrative expenses		3,334,710	4,016,845	10,003,353	13,884,669
Finance costs		770,339	891,803	2,380,491	2,607,386
Reversal of provision for credit losses on loans and advances		(39,215)	(7,000)	(22,477)	(290,000)
(Reversal of) charge for provision on financial assets		(17,653)	29,000	85,139	108,000
		<u>4,048,181</u>	<u>4,930,648</u>	<u>12,446,506</u>	<u>16,310,055</u>
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION</b>		<b>2,621,384</b>	<b>5,401</b>	<b>(1,249,618)</b>	<b>1,918,303</b>
Taxation	7	-	9,538	-	(41,735)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,621,384</b>	<b>14,939</b>	<b>(1,249,618)</b>	<b>1,876,568</b>
<b>Attributable to:</b>					
Equity holders of the Company		2,536,076	(178,284)	(1,350,793)	932,036
Non-controlling interests		85,308	193,223	101,175	944,532
		<u>2,621,384</u>	<u>14,939</u>	<u>(1,249,618)</u>	<u>1,876,568</u>
<b>Basic and diluted earnings (loss) per share attributable to equity holders of the Company</b>	8	<b>7.41 fils</b>	<b>(0.75) fils</b>	<b>(3.95) fils</b>	<b>3.93 fils</b>

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

KAMCO Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2020

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>
<b>Profit (loss) for the period</b>	<b>2,621,384</b>	14,939	<b>(1,249,618)</b>	1,876,568
<b>Other comprehensive income (loss):</b>				
<i>Items that are or may be reclassified in subsequent periods to the interim condensed consolidated income statement:</i>				
Share of other comprehensive income (loss) of associates	6,419	19,904	(69,724)	19,577
Foreign currency translation adjustments	(141,545)	66,694	368,735	72,509
	<b>(135,126)</b>	86,598	<b>299,011</b>	92,086
<i>Items that will not be reclassified to the interim condensed consolidated income statement:</i>				
Net income (loss) on equity instruments at fair value through other comprehensive income	762,123	(1,155,159)	(2,150,262)	(3,789,974)
<b>Total other comprehensive income (loss) for the period</b>	<b>626,997</b>	(1,068,561)	<b>(1,851,251)</b>	(3,697,888)
<b>Total comprehensive income (loss) for the period</b>	<b>3,248,381</b>	(1,053,622)	<b>(3,100,869)</b>	(1,821,320)
<b>Attributable to:</b>				
Equity holders of the Company	3,140,813	(1,269,085)	(3,027,077)	(2,429,103)
Non-controlling interests	107,568	215,463	(73,792)	607,783
	<b>3,248,381</b>	(1,053,622)	<b>(3,100,869)</b>	(1,821,320)

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

# KAMCO Investment Company K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2020

Attributable to shareholders of the Company

	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2020	34,233,263	9,089,045	-	5,726,409	325,190	-	(6,121,287)	569,340	12,589,660	56,411,620	4,391,033	60,802,653
(Loss) profit for the period	-	-	-	-	-	-	-	-	(1,350,793)	(1,350,793)	101,175	(1,249,618)
Other comprehensive (loss) income	-	-	-	-	-	-	(2,014,253)	337,969	-	(1,676,284)	(174,967)	(1,851,251)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(2,014,253)	337,969	(1,350,793)	(3,027,077)	(73,792)	(3,100,869)
Ownership changes in subsidiary without loss of control (Note 10)	-	-	-	-	-	-	-	-	-	-	1,051	1,051
Disposal of subsidiaries (Note 10)	-	-	-	-	-	-	-	-	-	-	(68,454)	(68,454)
Transfer on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	129,567	-	(129,567)	-	-	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(463,095)	(463,095)
Dividends (Note 13)	-	-	-	-	-	-	-	-	(1,711,663)	(1,711,663)	-	(1,711,663)
<b>As at 30 September 2020</b>	<b>34,233,263</b>	<b>9,089,045</b>	-	<b>5,726,409</b>	<b>325,190</b>	-	<b>(8,005,973)</b>	<b>907,309</b>	<b>9,397,637</b>	<b>51,672,880</b>	<b>3,786,743</b>	<b>55,459,623</b>
As at 1 January 2019	26,330,175	9,089,045	(12,795,688)	12,450,271	1,008,953	1,383,134	(3,127,134)	582,415	769,206	35,690,377	24,027,968	59,718,345
Profit for the period	-	-	-	-	-	-	-	-	932,036	932,036	944,532	1,876,568
Other comprehensive (loss) income	-	-	-	-	-	-	(3,433,648)	72,509	-	(3,361,139)	(336,749)	(3,697,888)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(3,433,648)	72,509	932,036	(2,429,103)	607,783	(1,821,320)
Incorporation of a subsidiary (Note 10)	-	-	-	-	-	-	-	-	-	-	1,249,882	1,249,882
Transfer on disposal of equity investments at FVOCI to retained earnings	-	-	-	-	-	-	(20,331)	-	20,331	-	-	-
Arising on liquidation of a subsidiary (Note 10)	-	-	-	-	-	-	-	-	-	-	(746,524)	(746,524)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(84,199)	(84,199)
As at 30 September 2019	26,330,175	9,089,045	(12,795,688)	12,450,271	1,008,953	1,383,134	(6,581,113)	654,924	1,721,573	33,261,274	25,054,910	58,316,184

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

KAMCO Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2020

	Notes	Nine months ended 30 September	
		2020 KD	2019 KD
<b>OPERATING ACTIVITIES</b>			
(Loss) profit for the period		(1,249,618)	1,876,568
<i>Adjustments for:</i>			
Unrealised loss (gain) on financial assets at fair value through profit or loss		2,273,466	(394,186)
Share of results of associates		1,981,685	(937,913)
Net income on disposal of non-current assets exclusively acquired for sale	11	(170,040)	(114,028)
Gain on disposal of associate	12	(434,590)	-
Dividend income		(983,575)	(1,073,545)
Interest income		(740,602)	(1,170,362)
Foreign exchange (gain) loss		(976,969)	(38,399)
Finance costs		2,380,491	2,607,386
Depreciation		361,177	526,965
Amortisation		256,800	256,800
Reversal of provision on loans and advances		(22,477)	(290,000)
Provision for other financial assets		85,139	108,000
Provision for employees' end of service benefits		641,392	615,650
		<u>3,402,279</u>	<u>1,972,936</u>
<i>Changes in operating assets and liabilities:</i>			
Loans and advances		138,852	509,197
Financial assets at fair value through profit or loss		1,046,293	1,179,151
Financial assets at amortized cost		85,000	-
Other assets		(364,799)	(1,668,123)
Other liabilities		(3,112,070)	(5,113,122)
Cash from (used in) operations		<u>1,195,555</u>	<u>(3,119,961)</u>
Dividend received		983,575	1,073,545
Employees' end of service benefits paid		(663,640)	(402,166)
Net cash flows from (used in) operating activities		<u>1,515,490</u>	<u>(2,448,582)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets at fair value through other comprehensive income		(260,410)	-
Proceeds from sale of financial assets at fair value through other comprehensive income		299,081	6,468,800
Acquisition of non-current asset classified as held for sale		(45,649,411)	(17,315,064)
Proceeds from disposal of non-current asset classified as held for sale		44,370,141	16,812,501
Proceeds on disposal of investment in associate	12	491,441	-
Proceeds on liquidation of investment in associate		-	40,148
Net cash inflow on liquidation of investment in a subsidiary		-	458,345
Purchase of property and equipment		(18,437)	(212,192)
Net withdrawal (placement) of deposits		1,742,496	(2,409,000)
Dividend received from an associate		636,910	134,134
Interest income received		736,844	1,170,362
Net cash flows from investing activities		<u>2,348,655</u>	<u>5,148,034</u>
<b>FINANCING ACTIVITIES</b>			
Loans availed		59,399,630	49,208,240
Loans repaid		(42,686,720)	(42,371,766)
Dividend paid to the equity holders of the company		(1,628,681)	-
Finance costs paid		(2,371,894)	(2,107,605)
Distribution/dividends to non-controlling interest		(462,044)	-
Distribution to non-controlling interest on sale of subsidiaries		(68,454)	(746,524)
Capital redemption to non-controlling interest		-	(84,199)
Net cash flows from financing activities		<u>12,181,837</u>	<u>3,898,146</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>16,045,982</u>	<u>6,597,598</u>
Foreign currency translation adjustments		958,167	(330,262)
Cash and cash equivalents at 1 January		24,803,264	34,480,856
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	3	<u>41,807,413</u>	<u>40,748,192</u>

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

# KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

### 1 INCORPORATION AND PRINCIPAL ACTIVITIES

The interim condensed consolidated financial information of KAMCO Investment Company K.S.C.P. (the "Company") and subsidiaries (collectively the "Group") for the nine months ended 30 September 2020 were authorised for issue by the Board of Directors on 5 November 2020.

The Company is a Kuwaiti closed shareholding company registered and incorporated in Kuwait on 28 March 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto and is listed on Boursa Kuwait. The Company is registered with the Central Bank of Kuwait ("CBK") as an investment company and is subject to the supervision of Capital Markets Authority of Kuwait ("CMA").

The Company's registered head office is at Sharq, Al Shaheed Tower, Khalid Bin Al-Waleed Street, Kuwait City, P.O. Box 28873, Safat 13149, Kuwait.

The purpose for which the Company has been established is to undertake the following activities:

1. Investing in real estate, industrial and agricultural sectors as well as other economic sectors by contributing to the establishment of specialised companies or purchases the shares or bonds of these companies in the various sectors.
2. Contribution to the establishment or the partial ownership of companies in the different sectors.
3. Managing the funds of public and private institutions and investing these funds in the different economic sectors including the management of financial & real estate portfolios.
4. Provision and preparation of the technical, economic and assessment studies and consultancies and studying investment related projects and conducting the necessary studies thereof for the institutions and companies provided that the necessary conditions should be met by those who will practice such activity.
5. Brokerage in lending and borrowing operations.
6. Carrying out the works related to issue managers for such bonds issued by the company and institutions as well as the works of investment custodians.
7. Financing and brokerage in international trade operations.
8. Providing loans for third parties with duly observing the ethics of financial solvency in granting such loans and at the same time preserving the continuity of the company's financial position soundness according to the conditions, rules, and limitations set forth by the Central Bank of Kuwait.
9. Dealing and trading in foreign currency market and precious metals market inside Kuwait and abroad.
10. Undertaking the operations related to securities trading such as the purchase and sale of the shares & bonds of local and international companies and governmental authorities.
11. Carrying out all services that help with development and enhancement of the market financial & cash ability to in Kuwait and meeting its needs, all within the limits permitted by the law as well as any procedures & instructions issued by the Central Bank of Kuwait
12. Establishment and management of all kinds of investment funds according to the law.

Also, the Company may have interest or otherwise participate in any manner with such institutions who are practicing similar business, or which may assist the Company in realising its goals in Kuwait or abroad. Furthermore, the Company may establish, participate or purchase these institutions or affiliate them.

The Company is a subsidiary of United Gulf Bank B.S.C. (the "Parent Company"). The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the "Ultimate Parent Company") which is listed on Boursa Kuwait.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The interim condensed financial information for the nine-month period ended 30 September 2020 has been prepared in accordance with IAS 34 *Interim Financial Reporting* except, as noted below:

The annual consolidated financial statements for the year ended 31 December 2019 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require the expected credit loss (“ECL”) on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain reclassifications have been made to conform to the prior period’s financial information and notes thereto to current period’s presentation.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019.

Further, results for the nine-month period ended 30 September 2020, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**Amendments to IFRS 3: *Definition of a Business***

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial information of the Group but may impact future periods should the Group enter into any business combinations.

**Amendments to IAS 1 and IAS 8: *Definition of Material***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

# KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2019, with the exception of the impact of the COVID-19 outbreak on the Group which is detailed below:

(i) *Fair value measurement of financial instruments*

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group'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 Group is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario. Further information on the Group's policy in relation to fair value measurements is disclosed in Notes 3 and Note 27 to the annual consolidated financial statements as at and for the year ended 31 December 2019.

(ii) *Investment in associates, investment properties, and property and equipment ("non-financial assets")*

As at the reporting date, the Group has not identified any significant impact on the carrying values of its non-financial assets as at 30 September 2020 due to the uncertainty involved in determining the effect on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at 31 December 2019. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.

### 3 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 September</i> <i>2019</i> <i>KD</i>
Cash at banks and on hand	<b>24,055,999</b>	11,518,277	18,828,687
Deposits with banks	<b>20,478,918</b>	17,754,987	29,038,505
	<b>44,534,917</b>	29,273,264	47,867,192
Less: deposits with banks with original maturity of more than three months	<b>(2,727,504)</b>	(4,470,000)	(7,119,000)
Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows	<b>41,807,413</b>	24,803,264	40,748,192

# KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

### 4 OTHER ASSETS

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Due from portfolio clients	1,317,488	1,776,719	1,423,638
Accrued income	3,257,135	2,037,452	2,375,506
Other receivables and deposits	14,651,884	15,204,108	15,354,097
	<u>19,226,507</u>	<u>19,018,279</u>	<u>19,153,241</u>
Less: provision for credit losses	(3,923,547)	(4,038,210)	(4,023,874)
	<u>15,302,960</u>	<u>14,980,069</u>	<u>15,129,367</u>

Other assets include KD 888 thousand (31 December 2019: KD 1,500 thousand and 30 September 2019: KD 1,500 thousand) deposited in a bank under an escrow arrangement for certain legal claims. Based on the advice of the legal counsel, this escrow arrangement does not represent any deterioration in the Group's legal position and no provision is required relating to these legal claims as at 30 September 2020.

### 5 LOANS

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Kuwait Dinars	10,000,000	8,000,000	23,922,855
US Dollars	14,712,910	-	-
	<u>24,712,910</u>	<u>8,000,000</u>	<u>23,922,855</u>

Loans are due within 1 year of the reporting date and carry interest rate in the range of 2.14% to 3.5% (31 December 2019: 4.75% and 30 September 2019: 4.75% to 5%).

### 6 TREASURY SHARES

	<i>30 September 2020</i>	<i>(Audited) 31 December 2019</i>	<i>30 September 2019</i>
Number of treasury shares	-	-	25,853,425
Percentage of total outstanding shares (%)	-	-	9.82%
Market value (KD)	-	-	2,096,713
Weighted average market value (KD)	-	-	1,968,307

The Extraordinary General Meeting (EGM) held on 17 September 2019 approved to cancel the Company's entire treasury shares of 25,853,425 shares, with the carrying value of KD 12,795,688.

### 7 TAXATION

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	-	(2,792)	-	8,602
National Labour Support Tax ("NLST")	-	(4,141)	-	24,344
Zakat	-	(2,605)	-	8,789
	<u>-</u>	<u>(9,538)</u>	<u>-</u>	<u>41,735</u>

# KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

### 8 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share amounts are calculated by dividing the profit (loss) for the period attributable to equity holders of the Company by the weighted average number of paid up shares, less treasury shares outstanding during the period. Diluted earnings (loss) per share 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 (loss) per share are identical.

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>
<b><i>Basic and diluted earnings (loss) per share:</i></b>				
Profit (loss) for the period attributable to equity holders of the Company	<u>2,536,076</u>	<u>(178,284)</u>	<u>(1,350,793)</u>	<u>932,036</u>
	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>	<b>Shares</b>
<b>Number of shares outstanding:</b>				
Weighted average number of paid up shares	<u>342,332,633</u>	<u>263,301,750</u>	<u>342,332,633</u>	<u>263,301,750</u>
Weighted average number of treasury shares	<u>-</u>	<u>(25,853,425)</u>	<u>-</u>	<u>(25,853,425)</u>
Weighted average number of outstanding shares	<u>342,332,633</u>	<u>237,448,325</u>	<u>342,332,633</u>	<u>237,448,325</u>
Basic and diluted earnings (loss) per share	<u><u>7.41</u> fils</u>	<u><u>(0.75)</u> fils</u>	<u><u>(3.95)</u> fils</u>	<u><u>3.93</u> fils</u>

### 9 FEE INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2019</i> <i>KD</i>
Management fees on assets under management	<u>2,524,954</u>	<u>3,278,870</u>	<u>7,653,589</u>	<u>9,146,109</u>
Incentive fees on assets under management	<u>-</u>	<u>245,136</u>	<u>757,626</u>	<u>1,793,136</u>
Placement fees/structuring fee/redemption fees – managed funds	<u>376,959</u>	<u>9,000</u>	<u>1,631,796</u>	<u>447,282</u>
Investment banking fees	<u>156,162</u>	<u>395,641</u>	<u>624,863</u>	<u>512,417</u>
Brokerage fees	<u>422,295</u>	<u>360,000</u>	<u>1,028,300</u>	<u>998,000</u>
Advisory and other fees	<u>50,601</u>	<u>54,161</u>	<u>101,909</u>	<u>121,532</u>
	<u><u>3,530,971</u></u>	<u><u>4,342,808</u></u>	<u><u>11,798,083</u></u>	<u><u>13,018,476</u></u>

### 10 INVESTMENT IN SUBSIDIARIES

During the period, the effective ownership of the Group in KAMCO MENA Plus Fixed Income (OEIC) Limited decreased from 57.59% to 57.57% as the Group redeemed its units. This resulted in an increase of non-controlling interests amounting to KD 1,051.

During the period, the Group disposed its entire stake in Flint Advisory Company LLC and Flint Manager Limited.

## KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

#### 10 INVESTMENT IN SUBSIDIARIES (continued)

During the prior period, the Group incorporated KAMCO MENA Plus Fixed Income (OEIC) Limited as a Company limited by shares under the Companies Law, DIFC Law no. 5 of 2018 in Dubai with a contribution of KD 2,128,700 which resulted into an effective ownership of 62.93%.

During the prior period, KAMCO MENA Plus Fixed Income Fund (“KMPFIF”), a 38.04% owned subsidiary of the Group has been liquidated. On liquidation of KMPFIF, the Group received its share of net assets amounting to KD 458,345 and made net distribution to non-controlling interest unitholders amounting to KD 746,524.

#### 11 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

- a. During the current period, the Group acquired interest in certain special purpose vehicles (the “Entities”), for a consideration of KD 30,865,600 (USD: 101,000 thousand) and the Entities obtained financing of KD 56,536,000 (USD: 185,000 thousand). Through these Entities, the Group acquired a property in the United States of America and classified it as “disposal group held for sale”.

Subsequently, the Group disposed a majority interest in these Entities with the carrying value of KD 29,025,582 (USD: 94,979 thousand) for a consideration of KD 29,372,105 (USD: 95,531 thousand). Accordingly, a net gain on disposal of these Entities amounting to KD 170,040 (USD: 552 thousand) is recognized in the interim condensed consolidated statement of income. As at 30 September 2020, the Group remaining effective interest of 4.8% amounting to KD 1,473,298 (USD: 4,821 thousand) continues to be classified as “Non-current asset held for sale “in accordance with IFRS 5 - Non-current Assets held for sale as the Group actively plans to dispose its stake in these entities.

Subsequent to the reporting date, the Group has disposed majority interest in these entities.

The Group’s remaining interest is held through Lawson Lane Investor Inc. to provide management services for the property.

- b. During the current period, the Group acquired interest in certain special purpose vehicles (the “Entities”), for a consideration of KD 15,150,532 (GBP:40,000 thousand) and the Entities obtained financing of KD 10,673,455 (GBP:28,180 thousand). Through these Entities, the Group acquired properties in the United Kingdom and classified it as “disposal group held for sale”. Subsequently, the Group disposed a majority interest in these Entities for a consideration of KD 14,999,027 (GBP:39,600 thousand) and the remaining interest amounting to KD 151,505 (GBP:400 thousand) is classified as financial assets at fair value through other comprehensive income.

The Group’s remaining interest is held through Martley Finance GP Limited and Martley Holdings GP Limited, to provide management services for the properties.

The Group considered the above Entities meet the criteria to be classified as held for sale for the following reasons:

- ▶ These Entities are available for immediate sale and can be disposed of in their current condition.
- ▶ The actions to complete disposal are initiated and will be completed within one year from the date of acquisition.

#### 12 GAIN ON DISPOSAL OF ASSOCIATE

During the current period, the Group disposed its entire stake investment in associate Lotus Financial Investments Company for a total consideration of KD 491,441 and accordingly recorded a gain on disposal of KD 434,590.

#### 13 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of equity holders held on 3 June 2020 approved the consolidated financial statements of the Group for the year ended 31 December 2019 and approved a cash dividend of 5 fils per share amounting to KD 1,711,663 (31 December 2018: nil).

# KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

### 14 CONTINGENT LIABILITIES

The total outstanding contingent liabilities and commitments are as follows:

	<b>30 September 2020 KD</b>	<i>(Audited)</i> <b>31 December 2019 KD</b>	<b>30 September 2019 KD</b>
<b>Commitments</b>			
Commitments to invest in private equity funds	<b>520,976</b>	516,000	517,318
Uncalled share capital	<b>81,173</b>	80,000	77,799
<b>Contingent liability</b>			
Irrevocable and unconditional bank guarantee	<b>588,647</b>	583,000	634,514

#### **Commitments to invest in private equity funds**

Commitments to invest in private equity funds represent the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

Further, the Group in its capacity as an investment manager for a fund has given a guarantee to a foreign bank for future investment obligations in connection with a real estate transaction of the fund. The additional investment, which is highly unlikely in the event of the guarantee being exercised, is estimated to be KD 2,000 thousand (31 December 2019: KD 2,000 thousand and 30 September 2019: KD 2,000 thousand).

The Group is engaged in litigation cases, which involve claims made by and against the Group which have arisen in the ordinary course of business. The management of the Group, after reviewing the claims pending against the Company and Group companies and based on the advice of the relevant professional legal advisors, are satisfied that the outcome of these claims will not have a material adverse effect on the interim condensed consolidated financial information of the Group.



KAMCO Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

15 RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation:

	<i>Nine months ended 30 September</i>	
	<i>2020 KD</i>	<i>2019 KD</i>
Short-term employee benefits	630,625	1,223,506
Termination benefits	81,164	141,024
	<u>711,789</u>	<u>1,364,530</u>

16 SEGMENT INFORMATION

The Group is organised into four major business segments based on internal reporting provided to the management. The Group does not have material inter-segment transactions. The principal activities and services under these segments are as follows:

- Investment banking and Advisory : Private placement of equities and debt, advising and managing listings, initial public offerings (IPOs), arranging conventional and Islamic debt, buy and sell side advisory, advising on strategy, privatisation, mergers and reverse mergers and acquisitions and debt restructuring.
- Asset management : Asset management services cover both local and international markets and include securities trading, derivatives trading, discretionary and non-discretionary portfolio management, custody services, portfolio structuring and asset allocation advice, mutual funds and alternative instruments.
- Brokerage : Quoted and unquoted equity and debt instruments brokerage activities and margin financing
- Strategic investments and corporate overheads : Strategic investments include investments which are long term in nature and are aligned with the Group's long-term strategy. Corporate overheads include all support services.

Management monitors operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segmental return on investments.

The following table presents total revenue, profit (loss) for the period, total assets and total liabilities information regarding the Group's operating segments.

	<i>Nine months ended 30 September 2020</i>				
	<i>Investment banking and Advisory KD</i>	<i>Asset management KD</i>	<i>Brokerage KD</i>	<i>Strategic investments and corporate overheads KD</i>	<i>Total KD</i>
Total revenue	652,876	5,356,306	1,222,637	3,965,069	11,196,888
(Loss) profit for the period	(113,187)	1,907,883	232,630	(3,276,944)	(1,249,618)
Total assets	271,481	47,520,078	16,446,195	73,512,447	137,750,201
Total liabilities	-	17,777,724	868,003	63,644,851	82,290,578

## KAMCO Investment Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2020

#### 16 SEGMENT INFORMATION (continued)

	<i>Nine months ended 30 September 2019</i>				
	<i>Investment banking and Advisory KD</i>	<i>Asset management KD</i>	<i>Brokerage KD</i>	<i>Strategic investments and corporate overheads KD</i>	<i>Total KD</i>
Total revenue	510,302	12,839,554	1,195,000	3,683,502	18,228,358
(Loss) profit for the period	(532,909)	4,120,697	207,000	(1,918,220)	1,876,568
Total assets	87,000	41,321,352	18,448,000	82,653,184	142,509,536
Total liabilities	-	17,419,436	686,000	66,087,916	84,193,352

#### 17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity, the carrying amount approximates their fair value.

##### **Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

- ▶ 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; and
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

KAMCO Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>30 September 2020</b>				
<b>Financial assets at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equities	3,993,306	-	-	3,993,306
Quoted debt securities	3,714,692	-	-	3,714,692
Unquoted debt securities	-	-	250,000	250,000
Unquoted equities	-	-	60,665	60,665
Managed funds	377,242	13,625,606	3,037,912	17,040,760
	<u>8,085,240</u>	<u>13,625,606</u>	<u>3,348,577</u>	<u>25,059,423</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Quoted equities	300,038	-	-	300,038
Unquoted equities	-	-	8,672,771	8,672,771
Managed funds	-	-	10,000	10,000
	<u>300,038</u>	<u>-</u>	<u>8,682,771</u>	<u>8,982,809</u>
<b>30 September 2019</b>	<i>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b>Financial assets at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equities	1,875,114	-	-	1,875,114
Quoted debt securities	3,120,556	-	-	3,120,556
Unquoted equity	-	-	341,620	341,620
Unquoted debt securities	-	-	250,000	250,000
Managed funds	319,314	13,420,000	4,304,109	18,043,423
	<u>5,314,984</u>	<u>13,420,000</u>	<u>4,895,729</u>	<u>23,630,713</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Quoted equities	97,203	-	-	97,203
Unquoted equities	-	-	10,486,981	10,486,981
Managed funds	-	-	304,862	304,862
	<u>97,203</u>	<u>-</u>	<u>10,791,843</u>	<u>10,889,046</u>

KAMCO Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2020

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value:

	<i>As at 1 January 2020 KD</i>	<i>(Loss)/gain recorded in the interim condensed consolidated income statement KD</i>	<i>Net purchases, sales, transfers and settlements KD</i>	<i>Loss recognised in other comprehensive income KD</i>	<i>As at 30 September 2020 KD</i>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equities	360,721	(6,061)	(293,995)	-	60,665
Unquoted debt securities	250,000	2,658	(2,658)	-	250,000
Managed funds	4,017,151	(1,046,531)	67,292	-	3,037,912
	<u>4,627,872</u>	<u>(1,049,934)</u>	<u>(229,361)</u>	<u>-</u>	<u>3,348,577</u>
<i>Financial assets at fair value through other comprehensive income</i>					
Unquoted equities	10,704,810	-	112,842	(2,144,881)	8,672,771
Managed funds	304,862	-	-	(294,862)	10,000
	<u>11,009,672</u>	<u>-</u>	<u>112,842</u>	<u>(2,439,743)</u>	<u>8,682,771</u>

The impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of income would be immaterial if the relevant risk variables used to fair value the unquoted securities and unquoted funds managed by external fund managers were altered by 5%.