

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

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

PERIOD ENDED 31 MARCH 2022

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”) as at 31 March 2022, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-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 three-month period ended 31 March 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 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 three-month period ended 31 March 2022 that might have had a material effect on the business of the Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO 68 A
EY
AL-AIBAN, AL-OSAIMI & PARTNERS

11 May 2022
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>	<i>2021</i>	
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	
ASSETS				
Cash and cash equivalents	3	33,843,574	35,160,321	30,888,194
Loans and advances		4,762,305	6,188,801	6,028,003
Financial assets at fair value through profit or loss		33,546,431	27,715,296	24,330,324
Financial assets at fair value through other comprehensive income		7,855,550	7,519,245	9,158,431
Investment in associates		24,735,803	22,805,423	20,161,001
Other assets	4	13,934,003	13,717,888	13,794,943
Investment properties		11,811,820	11,795,451	11,434,415
Property and equipment		984,757	955,930	890,471
Intangible assets		3,831,987	3,870,685	3,639,467
TOTAL ASSETS		135,306,230	129,729,040	120,325,249
LIABILITIES AND EQUITY				
LIABILITIES				
Loans		5,000,000	5,000,000	6,000,000
Bonds		40,000,000	40,000,000	40,000,000
Other liabilities		22,013,536	20,533,783	17,982,184
TOTAL LIABILITIES		67,013,536	65,533,783	63,982,184
EQUITY				
Share capital		34,233,263	34,233,263	34,233,263
Share premium		9,089,045	9,089,045	9,089,045
Statutory reserve		6,822,832	6,822,832	5,726,409
Voluntary reserve		1,421,613	1,421,613	325,190
Revaluation reserve		934,057	934,057	934,057
Cumulative changes in fair values		(7,133,593)	(7,493,568)	(7,842,331)
Foreign currency translation reserve		593,757	469,625	598,160
Retained earnings		18,584,026	14,959,615	9,609,615
Equity attributable to equity holders of the Company		64,545,000	60,436,482	52,673,408
Non-controlling interests		3,747,694	3,758,775	3,669,657
TOTAL EQUITY		68,292,694	64,195,257	56,343,065
TOTAL LIABILITIES AND EQUITY		135,306,230	129,729,040	120,325,249

Abdullah Naser Sabah Al-Ahmad Al-Sabah
Chairman

Faisal Mansour Sarkhou
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 KD	2021 KD
INCOME			
Fee income	6	4,818,625	3,361,327
Net gain on financial assets at fair value through profit or loss	7	2,308,371	987,284
Share of results of associates		1,798,947	371,132
Dividend income		36,175	101,754
Interest income		233,471	230,542
Foreign exchange loss		(226,068)	(73,579)
Rental income		158,965	165,796
Other income		45,608	25,533
		<u>9,174,094</u>	<u>5,169,789</u>
EXPENSES			
General and administrative expenses		4,788,277	2,948,657
Finance costs		527,653	537,875
Provision for expected credit losses on financial assets		108,818	125,884
Reversal of provision for expected credit losses on loans and advances		(18,369)	(54,123)
		<u>5,406,379</u>	<u>3,558,293</u>
		3,767,715	1,611,496
PROFIT FOR THE PERIOD BEFORE TAXATION			
Contribution to KFAS		(34,921)	(15,000)
Zakat		(42,398)	(16,000)
NLST		(105,995)	(40,000)
		<u>3,584,401</u>	<u>1,540,496</u>
PROFIT FOR THE PERIOD			
Attributable to:			
Equity holders of the Company		3,603,768	1,548,599
Non-controlling interests		(19,367)	(8,103)
		<u>3,584,401</u>	<u>1,540,496</u>
BASIC AND DILUTED EARNINGS PER SHARE –			
Attributable to equity holders of the Company	5	<u>10.53 fils</u>	<u>4.52 fils</u>

The attached notes 1 to 13 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 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	3,584,401	1,540,496
Other comprehensive income:		
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
Foreign currency translation adjustments	136,898	(90,993)
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
Share of other comprehensive income of associates	151,131	170,771
Revaluation surplus on property	-	934,057
Net income on equity instruments at fair value through other comprehensive income	229,221	90,521
	380,352	1,195,349
Total other comprehensive income for the period	517,250	1,104,356
Total comprehensive income for the period	4,101,651	2,644,852
Attributable to:		
Equity holders of the Company	4,108,518	2,671,571
Non-controlling interests	(6,867)	(26,719)
	4,101,651	2,644,852

The attached notes 1 to 13 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 31 March 2022

Attributable to shareholders of the Company

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Revaluation reserve KD</i>	<i>Cumulative changes in fair values KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2022	34,233,263	9,089,045	6,822,832	1,421,613	934,057	(7,493,568)	469,625	14,959,615	60,436,482	3,758,775	64,195,257
Profit (loss) for the period	-	-	-	-	-	-	-	3,603,768	3,603,768	(19,367)	3,584,401
Other comprehensive income	-	-	-	-	-	380,618	124,132	-	504,750	12,500	517,250
Total comprehensive income (loss) for the period	-	-	-	-	-	380,618	124,132	3,603,768	4,108,518	(6,867)	4,101,651
Transfer of reserve on disposal of subsidiaries (Note 8)	-	-	-	-	-	(20,643)	-	20,643	-	-	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,214)	(4,214)
As at 31 March 2022	34,233,263	9,089,045	6,822,832	1,421,613	934,057	(7,133,593)	593,757	18,584,026	64,545,000	3,747,694	68,292,694
As at 1 January 2021	34,233,263	9,089,045	5,726,409	325,190	-	(8,114,748)	681,662	8,061,016	50,001,837	3,822,806	53,824,643
Profit (loss) for the period	-	-	-	-	-	-	-	1,548,599	1,548,599	(8,103)	1,540,496
Other comprehensive income (loss)	-	-	-	-	934,057	272,417	(83,502)	-	1,122,972	(18,616)	1,104,356
Total comprehensive income (loss) for the period	-	-	-	-	934,057	272,417	(83,502)	1,548,599	2,671,571	(26,719)	2,644,852
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(126,430)	(126,430)
As at 31 March 2021	34,233,263	9,089,045	5,726,409	325,190	934,057	(7,842,331)	598,160	9,609,615	52,673,408	3,669,657	56,343,065

The attached notes 1 to 13 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 31 March 2022

		<i>Three months ended 31 March</i>	
		2022	2021
		KD	KD
OPERATING ACTIVITIES	<i>Notes</i>		
Profit for the period before taxation		3,767,715	1,611,496
<i>Adjustments for:</i>			
Unrealized gain on financial assets at fair value through profit or loss	7	(1,839,360)	(859,870)
Share of results of associates		(1,798,947)	(371,132)
Dividend income		(36,175)	(101,754)
Interest income		(233,471)	(230,542)
Foreign exchange loss		226,068	73,579
Finance costs		527,653	537,875
Depreciation		22,018	89,679
Amortization		113,182	85,600
Provision for expected credit losses on financial assets		108,818	125,884
Reversal of provision for expected credit losses on loans and advances		(18,369)	(54,123)
Provision for employees' end of service benefits		396,017	183,136
		1,235,149	1,089,828
<i>Changes in operating assets and liabilities:</i>			
Loans and advances		1,474,050	81,797
Financial assets at fair value through profit or loss		(4,536,883)	(2,405,330)
Other assets		217,844	1,953,798
Other liabilities		1,053,357	52,195
Cash (used in) from operations		(556,483)	772,288
Dividend received		36,175	101,754
Employees' end of service benefits paid		(47,395)	(247,846)
Tax paid		(98,847)	-
Net cash flows (used in) from operating activities		(666,550)	626,196
INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income		(186,015)	(317,038)
Proceeds from sale of financial assets at fair value through other comprehensive income		5,708	11,780
Net withdrawal (purchase) of deposits		1,946,297	(2,978,500)
Purchase of property and equipment		(47,178)	(24,657)
Purchase of intangible assets		(73,878)	-
Capital expenditure on investment properties		(13,062)	-
Proceeds from disposal of subsidiaries		89,181	-
Dividend received from investment in associates		31,223	29,059
Interest income received		235,802	285,940
Net cash flows from (used in) investing activities		1,988,078	(2,993,416)

The attached notes 1 to 13 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 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	2022	2021
	KD	KD
FINANCING ACTIVITIES		
Loans availed	-	1,000,000
Loans repaid	-	(1,908,258)
Dividend paid to the equity holders of the Company	(2,387)	(5,550)
Finance costs paid	(527,653)	(537,909)
Distribution to non-controlling interest	(4,214)	(126,430)
Net cash flows used in financing activities	(534,254)	(1,578,147)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	787,274	(3,945,367)
Foreign currency translation adjustments	(157,724)	(113,772)
Cash and cash equivalents at 1 January	29,371,013	26,307,717
CASH AND CASH EQUIVALENTS AT 31 MARCH	30,000,563	22,248,578
	3	

The attached notes 1 to 13 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 31 March 2022

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 three months ended 31 March 2022 were authorized for issue by the Board of Directors on 11 May 2022.

The Company is a Kuwaiti closed shareholding company registered and incorporated in Kuwait on 16 September 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 is a subsidiary of United Gulf Bank B.S.C. (the “Parent Company”) which is listed on the Bahrain Stock Exchange. The Parent Company is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the “Ultimate Parent Company” or “KIPCO”) which is listed on the Boursa Kuwait.

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 different financial, industrial, real estate, agricultural, and services sectors as directly or indirectly by contribution in outstanding companies or establishment of specialized companies in the mentioned activities, or ownership of projects that fulfill that for the interest of the Company.
2. Manager of investment portfolio.
3. Brokerage in Lending and Borrowing Operations.
4. Subscription agent.
5. 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.
6. Dealing and trading in foreign currency market and precious metals market inside Kuwait and abroad for the interest of the Company or its clients.
7. Purchase and sale of securities of local and international companies and governmental authorities for the interest of the Company or its clients.
8. Manager of investment pooling.
9. Ownership of properties and movables necessary for achieving its goals for the interest of the Company or its clients.
10. Unregistered Broker of financial securities in the stock exchange market.
11. Investment consultant.
12. Custodian.
13. Market maker.
14. Financing export and import operations by direct financing or accepting transfers drawn on the Company for short terms.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the three-month period ended 31 March 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting* except, as noted below:

The consolidated financial statements for the year ended 31 December 2021 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 (i.e. loans and advances) 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 by CBK 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 2021.

Further, results for the three-month period ended 31 March 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

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.

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 consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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 31 March 2022

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

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 recognizes 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 consolidated financial information of the Group 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.

3 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash at banks and on hand	23,848,296	25,715,268	17,789,395
Deposits with banks	9,995,278	9,445,053	13,098,799
	33,843,574	35,160,321	30,888,194
Less: deposits with banks with original maturity of more than three months	(3,843,011)	(5,789,308)	(8,639,616)
Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows	30,000,563	29,371,013	22,248,578

Cash and cash equivalents as at 31 March 2021 comprises partial consideration to acquire interest in certain special purpose vehicles amounting to KD 355,320 (USD: 1,175 thousand) held with a third party on behalf of the Group.

4 OTHER ASSETS

	<i>31 March</i>	<i>(Audited)</i> <i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Due from portfolio clients	1,671,538	2,047,256	1,501,710
Accrued income	2,307,533	2,388,756	2,076,737
Other receivables and deposits	14,479,549	13,735,524	14,555,674
	18,458,620	18,171,536	18,134,121
Less: provision for expected credit losses	(4,524,617)	(4,453,648)	(4,339,178)
	13,934,003	13,717,888	13,794,943

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 31 March 2022

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit 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 per share is calculated 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>31 March</i>	
	<i>2022</i>	<i>2021</i>
<i>Basic and diluted earnings per share:</i>		
Profit for the period attributable to equity holders of the Company (KD)	3,603,768	1,548,599
Weighted average number of outstanding shares	342,332,633	342,332,633
Basic and diluted earnings per share	10.53 fils	4.52 fils

6 FEE INCOME

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Management fees on assets under management	2,665,212	2,419,291
Incentive fees on assets under management	269,348	1,400
Placement fees/structuring fee/redemption fees – managed funds and other fees	1,231,872	456,948
Investment banking fees	65,000	83,028
Brokerage fees	540,145	361,180
Advisory fees	47,048	39,480
	4,818,625	3,361,327
Timing of revenue recognition		
Services transferred at a point in time	2,106,365	902,556
Services transferred over time	2,712,260	2,458,771
	4,818,625	3,361,327

7 NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Realized gain	469,011	127,414
Unrealized gain	1,839,360	859,870
	2,308,371	987,284

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 31 March 2022

8 INVESTMENT IN SUBSIDIARIES

During the period the Company fully disposed its stake in Al Zad Real Estate Company W.L.L., First North Africa Real Estate Company W.L.L. and Al Dhiyafa United Real Estate Company W.L.L. to a third party.

9 ANNUAL GENERAL ASSEMBLY

The Annual General Assembly of equity holders held on 6 April 2022 approved the consolidated financial statements of the Group for the year ended 31 December 2021 and resolved to distribute dividends of 10 fils per share (31 December 2020: Nil).

10 CONTINGENT LIABILITIES

The total outstanding contingent liabilities and commitments are as follows:

	31 March 2022 KD	<i>(Audited)</i> 31 December 2021 KD	31 March 2021 KD
Commitments			
Commitments to invest in private equity funds	250,718	340,313	-
Contingent liability			
Irrevocable and unconditional bank guarantee	669,952	666,865	645,319

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. During the prior period, the Company in its capacity as an investment manager had given a guarantee to a foreign bank for future investment obligations in connection with a real estate transaction. The additional investment, which is highly unlikely in the event of the guarantee being exercised, is estimated to be Nil (31 December 2021: Nil and 31 March 2021: KD 2,000,000) owing to the Company's successful exit from the real estate transaction.

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 31 March 2022

11 RELATED PARTY TRANSACTIONS

Related parties represent the Parent Company / Ultimate Parent Company, associates, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Balances and transactions with related parties are as follows:

	<i>Parent Company / Ultimate Parent Company KD</i>	<i>Associates KD</i>	<i>Other related parties KD</i>	<i>31 March 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>31 March 2021 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Cash and cash equivalents	3,762,996	-	801,343	4,564,339	4,327,673	4,418,259
Financial assets at fair value through profit or loss	-	-	855,025	855,025	874,160	597,542
Financial assets at fair value through other comprehensive income	-	-	1,798,127	1,798,127	1,705,203	2,964,847
Other assets	258,985	2,118,735	282,432	2,660,152	2,790,561	3,088,406
Other liabilities	-	-	48,105	48,105	7,738	3,538
				<i>Three months ended 31 March</i>		
				<i>2022</i>	<i>2021</i>	
				<i>KD</i>	<i>KD</i>	
<i>Interim condensed consolidated statement of income:</i>						
Fee income	122,823	169,026	270,754	562,603	775,029	
Dividend income	-	-	2,171	2,171	7,550	
Interest income	957	-	66	1,023	36,090	
Other income	-	-	9,250	9,250	2,884	
General and administrative expenses	-	-	201,962	201,962	164,914	
				<i>Three months ended 31 March</i>		
				<i>2022</i>	<i>2021</i>	
				<i>KD</i>	<i>KD</i>	
<i>Key management personnel compensation:</i>						
Short-term employee benefits				244,649	210,298	
Termination benefits				31,154	27,805	
				275,803	238,103	

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12 SEGMENT INFORMATION

The Group is organized 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, privatization, 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 information regarding the Group's operating segments.

	<i>Three months ended 31 March 2022</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	67,719	8,143,349	646,784	316,242	9,174,094
(Loss) profit for the period	(116,708)	7,109,400	158,393	(3,566,684)	3,584,401
Total assets	174,198	52,981,699	16,759,317	65,391,016	135,306,230
Total liabilities	-	15,408,185	953,270	50,652,081	67,013,536
	<i>Three months ended 31 March 2021</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	83,028	3,769,687	460,842	856,232	5,169,789
(Loss) profit for the period	(110,639)	2,644,196	122,867	(1,115,928)	1,540,496
Total assets	154,945	42,668,095	17,450,824	60,051,385	120,325,249
Total liabilities	-	17,054,990	1,317,034	45,610,160	63,982,184

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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13 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 (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

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.

Financial instruments

The following table shows an analysis of financial instruments recorded at fair value:

31 March 2022	<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>
Financial assets at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equities	5,652,499	-	-	5,652,499
Unquoted equities	-	-	654,688	654,688
Quoted debt securities	3,748,792	-	-	3,748,792
Unquoted debt securities	-	-	250,000	250,000
Managed funds	1,665,315	14,567,423	7,007,714	23,240,452
	<u>11,066,606</u>	<u>14,567,423</u>	<u>7,912,402</u>	<u>33,546,431</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Quoted equities	339,006	-	-	339,006
Unquoted equities	-	-	7,503,983	7,503,983
Managed funds	-	-	12,561	12,561
	<u>339,006</u>	<u>-</u>	<u>7,516,544</u>	<u>7,855,550</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Financial instruments

31 March 2021	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equities	4,941,755	-	-	4,941,755
Unquoted equities	-	-	49,972	49,972
Quoted debt securities	3,819,550	-	-	3,819,550
Managed funds	1,290,497	11,179,535	3,049,015	15,519,047
	<u>10,051,802</u>	<u>11,179,535</u>	<u>3,098,987</u>	<u>24,330,324</u>
<i>Financial assets at fair value through other comprehensive income:</i>				
Quoted equities	175,944	-	-	175,944
Unquoted equities	-	-	8,972,487	8,972,487
Managed funds	-	-	10,000	10,000
	<u>175,944</u>	<u>-</u>	<u>8,982,487</u>	<u>9,158,431</u>

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

	As at 1 January 2022 KD	Realized and unrealized gain (loss) recorded in the consolidated statement of income KD	Purchase, sales and others (net) KD	Realized and unrealized gain (loss) recorded in other comprehensive income KD	As at 31 March 2022 KD
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equities	47,132	(250)	607,806	-	654,688
Unquoted debt securities	250,000	-	-	-	250,000
Managed funds	6,844,515	4,861	158,338	-	7,007,714
	<u>7,141,647</u>	<u>4,611</u>	<u>766,144</u>	<u>-</u>	<u>7,912,402</u>
<i>Financial assets at fair value through other comprehensive income :</i>					
Unquoted equities	7,305,543	-	113,794	84,646	7,503,983
Managed funds	12,561	-	-	-	12,561
	<u>7,318,104</u>	<u>-</u>	<u>113,794</u>	<u>84,646</u>	<u>7,516,544</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%.