

**KUWAIT INVESTMENT COMPANY  
K.S.C.P. AND ITS SUBSIDIARIES**

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

**30 JUNE 2020**



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

### **Report on the Interim Condensed Consolidated Financial Information**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Investment Company K.S.C.P. ("the Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2020, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the 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, it 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 the basis of preparation 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 account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2020 that might have had a material effect on the business of the Parent Company or on its financial position.



**INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT INVESTMENT COMPANY K.S.C.P. (continued)**

**Report on Other Legal and Regulatory Requirements (continued)**

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. 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 six-month period ended 30 June 2020 that might have had material effect on the business of the Parent Company or on its financial position.

A handwritten signature in blue ink, appearing to read 'Bader A. Al-Abduljader', is written over a horizontal dotted line.

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

11 August 2020  
Kuwait

Kuwait Investment Company K.S.C.P. and its Subsidiaries

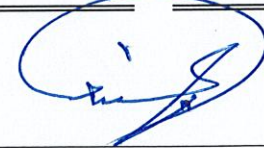
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		30 June 2020 KD	(Audited) 31 December 2019 KD	30 June 2019 KD
<b>ASSETS</b>				
Cash and cash equivalents	4	30,849,488	23,307,555	17,227,203
Term deposits		15,906,747	16,844,938	13,349,178
Accounts receivable and other assets		17,401,165	16,640,801	16,412,733
Wakala receivables		-	-	2,230,086
Loans and advances		3,237,473	2,850,185	2,851,125
Investment securities	5	113,196,833	130,616,438	128,906,867
Investment in associates		11,961,114	15,317,842	15,660,360
Investment properties		25,104,961	24,965,377	37,373,576
Intangible assets		11,042,602	11,042,602	11,042,602
Property and equipment		24,936,469	27,924,303	29,544,709
Right-of-use assets		7,875,745	8,926,744	9,977,744
		<u>261,512,597</u>	<u>278,436,785</u>	<u>284,576,183</u>
Assets held for sale	3	-	14,199,392	-
<b>TOTAL ASSETS</b>		<u>261,512,597</u>	<u>292,636,177</u>	<u>284,576,183</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits from banks and customers		88,221,478	82,637,872	83,653,767
Islamic finance payables		8,136,824	9,337,149	8,794,694
Accounts payable and other liabilities		23,126,009	17,550,450	14,537,513
Term loans		3,806,825	3,735,076	12,063,856
Lease liabilities		9,196,003	10,751,984	10,612,247
		<u>132,487,139</u>	<u>124,012,531</u>	<u>129,662,077</u>
Liabilities directly associated with the assets held for	3	-	8,149,258	-
<b>Total liabilities</b>		<u>132,487,139</u>	<u>132,161,789</u>	<u>129,662,077</u>
<b>Equity</b>				
Share capital		55,125,000	55,125,000	55,125,000
Treasury shares	6	(734,629)	(734,629)	(734,629)
Statutory reserve		31,805,102	31,805,102	29,960,206
Voluntary reserve		21,839,216	21,839,216	19,994,320
Asset revaluation surplus of an associate		2,260,091	2,260,091	4,742,731
Fair value reserve		(12,977,363)	(6,886,532)	(8,388,057)
Foreign currency translation reserve		2,263,546	1,231,280	1,691,073
(Accumulated losses) / Retained earnings		(4,419,611)	21,072,696	17,838,110
<b>Equity attributable to equity holders of the Parent Company</b>		<u>95,161,352</u>	<u>125,712,224</u>	<u>120,228,754</u>
Non-controlling interests		33,864,106	34,762,164	34,685,352
<b>Total equity</b>		<u>129,025,458</u>	<u>160,474,388</u>	<u>154,914,106</u>
<b>Total liabilities and equity</b>		<u>261,512,597</u>	<u>292,636,177</u>	<u>284,576,183</u>



Dr. Yousef M. Al Ali  
Chairman



Bader N. AlSubaiee  
Chief Executive Officer

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

Kuwait Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 KD	2019 KD	2020 KD	2019 KD
Net fee and commission income		1,658,953	1,971,166	3,634,947	3,815,619
Rental income		1,598,391	2,175,924	2,755,775	4,736,340
Net investment income (loss) on financial assets	7	10,075,533	3,293,565	(11,607,705)	11,176,201
Gain on derecognition of a subsidiary	3	-	-	109,443	-
Share of results of associates		33,346	101,015	8,933	153,096
Gain on sale of investment property		-	469,000	-	548,359
Net foreign exchange differences		56,477	183,000	(1,272,480)	(31,658)
(Charge for) / Release of allowance for credit losses		(95,314)	44,494	(126,133)	66,041
Other income		30,665	311,797	92,790	349,031
<b>Net operating income (loss)</b>		<b>13,358,051</b>	<b>8,549,961</b>	<b>(6,404,430)</b>	<b>20,813,029</b>
General and administrative expenses		(2,168,435)	(3,555,679)	(5,135,435)	(6,704,127)
Impairment losses	8	(403,487)	-	(4,510,653)	-
<b>Total operating expenses</b>		<b>(2,571,922)</b>	<b>(3,555,679)</b>	<b>(9,646,088)</b>	<b>(6,704,127)</b>
<b>Operating profit (loss)</b>		<b>10,786,129</b>	<b>4,994,282</b>	<b>(16,050,518)</b>	<b>14,108,902</b>
Finance costs		(786,918)	(814,446)	(1,415,359)	(1,521,555)
Finance income		219,196	282,795	530,486	530,181
<b>Profit (loss) before tax</b>		<b>10,218,407</b>	<b>4,462,631</b>	<b>(16,935,391)</b>	<b>13,117,528</b>
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		-	(30,437)	-	(95,327)
National Labour Support Tax (NLST)		-	(92,839)	-	(289,729)
Zakat		-	(28,139)	-	(100,514)
<b>Profit (loss) for the period</b>		<b>10,218,407</b>	<b>4,311,216</b>	<b>(16,935,391)</b>	<b>12,631,958</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		9,865,251	3,487,262	(17,223,341)	11,042,826
Non-controlling interests		353,156	823,954	287,950	1,589,132
		<b>10,218,407</b>	<b>4,311,216</b>	<b>(16,935,391)</b>	<b>12,631,958</b>
<b>Earnings (loss) per share attributable to equity holders of the Parent Company (basic and diluted)</b>	9	<b>18.00 Fils</b>	<b>6.36 Fils</b>	<b>(31.43) Fils</b>	<b>20.15 Fils</b>

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

Kuwait Investment Company K.S.C.P and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2020

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2020 KD</i>	<i>2019 KD</i>	<i>2020 KD</i>	<i>2019 KD</i>
<b>Profit (loss) for the period</b>	<b>10,218,407</b>	<b>4,311,216</b>	<b>(16,935,391)</b>	<b>12,631,958</b>
<b>Other comprehensive (loss) income</b>				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(13,593)	(238,129)	1,032,266	(164,954)
Share of associates other comprehensive (loss) income	(12,374)	(1,687)	(8,688)	35,465
<b>Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods</b>	<b>(25,967)</b>	<b>(239,816)</b>	<b>1,023,578</b>	<b>(129,489)</b>
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:</i>				
Changes in the fair value of equity instruments at fair value through other comprehensive income	(396,789)	345,631	(6,356,793)	(1,897,152)
<b>Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods</b>	<b>(396,789)</b>	<b>345,631</b>	<b>(6,356,793)</b>	<b>(1,897,152)</b>
<b>Other comprehensive (loss) income</b>	<b>(422,756)</b>	<b>105,815</b>	<b>(5,333,215)</b>	<b>(2,026,641)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>9,795,651</b>	<b>4,417,031</b>	<b>(22,268,606)</b>	<b>10,605,317</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	9,567,823	3,671,420	(22,378,260)	9,000,956
Non-controlling interests	227,828	745,611	109,654	1,604,361
	<b>9,795,651</b>	<b>4,417,031</b>	<b>(22,268,606)</b>	<b>10,605,317</b>

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

Kuwait Investment Company K.S.C.P and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2020

	Attributable to equity holders of the Parent Company										
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Assets revaluation surplus KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings/ (Accumulated losses) KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2020	55,125,000	(734,629)	31,805,102	21,839,216	2,260,091	(6,886,532)	1,231,280	21,072,696	125,712,224	34,762,164	160,474,388
(Loss) profit for the period	-	-	-	-	-	-	-	(17,223,341)	(17,223,341)	287,950	(16,935,391)
Other comprehensive loss for the period	-	-	-	-	-	(6,187,185)	1,032,266	-	(5,154,919)	(178,296)	(5,333,215)
Total comprehensive (loss) income for the period	-	-	-	-	-	(6,187,185)	1,032,266	(17,223,341)	(22,378,260)	109,654	(22,268,606)
Movement in non-controlling interests	-	-	-	-	-	96,354	-	(49,140)	47,214	(47,214)	-
Dividends paid to equity holders of the Parent Company (Note 15)	-	-	-	-	-	-	-	(8,219,826)	(8,219,826)	-	(8,219,826)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(960,498)	(960,498)
At 30 June 2020	55,125,000	(734,629)	31,805,102	21,839,216	2,260,091	(12,977,363)	2,263,546	(4,419,611)	95,161,352	33,864,106	129,025,458

	Attributable to equity holders of the Parent Company										
	Share capital KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Assets revaluation surplus KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2019	55,125,000	(734,629)	29,960,206	19,994,320	4,742,731	(6,511,141)	1,856,027	12,275,168	116,707,682	34,126,015	150,833,697
Profit for the period	-	-	-	-	-	-	-	11,042,826	11,042,826	1,589,132	12,631,958
Other comprehensive (loss) income for the period	-	-	-	-	-	(1,876,916)	(164,954)	-	(2,041,870)	15,229	(2,026,641)
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,876,916)	(164,954)	11,042,826	9,000,956	1,604,361	10,605,317
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(161,078)	(161,078)
Dividends to equity holders of the Parent Company (Note 15)	-	-	-	-	-	-	-	(5,479,884)	(5,479,884)	-	(5,479,884)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(883,946)	(883,946)
At 30 June 2019	55,125,000	(734,629)	29,960,206	19,994,320	4,742,731	(8,388,057)	1,691,073	17,838,110	120,228,754	34,685,352	154,914,106

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

# Kuwait Investment Company K.S.C.P and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 KD	2019 KD
<b>OPERATING ACTIVITIES</b>			
(Loss) profit for the period		(16,935,391)	12,631,958
<i>Adjustments to reconcile profit to net cash flows:</i>			
Depreciation of property and equipment and right-of-use assets		3,690,200	4,178,116
Release of allowance for credit losses		3,401	(66,041)
Dividend income	7	(1,290,917)	(3,021,830)
Finance income		(530,486)	(530,181)
Change in fair value of financial assets at fair value through profit or loss (net)	7	12,969,195	(7,095,998)
Gain on sale of financial assets at fair value through profit or loss	7	(70,573)	(1,058,373)
Gain on derecognition of a subsidiary	3	(109,443)	-
Gain on sale of investment property		-	(548,359)
Share of results of associates		(8,933)	(153,096)
Impairment losses		4,510,653	-
Net foreign exchange differences		1,272,480	31,658
Finance costs		1,415,359	1,521,555
		<b>4,915,545</b>	<b>5,889,409</b>
<i>Changes in operating assets and liabilities:</i>			
Term deposits		938,191	1,678,972
Financial assets at fair value through profit or loss		(1,378,619)	1,513,456
Accounts receivable and other assets		(807,248)	(352,860)
Loans and advances		(390,689)	24,146
Accruals and other liabilities		(999,862)	(484,835)
<b>Net cash flows from operating activities</b>		<b>2,277,318</b>	<b>8,268,288</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary, net of cash acquired	3	-	(5,596,060)
Proceeds from derecognition of a subsidiary	3	3,803,766	-
Maturity of debt instruments at amortised cost		3,000,195	-
Additions to property and equipment		(1,242,798)	(4,059,343)
Purchase of investment properties		-	(1,392,457)
Proceeds from disposal of investment properties		-	3,028,433
Proceeds from disposal of property and equipment		441,120	-
Purchase of financial assets at FVOCI		-	(163,690)
Dividend income received		1,499,347	3,021,830
Finance income received		577,371	584,124
<b>Net cash flows from (used in) investing activities</b>		<b>8,079,001</b>	<b>(4,577,163)</b>
<b>FINANCING ACTIVITIES</b>			
Net movement in banks and customers' deposits		3,915,511	10,339,454
Finance costs paid		(1,293,764)	(1,553,612)
Payment of lease liabilities		(1,200,325)	(1,677,839)
Net movement in Islamic finance payables		(1,735,180)	(478,134)
Dividends paid to equity holders of the Parent Company		(1,586,802)	(5,380,468)
Dividends paid to non-controlling interests		(960,498)	(883,946)
Net movement in non-controlling interests		-	(161,078)
Movement in restricted bank balances		(6,636,057)	-
<b>Net cash flows (used in) from financing activities</b>		<b>(9,497,115)</b>	<b>204,377</b>
Effect of foreign currency translation adjustments		46,672	(807)
<b>Net increase in cash and cash equivalents</b>		<b>905,876</b>	<b>3,894,695</b>
Cash and cash equivalents at 1 January		23,307,555	13,332,508
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	4	<b>24,213,431</b>	<b>17,227,203</b>
<b>Non-cash items excluded from the interim condensed consolidated statement of cash flows:</b>			
Transitional adjustment to lease liabilities on adoption of IFRS 16		-	12,140,782
Transitional adjustment to property and equipment on adoption of IFRS 16		-	(12,140,782)

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.



# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 1. CORPORATE INFORMATION

The interim condensed consolidated financial information of Kuwait Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020 was authorised for issue in accordance with a resolution of the Board of Directors on 11 August 2020.

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait (CBK) and Capital Markets Authority ("CMA") as an investment and finance company.

The registered office of the Parent Company is located at Souk Al Manakh Building, 5<sup>th</sup> Floor, Mubarak Al Kabeer Street, Sharq, Kuwait.

Kuwait Investment Authority ("KIA") is the ultimate parent of the Group. The Parent Company is principally engaged in investment and financial services. The principal activities of the Group are described in Note 13.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 3 March 2020 approved the consolidated financial statements for the year ended 31 December 2019.

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

#### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with IAS 34 *Interim Financial Reporting*, except as noted below.

The interim condensed consolidated financial information for the six months ended 30 June 2020 is prepared in accordance with the regulations issued by the Central Bank of Kuwait ("CBK") for financial services institutions 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 ECL on loans and advances computed under IFRS 9 in accordance with the CBK guidelines amounted to KD 19,091,152 as at 30 June 2020 (31 December 2019: KD 18,993,412), which is lower than the provision required by CBK instructions.

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

#### 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 followed in the preparation of the Group's 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.

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

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group is not affected by these amendments on the date of transition.

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

**2.2.1. New standards, interpretations and amendments adopted by the Group (continued)**

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

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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 to the definition of material does not have a significant impact on the Group's interim condensed consolidated financial information.

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

**Impact of COVID-19**

The World Health Organization declared on 11 March 2020, the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity.

The Group's operates in economies that are relatively dependent on the crude oil prices. At the reporting date, oil prices have witnessed unprecedented volatility and decline. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption, due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on the financial results of the Group, in light of the available guidance of IFRS, and incorporated the outcome in these interim condensed consolidated financial information and explained the changes below related to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 30 June 2020:

**Critical judgements and estimates**

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. In preparing these interim condensed consolidated financial information, significant judgement is exercised by management in applying the Group's accounting policies. 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) Expected credit loss on financial assets measured at amortized cost*

The Group has updated the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 June 2020. Revised ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. These are reviewed and monitored for appropriateness on a quarterly basis. Further information on the Group's policy on expected credit losses is disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2019.

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

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

#### 2.2.1. New standards, interpretations and amendments adopted by the Group (continued)

##### Impact of COVID-19 (continued)

##### (ii) 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 the annual consolidated financial statements as at and for the year ended 31 December 2019.

##### (iii) Investment properties, property and equipment, investment in associates and intangible assets ("non-financial assets")

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group's non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Group acknowledges that certain geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these non-financial assets as and when they occur.

##### (iv) Lease modification

The Group, as a lessor, has assessed that the changes in the lease payments that result from clauses in the original contract or in applicable law or regulation are part of the original terms and conditions of the lease, even if the effect of those clauses (arising from an event such as COVID-19 pandemic) was not previously contemplated. In such a case, there is no lease modification for the purpose of IFRS 16.

### 3. BUSINESS COMBINATIONS

#### Information on prior year acquisition (Cubeb S.A.R.L.)

On 28 June 2019, the Parent Company, through a wholly owned special purpose entity Hydon S.A.R.L., acquired 100% equity interest in Cubeb S.A.R.L., a private company holding ownership in a commercial property domiciled in Dusseldorf, Federal Republic of Germany. The acquisition has been accounted for using the acquisition method.

The consideration paid and the provisional values of the assets acquired and liabilities assumed, are equivalent to their carrying values at the acquisition date, and are summarised as follows:

	<i>Carrying values on acquisition KD</i>
<b>ASSETS</b>	
Other assets	44,585
Investment property	14,131,946
<b>Total assets</b>	<b>14,176,531</b>
<b>LIABILITIES</b>	
Term loans	8,272,358
<b>Total liabilities</b>	<b>8,272,358</b>
Equity	5,904,173
<b>Total identifiable net assets acquired</b>	<b>5,904,173</b>
<b>Purchase consideration</b>	<b>5,904,173</b>
<b>Provisional goodwill on acquisition</b>	<b>-</b>
<i>Analysis of cash flows on acquisition:</i>	
Cash paid	5,812,177

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 3. BUSINESS COMBINATIONS (continued)

#### Information on prior year acquisition (Cubeb S.A.R.L.) (continued)

Term loans of KD 8,272,358 were availed from a bank in the Federal Republic of Germany that's repayable over a period of 5 years with an interest rate of 1.17% per annum.

During the previous year, the management announced its intentions to exit its investment in Hydon S.A.R.L. ("structured entity") and sell its equity interest to various third party investors in the form of units that entitle the investors to the net assets of the structured entity. Accordingly, the structured entity was classified as a disposal group held for sale as at 31 December 2019.

During the period ended 30 June 2020, the Parent Company sold 52.59% of its equity interest in Hydon S.A.R.L. for a total consideration of KD 3,803,766, resulting in a gain of KD 109,443 recognised in profit or loss. The retained interest in the former subsidiary is accounted for as a financial asset carried at fair value through profit or loss in accordance with IFRS 9.

The total gain on the step disposal of the subsidiary is calculated as follows:

	<b>KD</b>
Proceeds from the sale	3,803,766
Net assets of the subsidiary derecognised	(5,870,377)
Fair value of asset reclassified to investment at fair value through profit or loss	2,277,687
Reclassification of cumulative amount of exchange differences (recognised in OCI)	(101,633)
	<u>109,443</u>
Gain on step disposal of the subsidiary attributable to the Parent Company	<u>109,443</u>

### 4. CASH AND CASH EQUIVALENTS

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

	<b>30 June 2020 KD</b>	<i>(Audited)</i> <b>31 December 2019 KD</b>	<b>30 June 2019 KD</b>
Cash at banks, in portfolios and on hand	17,275,116	14,395,651	11,154,471
Placements maturing within three months	13,574,372	8,911,904	6,072,732
<b>Total cash and short-term deposits</b>	<u>30,849,488</u>	<u>23,307,555</u>	<u>17,227,203</u>
Less: restricted bank balances	(6,636,057)	-	-
<b>Total cash and cash equivalents</b>	<u>24,213,431</u>	<u>23,307,555</u>	<u>17,227,203</u>

Short-term deposits are made for varying periods between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at an average effective interest rate of 0.723% (31 December 2019: 2.4 % and 30 June 2019: 2.72%) per annum.

Kuwait Investment Company K.S.C.P and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

5. INVESTMENT SECURITIES

	<i>30 June</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 June</i> <i>2019</i> <i>KD</i>
Debts instruments at amortised cost	-	3,000,195	3,001,185
Equity instruments designated at FVOCI	12,980,837	18,157,930	21,009,852
Financial assets at FVTPL	100,215,996	109,458,313	104,895,830
	<u>113,196,833</u>	<u>130,616,438</u>	<u>128,906,867</u>

Debt instruments at amortised cost represent unquoted bonds denominated in US Dollars ("USD"), with an effective interest rate of 6% (31 December 2019: 6 % and 30 June 2019: 6%) per annum. Debt instruments matured during the period ended 30 June 2020.

6. TREASURY SHARES

	<i>30 June</i> <i>2020</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i>	<i>30 June</i> <i>2019</i>
Number of shares	3,261,581	3,261,581	3,261,581
Percentage of issued shares	0.5917%	0.5917%	0.5917%
Cost ("KD")	734,629	734,629	734,629
Market value ("KD")	329,420	489,237	394,651

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

7. NET INVESTMENT INCOME (LOSS) ON FINANCIAL ASSETS

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</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>
Dividend income	916,868	2,805,763	1,290,917	3,021,830
Change in fair value of financial assets at fair value through profit or loss	9,101,989	(192,907)	(12,969,195)	7,095,998
Gain on sale of financial assets at fair value through profit or loss	56,676	680,709	70,573	1,058,373
	<u>10,075,533</u>	<u>3,293,565</u>	<u>(11,607,705)</u>	<u>11,176,201</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

**8. IMPAIRMENT LOSSES**

Reviews for indicators of impairment and any resulting tests for impairment of non-financial assets (i.e intangible assets and investment in associates) are performed at the interim reporting date in the same manner as at the annual reporting date. With the recent developments of the Covid-19 outbreak, there are both external and internal sources of information, such as overall decline in activities, as well as ongoing economic uncertainty, which have led to decreased demand for the products or services indicating that certain non-financial assets may be impaired. Accordingly, the Group concluded that the respective CGUs should be tested for impairment.

***Impairment assessment of intangible assets***

Management considered, amongst other factors, the negative outlook due to the impact of the coronavirus pandemic in the determination of the recoverable amount of the cash generating units (CGUs).

The recoverable amount has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period based on the historical pattern of trade volumes, revenue growth and market share. The discount rate applied to cash flow projections is 9.64% (31 December 2019: 10.3%) and cash flows beyond the five-year period are extrapolated using a 3% growth rate (31 December 2019: 3%), which does not exceed the long term average growth rate of the State of Kuwait.

As a result of the analysis, management did not identify an impairment for this CGU for the interim reporting period ended [31 March 2020/ 30 June 2020].

***Investment in associates***

Reviews for indicators of impairment and any resulting tests for impairment of the associates are performed at the interim reporting date in the same manner as at the annual reporting date. With the recent developments of the Covid-19 outbreak, there are both external and internal sources of information, such as overall decline in the activities of certain associates, as well as ongoing economic uncertainty, which have led to decreased demand for the associates' products or services indicating that the associates may be impaired. Accordingly, the Group concluded that the respective CGUs should be tested for impairment.

Management considered, amongst other factors, the negative outlook due to the impact of the coronavirus pandemic in the determination of the recoverable amount of the cash generating units (CGUs).

As a result of the analysis, the recoverable amount of the respective CGUs subject to impairment testing based on value in use as at 30 June 2020 was estimated to be lower than the carrying value of the associates as of that date, accordingly, management has identified impairment loss on its investment in an associates of KD 3,360,341 during the period ended 30 June 2020 largely as a result of the negative economic outlook related to the consequences of the coronavirus pandemic.

***Sensitivity to changes in assumptions***

With regard to the assessment of value-in-use, there are no significant changes to the key assumptions disclosed in the annual consolidated financial statements for the year ended 31 December 2019. Any adverse change in a key assumptions could result in an impairment loss or further impairment loss.

***Impairment assessment of property and equipment***

As at 30 June 2020, due to a geopolitical crisis and economic crisis in the country in which property and equipment of one of the subsidiary is located, the management performed an independent assessment on the recoverable amount of its property and equipment; and accordingly the management recognized an impairment loss of KD 1,150,312 during the six months period ended 30 June 2020 (30 June 2019: Nil).

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 9. EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the (loss) profit attributable to ordinary equity holders of the Parent Company 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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<u>9,865,251</u>	<u>3,487,262</u>	<u>(17,223,341)</u>	<u>11,042,826</u>
Weighted average number of shares outstanding (shares)	<u>547,988,419</u>	<u>547,988,419</u>	<u>547,988,419</u>	<u>547,988,419</u>
<b>Basic and diluted EPS (fils)</b>	<u><b>18.00</b></u>	<u><b>6.36</b></u>	<u><b>(31.43)</b></u>	<u><b>20.15</b></u>

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

### 10. FIDUCIARY ASSETS

The Group manages investment portfolios on behalf of KIA, government agencies and other financial institutions. The total carrying value of these portfolios as at 30 June 2020 amounted to KD 1.956 billion (31 December 2019: KD 2.134 billion and 30 June 2019: KD 2.064 billion) which are not reflected in the interim condensed consolidated financial information.

The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

Income earned from the above fiduciary assets amounted to KD 3,090,245 for the six-month period ended 30 June 2020 (for the year ended 31 December 2019: KD 7,091,471 and for the six-month period ended 30 June 2019: KD 3,311,280).

### 11. RELATED PARTY DISCLOSURES

Related parties represent the i.e. major shareholders, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and are subject to the approval of the shareholders at the annual general assembly meeting (AGM).

The following table provides the total amount of transactions that have been entered into with related parties during the six months 30 June 2020 and 2019, as well as balances with related parties as at 30 June 2020, 31 December 2019 and 30 June 2019.

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2020</i>	<i>31 December</i>	<i>2019</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Statement of financial position:</b>			
Deposits from customers	<b>42,530,408</b>	43,255,524	44,905,762
Accounts payable and other liabilities	<b>131,478</b>	127,621	185,449

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11. RELATED PARTY DISCLOSURES (continued)

Transactions carried out with related parties during the period were as follows:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</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>Interim condensed consolidated statement of profit or loss:</b>				
Management fees and commission income	764,134	906,664	1,648,466	1,716,664
Finance costs	(204,368)	(275,611)	(426,391)	(571,651)

**Key management personnel**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions related to key management personnel were, as follows:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</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>
<i>Key management personnel compensation</i>				
Salaries and other short-term benefits	(175,970)	(165,126)	(308,076)	(308,469)
Post-employment benefits	(20,668)	(8,948)	(40,819)	(28,578)
	<u>(196,638)</u>	<u>(174,074)</u>	<u>(348,895)</u>	<u>(337,047)</u>

The Board of Directors in their meeting held on 9 February 2020 proposed directors' remuneration of KD 145,000 for the year ended 31 December 2019. This proposal was approved by the shareholders at the AGM held on 3 March 2020.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2020, 31 December 2019 and 30 June 2019:

	<i>30 June</i> <i>2020</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>KD</i>	<i>30 June</i> <i>2019</i> <i>KD</i>
<b>Debt instruments at amortised cost:</b>			
Accounts receivable and other assets	17,401,165	16,640,801	16,412,733
Wakala receivables	-	-	2,230,086
Loans and advances	3,237,473	2,850,185	2,851,125
Bonds	-	3,000,195	3,001,185
	<u>20,638,638</u>	<u>22,491,181</u>	<u>24,495,129</u>
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	13,340,297	15,167,277	13,966,113
Unquoted equity securities	25,220,629	27,804,659	23,948,123
Unquoted funds	61,655,070	66,486,377	66,981,594
Unquoted bonds	-	-	-
	<u>100,215,996</u>	<u>109,458,313</u>	<u>104,895,830</u>
<b>Financial assets at FVOCI:</b>			
Quoted equity securities	941,613	1,117,610	1,098,581
Unquoted equity securities	12,039,224	17,040,320	19,911,271
	<u>12,980,837</u>	<u>18,157,930</u>	<u>21,009,852</u>
<b>Total</b>	<u>133,835,471</u>	<u>150,107,424</u>	<u>150,400,811</u>



# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Set out below is an overview of financial liabilities, held by the Group as at 30 June 2020, 31 December 2019 and 30 June 2019:

	30 June 2020 KD	(Audited) 31 December 2019 KD	30 June 2019 KD
<b>Financial liabilities at amortised cost:</b>			
Deposits from banks and customers	88,221,478	82,637,872	83,653,767
Islamic finance payables	8,136,824	9,337,149	8,794,694
Accounts payable and other liabilities	23,126,009	17,550,450	14,537,513
Term loans	3,806,825	3,735,076	12,063,856
<b>Total</b>	<b>123,291,136</b>	<b>113,260,547</b>	<b>119,049,830</b>

#### Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments as at 30 June 2020, 31 December 2019 and 30 June 2019:

		Fair value measurement using		
		Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>As at 30 June 2020</i>				
<b>Financial assets at FVTPL:</b>	<b>Total KD</b>			
Quoted equity securities	13,340,297	13,340,297	-	-
Unquoted equity securities	25,220,629	-	-	25,220,629
Unquoted funds	61,655,070	-	61,655,070	-
	<b>100,215,996</b>	<b>13,340,297</b>	<b>61,655,070</b>	<b>25,220,629</b>
<b>Financial assets at FVOCI:</b>				
Quoted equity securities	941,613	941,613	-	-
Unquoted equity securities	12,039,224	-	-	12,039,224
	<b>12,980,837</b>	<b>941,613</b>	-	<b>12,039,224</b>
<i>31 December 2019</i>				
<b>Financial assets at FVTPL:</b>				
Quoted equity securities	15,167,277	15,167,277	-	-
Unquoted equity securities	27,804,659	-	-	27,804,659
Unquoted funds	66,486,377	-	66,486,377	-
	<b>109,458,313</b>	<b>15,167,277</b>	<b>66,486,377</b>	<b>27,804,659</b>
<b>Financial assets at FVOCI</b>				
Quoted equity securities	1,117,610	1,117,610	-	-
Unquoted equity securities	17,040,320	-	-	17,040,320
	<b>18,157,930</b>	<b>1,117,610</b>	-	<b>17,040,320</b>

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

<i>As at 30 June 2019</i>	<i>Total KD</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>
Financial assets at FVTPL:				
Quoted equity securities	13,966,113	13,966,113	-	-
Unquoted equity securities	23,948,123	-	-	23,948,123
Unquoted funds	66,981,594	-	66,981,594	-
	<u>104,895,830</u>	<u>13,966,113</u>	<u>66,981,594</u>	<u>23,948,123</u>
Financial assets at FVOCI:				
Quoted equity securities	1,098,581	1,098,581	-	-
Unquoted equity securities	19,911,271	-	-	19,911,271
	<u>21,009,852</u>	<u>1,098,581</u>	<u>-</u>	<u>19,911,271</u>

The management assessed that the fair values of cash and cash equivalents, term deposits, accounts receivable and other assets, wakala receivables, loans and advances, deposits from banks and customers, Islamic finance payables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

<i>30 June 2020</i>	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
As at 1 January 2020	17,040,320	27,804,659	44,844,979
Remeasurement recognised in OCI	(5,001,096)	-	(5,001,096)
Remeasurement recognised in profit or loss	-	(2,922,830)	(2,922,830)
Purchases / sales (net)	-	338,800	338,800
As at 30 June 2020	<u>12,039,224</u>	<u>25,220,629</u>	<u>37,259,853</u>
<i>31 December 2019</i>			
As at 1 January 2019	22,062,462	23,312,622	45,375,084
Remeasurement recognised in OCI	(5,201,611)	-	(5,201,611)
Remeasurement recognised in profit or loss	-	2,591,347	2,591,347
Purchases / sales (net)	179,469	1,900,690	2,080,159
As at 31 December 2019	<u>17,040,320</u>	<u>27,804,659</u>	<u>44,844,979</u>

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As at and for the period ended 30 June 2020

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>30 June 2019</i>			
As at 1 January 2019	22,062,462	23,160,969	45,223,431
Remeasurement recognised in OCI	(2,314,881)	-	(2,314,881)
Remeasurement recognised in profit or loss	-	371,002	371,002
Purchases / sales (net)	163,690	416,152	579,842
As at 30 June 2019	<u>19,911,271</u>	<u>23,948,123</u>	<u>43,859,394</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period/ year.

**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 Group 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.

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

Set out below are the significant unobservable inputs to valuation of the non-listed equity investments as at 30 June 2020:

<b>Significant unobservable valuation inputs</b>	<b>Range</b>	<b>Sensitivity of the input to fair value</b>
Discount for lack of marketability (DLOM)	10% - 50%	10% increase (decrease) in the discount would decrease (increase) the fair value by KD 947,063.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 13. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- ▶ **Asset Management:** Consists of quoted securities trading and management of funds and portfolios
- ▶ **Direct Investments and Corporate Finance (DICF):** Consists of managing subsidiaries, associates, long term strategic investments , lending , real estate and rental activities
- ▶ **Treasury:** Consists of foreign exchange contracts and money market activities
- ▶ **Other operations:** Management and support activities

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

<i>Six months ended 30 June 2020</i>	<i>Asset management KD</i>	<i>DICF KD</i>	<i>Treasury KD</i>	<i>Other operations KD</i>	<i>Total KD</i>
Segment revenue	(3,833,910)	(6,182,575)	1,185,688	2,947,920	(5,882,877)
Segment Expenses	(1,265,638)	(5,356,277)	(1,039,267)	289,935	(7,371,247)
Segment results	(5,099,548)	(11,538,852)	146,421	3,237,855	(13,254,124)
Depreciation and amortisation	(93)	(28,934)	(5)	(3,661,168)	(3,690,200)
Share of results of associates	-	8,933	-	-	8,933
Segment (loss) profit	(5,099,641)	(11,558,853)	146,416	(423,313)	(16,935,391)
Total assets	79,388,190	110,199,725	4,924,841	66,999,841	261,512,597
Total liabilities	81,193	-	97,313,844	35,092,102	132,487,139
Other disclosures					
Investment in associates	-	11,961,114	-	-	11,961,114
Capital expenditure	-	-	3,828	1,238,970	1,242,798
<i>Six months ended 30 June 2019</i>					
Segment revenue	11,701,399	4,697,541	1,754,318	3,036,856	21,190,114
Segment Expenses	(1,998,847)	(3,299,616)	(1,255,478)	2,020,805	(4,533,136)
Segment results	9,702,552	1,397,925	498,840	5,057,661	16,656,978
Depreciation and amortisation	(73)	(26,545)	-	(4,151,498)	(4,178,116)
Share of results of associates	-	153,096	-	-	153,096
Segment profit	9,702,479	1,524,476	498,840	906,163	12,631,958
Total assets	81,877,337	132,616,766	3,023,694	67,058,386	284,576,183
Total liabilities	132,463	-	86,368,678	43,160,936	129,662,077
Other disclosures					
Investment in associates	-	15,660,360	-	-	15,660,360
Capital expenditure	-	(4,059,343)	-	-	(4,059,343)

# Kuwait Investment Company K.S.C.P and its Subsidiaries

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

As at and for the period ended 30 June 2020

### 13. SEGMENT INFORMATION (continued)

The geographical analysis of the Group analyses the Group's income and assets by the Company's country of domicile and other countries. In presenting the geographical information, segment income has been based on the geographical location from which income is derived and segment assets were based on the geographic location of assets.

<i>30 June 2020</i>	<i>Revenue KD</i>	<i>Assets KD</i>	<i>Capital expenditures KD</i>
Kuwait	(6,206,716)	176,282,305	1,242,798
Other GCC countries	(1,177,257)	46,343,219	-
Other Middle East and North Africa (MENA)	(198,262)	2,211,133	-
Europe	723,570	22,953,911	-
Americas	605,715	8,098,917	-
Asia	379,006	5,623,112	-
	<u>(5,873,944)</u>	<u>261,512,597</u>	<u>1,242,798</u>

<i>31 December 2019</i>	<i>Revenue KD</i>	<i>Assets KD</i>	<i>Capital expenditure KD</i>
Kuwait	31,917,395	187,749,829	4,059,343
Other GCC countries	1,150,518	47,854,273	-
Other Middle East and North Africa (MENA)	530,485	2,662,570	-
Europe	5,165,545	40,656,544	-
Americas	963,011	8,271,585	-
Asia	292,514	5,441,376	-
	<u>40,019,468</u>	<u>292,636,177</u>	<u>4,059,343</u>

<i>30 June 2019</i>	<i>Revenue KD</i>	<i>Assets KD</i>	<i>Capital expenditures KD</i>
Kuwait	17,328,421	182,799,514	5,451,800
Other GCC countries	469,154	48,774,630	-
Other Middle East and North Africa (MENA)	50,438	2,435,559	-
Europe	2,446,359	38,827,090	-
Americas	813,558	6,435,988	-
Asia	235,280	5,303,402	-
	<u>21,343,210</u>	<u>284,576,183</u>	<u>5,451,800</u>

### 14. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 June 2020 KD</i>	<i>(Audited) 31 December 2019 KD</i>	<i>30 June 2019 KD</i>
Letters of Guarantee	<u>2,293,122</u>	<u>2,293,122</u>	<u>2,293,122</u>
Investment commitments	<u>75,246</u>	<u>74,262</u>	<u>74,287</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2020

**15. DISTRIBUTIONS MADE AND PROPOSED**

- ▶ The Parent Company's Board of Directors in their meeting held on 9 February 2020 proposed cash dividends of 15 fils per share (aggregating to KD 8,219,826) for the year ended 31 December 2019. This proposal has been approved by the shareholders at the AGM on 3 March 2020.
- ▶ The Parent Company's Board of Directors in their meeting held on 17 February 2019 proposed cash dividends of 10 fils per share (aggregating to KD 5,479,884) for the year ended 31 December 2018. This proposal has been approved by the shareholders at the AGM on 25 March 2019.