KAMCO Investment Company
(A Closed Saudi Joint Stock Company)

FINANCIAL STATEMENTS

31 DECEMBER 2021

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KAMCO INVESTMENT COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of KAMCO Investment Company (A Closed Saudi Joint Stock Company) (the "Company"), which comprise of financial position as at 31 December 2021 and the related statements of profit or loss and other comprehensive income, cash flows and changes in shareholders' equity for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KAMCO INVESTMENT COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KAMCO INVESTMENT COMPANY
(A CLOSED SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 25 Sha'ban1443H
(28 March 2022)

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CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	**31 December 2021 SR**	31 December 2020 SR
ASSETS			
NON-CURRENT ASSET			
Furniture and equipment		**146,299**	78,216
TOTAL NON-CURRENT ASSET		**146,299**	78,216
CURRENT ASSETS			
Prepayments and other receivables	10	**463,408**	581,784
Amount due from a related party	14	**802,719**	676,584
Financial assets held at FVTPL	9	**36,833,523**	13,960,982
Bank balances		**28,578,529**	49,201,859
TOTAL CURRENT ASSETS		**66,678,179**	64,421,209
TOTAL ASSETS		**66,824,478**	64,499,425
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	**50,000,000**	50,000,000
Statutory reserve		**2,201,970**	1,832,424
Retained earnings		**4,670,115**	1,344,198
TOTAL SHAREHOLDERS' EQUITY		**56,872,085**	53,176,622
NON-CURRENT LIABILITY			
Employees' end-of-service benefits	12	**1,717,241**	1,382,829
TOTAL NON-CURRENT LIABILITY		**1,717,241**	1,382,829
CURRENT LIABILITIES			
Zakat payable	8	**6,058,102**	9,005,450
Accrued expenses and other payables	13	**1,852,295**	911,336
Amounts due to related parties	14	**324,755**	23,188
TOTAL CURRENT LIABILITIES		**8,235,152**	9,939,974
TOTAL LIABILITIES		**9,952,393**	11,322,803
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**66,824,478**	64,499,425

The attached notes 1 to 21 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	***2021*** ***SR***	*2020* *SR*
INCOME			
Asset management fees	6	**7,368,657**	5,586,424
Net gain from financial assets at FVTPL	9	**4,764,834**	2,233,600
Dividend income		**243,000**	302,565
Interest income on time deposit		**13,750**	-
Subscription fee		**1,532**	283,859
Arranging fees		**-**	375,400
TOTAL INCOME		**12,391,773**	8,781,848
EXPENSES			
Employees' salaries and related benefits		**(6,072,458)**	(5,270,028)
General and administrative expenses	7	**(2,759,354)**	(2,499,061)
PROFIT FROM OPERATIONS		**3,559,961**	1,012,759
Finance cost		**-**	(4,452)
PROFIT BEFORE ZAKAT		**3,559,961**	1,008,307
Zakat	8	**135,502**	(1,637,666)
NET PROFIT (LOSS) FOR THE YEAR		**3,695,463**	(629,359)
TOTAL COMPREHENSIVE INCOME (LOSS)		**3,695,463**	(629,359)

The attached notes 1 to 21 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR*
OPERATING ACTIVITIES			
Profit before zakat		**3,559,961**	1,008,307
Adjustments to reconcile profit before zakat to net cash flows:			
Net gain on financial assets at FVTPL	9	**(4,764,834)**	(2,233,600)
Provision for employees' end-of-service benefits	12	**336,914**	299,425
Depreciation of furniture and equipment		**45,084**	40,432
Depreciation of right-of-use assets		**-**	440,838
Finance cost		**-**	4,452
Operating cash flows before working capital changes		**(822,875)**	(440,146)
Working capital changes:			
Decrease in prepayments and other receivables		**118,376**	293,297
Increase (decrease) in accrued expenses and other payables		**940,959**	(509,605)
Increase in amounts due to/from related parties, net		**175,432**	2,298,397
Net cash from operations		**411,892**	1,641,943
Zakat paid	8	**(2,811,845)**	(517,702)
Employees' end-of-service benefits paid		**(2,500)**	-
Net cash (used in) from operating activities		**(2,402,453)**	1,124,241
INVESTING ACTIVITIES			
Purchase of financial assets at FVTPL	9	**(19,346,752)**	-
Proceeds on redemption of financial asset at FVTPL		**1,239,045**	40,356,105
Purchase of furniture and equipment		**(113,170)**	(8,854)
Net cash (used in) from investing activities		**(18,220,877)**	40,347,251
FINANCING ACTIVITIES			
Dividends paid		**-**	(10,000,000)
Payment of lease liabilities		**-**	(454,018)
Net cash used in financing activities		**-**	(10,454,018)
NET (DECREASE) INCREASE IN BANK BALANCES		**(20,623,330)**	31,017,474
Bank balances at beginning of the year		**49,201,859**	18,184,385
BANK BALANCES AT END OF THE YEAR		**28,578,529**	49,201,859

The attached notes 1 to 21 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2021

	Share capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Total SR*
Balance at 31 December 2019	50,000,000	1,832,424	11,973,557	63,805,981
Net loss for the year	-	-	(629,359)	(629,359)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(629,359)	(629,359)
Dividend paid	-	-	(10,000,000)	(10,000,000)
Balance at 31 December 2020	50,000,000	1,832,424	1,344,198	53,176,622
Net income for the year	-	-	3,695,463	3,695,463
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	3,695,463	3,695,463
Statutory reserve		369,546	(369,546)	-
Balance at 31 December 2021	**50,000,000**	**2,201,970**	**4,670,115**	**56,872,085**

The attached notes 1 to 21 form part of these financial statements.

1. ACTIVITIES

KAMCO Investment Company (the "Company") is a Closed Saudi Joint Stock Company registered with the Capital Market Authority ("CMA") under license number 07067-37 dated 2 Jumad Thani 1428H (corresponding to 17 June 2007). The Company operates in the Kingdom of Saudi Arabia under commercial registration number 1010245276 dated 23 Safar 1429H (corresponding to 2 March 2008). The registered address of the Company is Mazaya Tower, King Saud Street, P.O Box 66930, Riyadh 11586, Kingdom of Saudi Arabia.

The objectives of the Company are to act as principal and agent and provide underwriting, managing, advisory, arranging and custodial services.

The Company is a subsidiary of KAMCO Investment Company K.S.C.P ("KAMCO KSCP" or the "Parent Company") (see note 11), incorporated under the laws of the State of Kuwait. The Parent Company is regulated by the Capital Market Authority of Kuwait as an investment company and Central Bank of Kuwait for financing activities. The Ultimate Parent Company is Kuwait Projects Company Holding K.S.C.P., which is listed on the Kuwait Stock Exchange.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Accounting Board ("IASB") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to "IFRS as endorsed in KSA").

The financial statements have been prepared on a historical cost basis except for investments held at fair value through profit or loss ("FVTPL") which are measured at fair value. These financial statements are presented in Saudi Riyals ("SR"), which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Revenue recognition

The Company is engaged to act as principal, agent and to provide brokerage, underwriting, management, advisory and custodial services. The Company accounts for services separately on the basis of agreements entered into with clients i.e., if these services and their performance obligations are separately identifiable and a transaction price can be separately allocated and distinct from each other.

The following is a description of principal activities from which the Company generates its revenue.

Management fees

Fees charged for managing mutual funds and private portfolios are recognised as revenue ratably as the services are provided. Subscription fees from funds are recognised upon subscription. Performance fees are recognised at the year-end, if the results meet the annual pre-set target.

Arranging income

Income from arranging services are recognised when the arranging services are provided.

Dividends

Dividends are recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Expenses

Expenses except financial charges and operating costs incurred are classified as general and administration expenses. Material expenses such as employee's costs, depreciation and rent are reported separately.

Special commission income

For all financial assets measured at amortised cost special commission income is recorded using the effective interest rate ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Zakat

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved. Differences if any resulting from final assessment are adjusted in the year of finalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and equipment

Furniture and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all related costs directly attributable to the acquisition or construction of the asset.

Each part of an item of furniture and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Furniture and equipment are depreciated using the straight- line method over the useful lives of the related assets

Major improvements, which add to productive capacity or extend the life of an asset, are capitalized, while repairs and maintenance are expensed as incurred. Where a furniture and equipment comprise, major components having different useful lives, these components are accounted for as separate items. The depreciation expense is recognized in the statement of profit or loss in the expense category consistent with the function of the furniture and equipment.

Gains or losses arising from de-recognition of furniture and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

The residual values and useful lives of furniture and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to furniture and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of furniture and equipment is as follows:

Furniture and fixtures	4 years
Computer hardware	3 to 4 years
Office equipment and lease hold improvements	3 to 6 years

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL. Financial assets held by the Company, classified under 'Amortised Cost' are receivables, bank balances and amounts due from a related party.

<u>Financial asset held at amortised cost</u>

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI'); on the principal amount outstanding.

<u>Financial assets held at FVOCI</u>

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Special commission and foreign exchange gains or losses are recognised in statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

a. Financial assets

Equity instruments

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets held at FVTPL

All other financial assets are classified as measured at FVTPL. This may include equity held for trading and debt securities not classified either as Amortized Cost or FVOCI.

In addition, on initial recognition, the Company may also irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. As part of the convergence, the Company has classified all its investments in funds under FVTPL category.

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The ECL is based on a 12-month ECL and lifetime ECL. The 12-month ECL is the portion of lifetime the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

b. Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances, cash on hand, and short-term deposits that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased which are subject to an insignificant risk of changes in value.

Short term time deposits are convertible into known amounts of cash and have an original maturity of more than ninety days when purchased.

Employee benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees. Employee benefits include short-term employee benefits, post-employment benefits and other long-term employee benefits.

Short term employee benefits

When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid as an expense. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as a short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Post-employment obligation

The Company operates a post-employment benefit scheme driven by the labour laws of the Kingdom of Saudi Arabia.

The post-employment benefits scheme is not funded. Valuation of the obligation under such a scheme is carried out by an independent actuary based on the projected unit credit method.

The costs relating to such a scheme primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the statement of profit or loss and other comprehensive income as "employee costs" while unwinding of the liability at discount rates used are recorded as a finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to the statement of profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognized as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

Statutory reserve

In accordance with the Company's by-laws, the Company must set aside 10% of its net profit in each year until it has built up a reserve equal to 30% of its share capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rate of exchange prevailing at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in profit or loss or other comprehensive income are also recognized in the statement of profit or loss or other comprehensive income, respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IFRS 3: Reference to the Conceptual Framework
In May 2020, the IASB issued Amendments to IFRS 3. The amendments are intended to replace a reference to the "Framework for the Preparation and Presentation of Financial Statements" issued in 1989, with a reference to the "Conceptual Framework for Financial Reporting" issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 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 IFRS Interpretations Committee ("IFRIC") 21 – "Levies", if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the "Framework for the Preparation and Presentation of Financial Statements". The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendments to IAS 16 – "Property, Plant and Equipment": Proceeds before Intended Use
In May 2020, the IASB issued the amendment which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

4. SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Defined benefit scheme (Employees' end-of-service benefits)
The cost of the defined benefit scheme and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available local mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and benefits' increases are based on expected future inflation rates for the respective countries.

Significant judgment in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Other disclosures relating to the Company's exposure to risks and uncertainties include:
- Capital management (note 5)
- Financial risk management (note 16)

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. Management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company is subject to significant externally imposed capital requirements as set out by CMA.

No changes were made in the objectives, policies or processes for managing capital during the current and prior period. For the purpose of the Company's capital management, capital includes share capital, retained earnings and statutory reserve as at 31 December 2021 aggregating to SR 56,872,085 (31 December 2020: SR 53,176,622).

6. ASSET MANAGEMENT FEES

	2021	*2020*
	SR	*SR*
Management fees	**6,314,100**	4,795,301
Administrative fees	**1,054,557**	791,123
	7,368,657	5,586,424

On 9 January 2020, the KAMCO Saudi Equity Fund was divided into class A and B. For class A, management fees are computed at 1.75% and for class B at 0.75%. until 9 January 2020, management fees were computed on an overall fund value at 1.75%.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	*2020*
	SR	*SR*
Government and professional fees	**696,043**	616,843
Rent expenses	**606,364**	56,830
Board remuneration	**385,000**	365,016
Recruitment charges	**179,983**	139,727
IT support and testing	**135,513**	116,779
Internet charges	**134,763**	-
Subscription expenses	**117,612**	129,843
Utilities	**107,872**	133,997
Business travel expenses	**94,706**	52,667
Advertisement expenses	**70,608**	87,306
Training expenses	**43,877**	-
Printing and office supplies	**54,865**	-
Communication	**43,590**	-
Depreciation of furniture and equipment	**45,085**	40,432
Depreciation of right-of-use	**-**	440,838
Commission	**-**	137,890
Bad debts	**-**	77,061
Others	**43,473**	103,832
	2,759,354	2,499,061

8. ZAKAT

Charge for the year
The zakat charge consists of the current year provision amounting to SR 135,502 (2020: SR 1,637,666).

The provision is based on the following zakat base:

	2021	*2020*
	SR	*SR*
Equity	**53,176,622**	53,805,981
Provision and other adjustments	**5,849,622**	10,394,064
Book value of long-term assets	**(146,299)**	(78,213)
	58,879,945	64,121,832
Adjusted profit for the year	**3,894,373**	1,384,792
	62,774,318	65,506,624

Movements in provision during the year ended 31 December:

	2021	*2020*
	SR	*SR*
At beginning of the year	**9,005,450**	7,885,486
Charge during the year	**1,614,497**	1,637,666
Paid during the year	**(2,811,845)**	(517,702)
Reversal during the year	**(1,750,000)**	-
At end of the year	**6,058,102**	9,005,450

Status of assessments
Zakat returns have been filed with the ZATCA for all the years from 2008 through to 2020.

During 2020, the Company received a zakat assessment in respect of the year ended 31 December 2018. The ZATCA raised additional claims of SR 1.19 million and the Company has agreed and settled the related zakat liability.

During 2021, the Company received a zakat assessment in respect of the year ended 31 December 2019 and 2015. The ZATCA raised additional claims of SR 1.34 million for 2019 and SR 1.45 million for 2015, and the Company made an appeal against it.

During the year ended 31 December 2021, the Company assessed zakat provision requirements based on open for the years from 2015 to 2020 and reversed the provision of SR 1.75 million for which assessments has been raised by ZATCA and no additional liability is expected.

9. FINANCIAL ASSETS HELD AT FVTPL

Investments as at the reporting date comprise of investments in mutual funds managed by the Company and in shares traded on the Saudi stock exchange (quoted).

	31 December 2021 SR	*31 December 2020 SR*
Investments held at fair value through profit or loss		
KAMCO Saudi Equity Fund	**17,957,647**	13,960,982
Alinma Liquidity Fund	**3,027,108**	-
Falcom SAR Murabaha Fund	**10,133,768**	-
Deraya REIT	**5,715,000**	-
	36,833,523	13,960,982

The following is the movement in financial assets at FVTPL during the year:

	2021 SR	*2020 SR*
Cost:		
At the beginning of the year	**11,728,189**	50,910,972
Additions during the year	**19,346,752**	-
Disposals during the year	**(1,013,670)**	(39,182,783)
At the end of the year	**30,061,271**	11,728,189
Movement of unrealized gain:		
At the beginning of the year	**2,232,793**	1,172,515
Changes in fair value during the year	**4,539,459**	1,060,278
At the end of the period	**6,772,252**	2,232,793
Net investments at the end of the year	**36,833,523**	13,960,982

The following is the details of income recognized from financial assets at FVTPL during the year ended:

	2021 SR	*2020 SR*
Unrealized gain from fair value changes	**4,539,459**	1,060,278
Realized gain on disposal	**225,375**	1,173,322
	4,764,834	2,233,600

10. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021 SR	*31 December 2020 SR*
Prepaid expenses	**404,192**	346,757
VAT receivable	**30,503**	86,959
Security deposits	**28,683**	28,683
Advances to suppliers	-	68,359
Other receivables	**30**	51,026
	463,408	581,784

11. SHARE CAPITAL

At 31 December 2021, the Capital is divided into 5,000,000 shares of SR 10 each (31 December 2020: 5,000,000 shares of SR 10 each).

The shareholding as at 31 December 2021 and 31 December 2020 as follows:

Shareholder	*Shareholding %*	*Number of shares*	*Amount SR*
KAMCO Investment Company K.S.C.P.	100.00	5,000,000	**50,000,000**

12. EMPLOYEES' END-OF-SERVICE BENEFITS

The following tables summarise the components of the end of service benefits recognised in the statement of profit or loss and statement of financial position:

a) Movement in the present value of defined benefit obligation during the year ended 31 December:

	2021 SR	*2020 SR*
Present value of defined benefit obligation at beginning of the year	**1,382,829**	1,083,404
Charge recognised in statement of profit or loss	**334,412**	299,425
Present value of defined benefit obligation at end of the year	**1,717,241**	1,382,829

b) Benefit expense (recognised in statement of profit or loss) during the year ended 31 December:

	2021 SR	*2020 SR*
Benefit expense	**334,412**	299,425

12. EMPLOYEES' END-OF-SERVICE BENEFITS (continued)

c) *Principal actuarial assumptions:*

	2021 **%**	*2020* %
Discount rate	**2.65**	2.52
Salary increase rate	**3.00**	3.00

The Company's demographic assumption i.e., withdrawal rate was moderate as at 31 December 2021 and 2020.

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below:

	31 December 2021 SR	*31 December 2020 SR*
Discount rate		
1% increase	**104,196**	91,899
1% decrease	**(115,628)**	(102,057)
Salary increase rate		
1% increase	**(123,448)**	(108,695)
1% decrease	**113,155**	99,497

13. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2021 SR	*31 December 2020 SR*
Accrued rent - Head Office	**596,364**	-
Accrued employee costs	**589,506**	421,963
Value added tax	**308,577**	248,169
Accrued professional fees	**302,504**	239,000
Accounts payable	**55,344**	2,204
	1,852,295	911,336

14. RELATED PARTIES TRANSACTION AND BALANCES

Related parties	*Nature of transactions*	***2021 SR***	*2020 SR*
Shareholder			
KAMCO KSCP	Expenses paid on behalf of the Company	**302,962**	-
Affiliates			
Funds under management	Amounts received from assets under management	**1,395**	4,605
	Assets management fees	**7,332,054**	5,518,214
Board of directors	Board fees to independent board members	**385,000**	365,016
Key managerial personnel	Short term	**545,499**	518,340
	Long term	**49,878**	93,437

14. RELATED PARTIES TRANSACTION AND BALANCES (continued)

Balances with related parties included in the statement of financial position are as follows:

	Relationship	***31 December 2021 SR***	*31 December 2020 SR*
Amount due from a related party (accrued income)			
Fund under management	Affiliate	**802,719**	676,584
Amount due to related parties			
KAMCO KSCP	Shareholder	**302,962**	**-**
Fund under management	Affiliate	**21,793**	23,188
		324,755	23,188

Terms and conditions of transactions with related parties

The transactions with related parties are made at terms equivalent to those that prevail in the Company's normal commercial transactions. Outstanding balances at the reporting date are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. Impairment recorded against amounts owed by related parties are disclosed in these financial statements. This assessment is undertaken each period by examining the financial position of the related party and the market in which the related party operates.

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value			
31 December 2021	*Carrying value (SR)*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets measured at fair value					
Investments held as FVTPL	36,833,523	-	36,833,523	-	36,833,523
Total	**36,833,523**	**-**	**36,833,523**	**-**	**36,833,523**
31 December 2020					
Financial assets measured at fair value					
Investments held as FVTPL	13,960,982	-	13,960,982	-	13,960,982
Total	13,960,982	-	13,960,982	-	13,960,982

16. FINANCIAL RISK MANAGEMENT

The Company's financial operations are exposed to following risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss and arises principally from cash equivalents, credit exposures to customers including outstanding amounts due from related parties. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

	31 December 2021 SR	*31 December 2020 SR*
Bank balances	**28,578,529**	49,201,859
Investments at FVTPL	**36,833,523**	13,960,982
Amount due from a related party	**802,719**	676,584
Other receivables	**30**	235,027
	66,214,801	64,074,452

Credit concentration

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. No significant concentrations of credit risk were identified by the management as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Accordingly, the Company ensures that sufficient funding from related parties and bank facilities are available at all times. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2021	*Less than one year SR*	*More than one year SR*	***Total SR***
Accrued expenses and other payables	1,852,295	-	**1,852,295**
Amounts due to related parties	324,755	-	**324,755**
	2,177,050		**2,177,050**
31 December 2020			
Accrued expenses and other payables	911,336	-	911,336
Amounts due to related parties	23,188	-	23,188
	934,524	-	934,524

16. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Company's income or cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyals are on a fixed parity with the US Dollar, the management believes that the Company does not have any significant exposure to currency risk.

17. FIDUCIARY ACCOUNTS

The Company holds the following balances in a fiduciary capacity. These are not treated as assets of the Company and accordingly are not included in these financial statements.

	31 December 2021 SR	*31 December 2020 SR*
Assets under management	**885,109,620**	682,277,382

The Company's seed money investment in KAMCO Saudi Equity Fund is included in the above net asset values. Fees from Assets under management has been disclosed in note 6.

18. CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The capital base, minimum capital requirement and capital adequacy ratio of the Company as per CMA's Prudential Rules are as follows:

	31 December 2021 SR	*31 December 2020 SR*
Capital Base:		
Tier 1 Capital	**56,872,085**	53,176,622
Tier 2 Capital	**-**	-
Total Capital Base	**56,872,085**	53,176,622
Minimum Capital Requirement:		
Market Risk	**7**	7
Credit Risk	**11,947,017**	5,391,489
Operational Risk	**2,174,077**	2,352,803
Total Minimum Capital Required (see note (d) below)	**14,121,101**	7,744,299
Capital Adequacy Ratio:		
Total Capital Ratio (times)	**4.03**	6.87
Tier 1 Capital Ratio (times)	**4.03**	6.87
Surplus in the capital (see note (d) below)	**42,750,984**	45,432,323

18. CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO (continued)

a) The capital base consists of Tier 1 capital (which includes share capital and audited retained earnings) and Tier 2 capital (which include investment revaluation reserve). The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules.

b) The Company manages its capital base in light of Pillar I and Pillar II of the Prudential Rules - the capital base should not be less than the minimum capital requirement.

c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

d) The minimum capital required as per Article 6 (g) of the Capital Market Institutions regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in respect of the licensed activities of the Company is SR 50 million.

e) The Company discloses on annual basis certain information as per Pillar III of the Prudential Rules for public on the Company's website (https://www.kamcoinvest.com.sa). However these are not subject to review or audit by the external auditors of the Company.

19. IMPACT OF COVID-19 ON OPERATIONS AND FINANCIAL STATEMENTS

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities and business continuity, the Management has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

As of the date of preparation of the financial statements for the year ended 31 December 2021, the management has not identified any significant impact on Company's operations and financial results from the COVID-19 outbreak. Management will continue to assess the nature and extent of the impact on its business and financial results.

20. EVENTS AFTER REPORTING PERIOD

No events have occurred subsequent to the reporting date and before the issuance of these financial statements, which require adjustments to or disclosure in these financial statements.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 24 Sha'ban1443H (corresponding to 27 March 2022).