SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
WITH
INDEPENDENT AUDITORS' REPORT

SECURITIES GROUP COMPANY K.S.C. (CLOSED)
AND ITS SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020
WITH
INDEPENDENT AUDITORS' REPORT

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مكتب الصالحية
AL-SALHEYA
محاسبون قانونيون
Certified Public Accountant
Beneid Al-Gar - Derwaza Tower - 10th floor
Tel: 0020 2246 – 4282 2246
Fax: 0032 2246
P.O. Box 240, Al Dasma - 35151, Kuwait
www.alikouhari.com

PrimeGlobal
An Association of
Independent Accounting Firms

RSM

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

INDEPENDENT AUDITORS' REPORT

The Shareholders
Securities Group Company K.S.C. (Closed) and its subsidiaries
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Securities Group Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

RSM Albazie & Co. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended March 31, 2020 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware, of any material violations, during the financial year ended March 31, 2020, of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of the Banking Business, and its related regulations. Also, in our opinion, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Capital Markets Authority and the Organization of Security Activity, and its subsequent amendments and its Executive Regulations during the financial year ended March 31, 2020, that might have had a material effect on the business of the Parent Company or on its financial position.

Ali Mohammed Kouhari
Licence No.156-A
Member of PrimeGlobal

Nayef M. Al-Bazie
Licence No. 91-A
RSM Albazie & Co.

State of Kuwait
June 28, 2020

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
(All amounts are in Kuwaiti Dinars)

ASSETS	Note	**2020**	2019
Cash on hand and at banks		**13,236,786**	13,327,703
Financial assets at fair value through profit or loss ("FVTPL")	3	**3,516,953**	3,987,802
Accounts receivable and other debit balances	4	**973,734**	583,641
Financial assets at fair value thought other comprehensive income ("FVOCI")	5	**34,495,750**	29,358,630
Investment in associates	6	**12,075,830**	26,498,156
Investment in unconsolidated subsidiaries	7	**1,852,126**	1,041,126
Debt instruments at amortized cost	8	**19,784,975**	-
Investment properties	9	**22,179,273**	28,184,954
Total assets		**108,115,427**	102,982,012
LIABILITIES AND EQUITY			
Liabilities:			
Loans	11	**36,768,033**	28,281,509
Loans from related party	12	**13,314,900**	14,402,416
Accounts payable and other credit balances	13	**5,433,436**	4,265,396
Total liabilities		**55,516,369**	46,949,321
Equity:			
Capital	14	**21,600,000**	24,000,000
Share premium		**3,046,592**	3,046,592
Treasury shares reserve		**3,052**	3,052
Statutory reserve	15	**12,769,186**	12,769,186
Voluntary reserve	16	**4,405,892**	4,405,892
Other reserves		**335,759**	343,800
Foreign currency translation adjustments		**1,148,124**	923,401
Fair value reserve		**3,421,330**	6,586,148
Retained earnings		**5,804,503**	3,890,746
Equity attributable to the shareholders of Parent Company		**52,534,438**	55,968,817
Non-controlling interests		**64,620**	63,874
Total equity		**52,599,058**	56,032,691
Total liabilities and equity		**108,115,427**	102,982,012
Fiduciary assets	22	**2,767,906,807**	2,058,205,665

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

Khaled S. Al – Ali
Chairman

Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED MARCH 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	**2020**	2019
Continuing operations:			
Revenues:			
Net investment income	17	**838,876**	2,266,202
Fees and commission income	18	**2,378,633**	2,207,939
Interest income		**388,195**	17,227
Rental income		**887,892**	1,033,898
Group's share of results from associates	6	**(337,658)**	(498,853)
Gain (loss) on sale of investment properties	9	**265,315**	(909)
Impairment losses on investment properties	9	**-**	(16,125)
Gain on sale of unconsolidated subsidiaries		**2,646**	1,292
Other income		**-**	22,962
Foreign exchange gain (loss)		**56,346**	(231,525)
		4,480,245	4,802,108
Expenses and other charges:			
General and administrative expenses	19	**(1,651,658)**	(1,651,170)
Finance charges	24	**(937,980)**	(1,048,315)
Net allowance for ECL	4 , 8	**(73,695)**	(78,370)
Provision for loans granted to others		**-**	(56,527)
		(2,663,333)	(2,834,382)
Profit for the year from continuing operations		**1,816,912**	1,967,726
Discontinued operations:			
Profit for the year from discontinued operations	10	**111,732**	1,039,982
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat		**1,928,644**	3,007,708
Contribution to KFAS		**(14,904)**	(17,102)
Zakat		**(4,073)**	(6,449)
Profit for the year		**1,909,667**	2,984,157
Attributable to:			
Shareholders of the Parent Company		**1,908,921**	2,984,153
Non-controlling interests		**746**	4
Profit for the year		**1,909,667**	2,984,157
Basic and diluted earnings per share:		**Fils**	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	21	**8.60**	12.31
Basic and diluted earnings per share from continuing operations:			
Basic and diluted earnings per share attributable to shareholders of the Parent Company	21	**8.10**	8.02
Basic and diluted earnings per share from discontinued operations:			
Basic and diluted earnings per share attributable to shareholders of the Parent Company	21	**0.50**	4.29

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	**2020**	2019
Profit for the year		**1,909,667**	2,984,157
Net other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates	6	**728**	261
Exchange differences on translating foreign operations		**223,995**	340,448
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of financial assets at FVOCI		**(3,161,985)**	4,939,128
Reversal to retained earnings due to sale of financial assets at FVOCI		**(2,833)**	1,453
Net other comprehensive (loss) income for the year		**(2,940,095)**	5,281,290
Total comprehensive (loss) income for the year		**(1,030,428)**	8,265,447
Attributable to:			
Shareholders of the Parent Company		**(1,031,174)**	8,265,443
Non-controlling interests		**746**	4
Total comprehensive (loss) income for the year		**(1,030,428)**	8,265,447

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company												
	Capital	Treasury shares	Share premium	Treasury share reserve	Statutory reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2018	25,528,372	(300,655)	3,046,592	-	12,769,186	4,405,892	316,233	582,692	1,645,567	773,611	48,767,490	63,870	48,831,360
Capital reduction (Note 14)	(1,528,372)	18,001	-	-	-	-	-	-	-	(1,870)	(1,512,241)	-	(1,512,241)
Sale of treasury shares	-	282,654	-	3,052	-	-	-	-	-	-	285,706	-	285,706
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	-	134,852	134,852	-	134,852
Effect of ownership change in an associate (Note 6)	-	-	-	-	-	-	27,567	-	-	-	27,567	-	27,567
Total comprehensive income for the year	-	-	-	-	-	-	-	340,709	4,940,581	2,984,153	8,265,443	4	8,265,447
Balance as at March 31, 2019	24,000,000	-	3,046,592	3,052	12,769,186	4,405,892	343,800	923,401	6,586,148	3,890,746	55,968,817	63,874	56,032,691
Capital reduction (Note 14)	(2,400,000)	-	-	-	-	-	-	-	-	-	(2,400,000)	-	(2,400,000)
Effect of ownership change in an associate (Note 6)	-	-	-	-	-	-	(8,041)	-	-	-	(8,041)	-	(8,041)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	-	4,836	4,836	-	4,836
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	224,723	(3,164,818)	1,908,921	(1,031,174)	746	(1,030,428)
Balance as at March 31, 2020	**21,600,000**	**-**	**3,046,592**	**3,052**	**12,769,186**	**4,405,892**	**335,759**	**1,148,124**	**3,421,330**	**5,804,503**	**52,534,438**	**64,620**	**52,599,058**

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
(All amounts are in Kuwaiti Dinars)

	Note	2020	2019
Cash flow from operating activities:			
Profit for the year from continuing operations		**1,816,912**	1,967,726
Profit for the year from discontinued operations		**111,732**	1,039,982
Profit for the year before contribution to KFAS and Zakat		**1,928,644**	3,007,708
Adjustments for:			
Net investment income	17	**(838,876)**	(2,266,202)
Interest income		**(388,195)**	(17,227)
Group's share of results from associates	6	**337,658**	498,853
(Gain) loss on sale of investment properties	9	**(265,315)**	909
Impairment losses on investment properties	9	**-**	16,125
Gain on sale of investment in unconsolidated subsidiaries		**(2,646)**	(1,292)
Foreign exchange (gain) loss		**(56,346)**	231,525
Finance charges	24	**937,980**	1,048,315
Net allowance for ECL	4 , 8	**73,695**	78,370
Provision for loans granted to others		**-**	56,527
Group's share of results from discontinued operations	10	**(210,645)**	(1,039,982)
Loss on disposal of discontinued operations	10	**98,913**	-
		1,614,867	1,613,629
Changes in operating assets and liabilities:			
Financial assets at FVTPL		**86,081**	(854,065)
Accounts receivable and other debit balances		**(237,705)**	533,924
Accounts payable and other credit balances		**222,547**	203,276
Net cash flows generated from operating activities		**1,685,790**	1,496,764
Cash flow from investing activities:			
Paid for purchase of financial assets at FVOCI		**(8,306,041)**	-
Proceeds from sale of financial assets at FVOCI		**8,939**	409,493
Purchase of additional investment in an associate	6	**(1,972,098)**	(248,745)
Proceeds from capital reduction of investment in an associate	6	**398,600**	98,500
Cash dividends received from investment in an associate	6	**223,681**	689,048
Proceeds from disposal of discontinued operations		**15,580,135**	-
Purchase of additional investment in unconsolidated subsidiary		**-**	(250,000)
Proceeds from sale of investment in unconsolidated subsidiaries		**2,646**	26,000
Proceeds from redemptions of debt instruments at amortized cost		**-**	3,000,000
Paid for purchase of debt instruments at amortized cost	8	**(19,850,000)**	-
Paid for additions to investment properties	9	**(2,811,019)**	(1,513,911)
Proceeds from sale of investment properties	9	**9,210,815**	6,560,608
Interest income received		**344,498**	17,227
Dividends income received	17	**1,223,644**	1,048,369
Net cash flows (used in) generated from investing activities		**(5,946,200)**	9,836,589
Cash flows from financing activities:			
Loans		**8,486,524**	(9,248,824)
Loans from related party		**(1,087,516)**	402,416
Cash dividends paid		**(4,844)**	(31,252)
Capital reduction		**(2,341,650)**	(1,448,781)
Finance charges paid		**(883,021)**	(1,030,219)
Proceeds from sale of treasury shares		**-**	285,706
Net cash flows generated from (used in) financing activities		**4,169,493**	(11,070,954)
Net (decrease) increase in cash on hand and at banks		**(90,917)**	262,399
Cash on hand and at banks at the beginning of the year		**13,327,703**	13,065,304
Cash on hand and at banks at the end of the year		**13,236,786**	13,327,703

The accompanying notes (1) to (29) form an integral part of the consolidated financial statements.

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:

- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait and
- Investment in real estate.

The Parent Company is under the supervision of the Capital Markets Authority ("CMA") according to Law No. 7/2010 for investment companies and by the Central Bank of Kuwait ("CBK") for financing activities.

The consolidated financial statements were authorized for issue by the Board of Directors on June 28, 2020. The Shareholder's Annual General Assembly has the power to amend these consolidated financial statements after issuance.

2. Significant accounting policies

The accompanying consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ('IASB') and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying consolidated financial statements. Significant accounting policies are summarized as follows:

(a) Basis of preparation

The consolidated financial statements are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company and are prepared under the historical cost convention, except for financial assets at FVTPL and financial assets at FVOCI are stated at their fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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.

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Group's accounting policies. Significant accounting judgments, estimates and assumptions are disclosed in Note 2(w).

Adoption of new and revised standards

New and amended IFRS standard that is effective for the current year:

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and amended International Financial Reporting Standard as at April 1, 2019:

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019 and accordingly, the comparative information is not restated.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Impact on Lessee Accounting

Former operating leases:

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Group:

a) Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

Former finance leases:

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Impact on Lessor Accounting
IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Transition
As at April 1, 2019, the Group performed a detailed assessment of IFRS 16 on the Group's components and as a result, the Group's associates recognized right-of-use assets and lease liabilities. The adoption of IFRS 16 by the associates did not have any impact on the Group's opening retained earnings, as it forms part of the carrying value of the Group's investment in associates.

Amendments to IFRS 9: Prepayment features with negative compensation
Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted. These amendments are not expected to have material impact on the Group's consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. These amendments are not expected to have material impact on the Group's consolidated financial statements.

Annual Improvements 2015 – 2017 Cycle (issued in December 2017)

IFRS 3 – Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are not expected to have material impact on the Group's consolidated financial statements.

IAS 23 – Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and revised IFRS standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

Definition of a Business (Amendments to IFRS 3)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendment are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

Amendments to IFRS 16 "leases" – COVID-19-Related Rent Concessions

COVID-19-Related Rent Concessions, issued in May 2020, added paragraphs 46A, 46B, 60A, C20A and C20B. A lessee shall apply that amendment for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

A lessee shall apply COVID-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the following subsidiaries (together the "Group"):

Name of the subsidiary	Country of incorporation	Principal activities	Percentage of holding 2020	Percentage of holding 2019
Al Anoud Al Thahabiya Company W.L.L.	Kingdom of Saudi Arabia	Real Estate	**100%**	100%
North African Investment Company Limited	Cayman Islands	Investment	**100%**	100%
SG Real estate Company W.L.L..	Kuwait	Real Estate	**99%**	99%
Securities Group Morocco SARL AU	Morocco	Industrial	**100%**	100%
Al-Ataya International Foods Company K.S.C. (Closed)	Kuwait	Food	**75%**	75%

Subsidiaries (investees) are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee.
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Parent Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. All inter-company balances and transactions, including inter-company profits and unrealized profits and losses are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination. Non-controlling interests are measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. The carrying amounts of the Group's ownership interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries.

Any difference between the amount by which non-controlling interests are adjusted and fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Parent Company. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings as appropriate.

c) Financial instruments

The Group classifies its financial instruments as "Financial assets" and "Financial Liabilities". Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash on hand and at banks, financial assets at FVTPL, receivables, financial assets at FVOCI, debt instruments at amortized cost, loans, loans from related party and payables.

(A) Financial assets

I. Classification of financial assets

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives and in order to generate contractual cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at FVTPL. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test'). 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Initial recognition
Purchases and sales of those financial assets are recognized on settlement-date - the date on which the asset is delivered to or by the Group. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL.

Derecognition
A financial asset (in whole or in part) is derecognized either when: the contractual rights to receive the cash flows from the financial asset have expired; or the Group has transferred its rights to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset. Where the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset.

Measurement categories of financial assets
The Group classifies its financial assets upon initial recognition into the following categories:
- Debt instruments at amortized cost.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.
- Financial assets at fair value through profit or loss (FVTPL).

Debt instruments at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions:
- 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.

Debt instruments measured at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment losses if any. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Gain and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired.

Amortized cost and effective interest method
The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating and recognizing interest revenue or interest expense in profit or loss over the relevant period. In general, effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Cash on hand and at banks, trade and other receivables and debt instruments at amortised cost are classified as debt instruments at amortized cost.

Trade receivables

Receivables are amounts due from customers for services performed in the ordinary course of business and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity instruments at FVOCI when they are neither held for trading nor a contingent consideration arising from a business combination. Such classification is determined on an instrument-by- instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Changes in fair values including foreign exchange component are recognized in other comprehensive income and presented in the cumulative changes in fair values as part of equity. Cumulative gains and losses previously recognized in other comprehensive income are transferred to retained earnings on derecognition. Gains and losses on these equity instruments are never recycled to consolidated statement of profit or loss. Dividends are recognized in consolidated statement of profit or loss when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal, cumulative gains or losses are reclassified from cumulative changes in fair value to retained earnings in the statement of changes in equity.

The Group classifies investments in quoted and unquoted equity investments under financial assets at FVOCI in the consolidated statement of financial position.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see above) are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the Group designates an equity investment as at FVTOCI on initial recognition (see above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see above) are classified as at FVPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Changes in fair value, gain on disposal, interest income and dividends are recorded in consolidated statement of profit or loss according to the terms of the contract, or when the right to payment has been established.

The Group classifies investments in quoted equity investments under financial assets at FVTPL in the consolidated statement of financial position.

II. Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For accounts receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Accordingly, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. Exposures were segmented based on common credit characteristics such as credit risk grade, geographic region and industry, delinquency status and age of relationship, where applicable.

The Group's debt instruments at amortized cost comprise solely of unquoted bonds that are graded in the top investment category (Very Good and Good) by a rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to consolidated statement of profit or loss.

(B) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. All financial liabilities are subsequently measured at FVPL or at amortized cost using effective interest rate method.

Financial liabilities at amortized cost

Financial liabilities that are not at FVTPL as above are measured subsequently at amortized cost using the effective interest method.

i) Accounts payable

Accounts payable include trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

ii) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statement of profit or loss. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

(C) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group's share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Group accounted for its investment in associates based on audited financial statements of the associates as at December 31, 2019 with amendments for any material transactions for the period from January 1 up to March 31, 2020.

The Group recognizes in its consolidated statement of profit or loss for its share of results of operations of the associate and in its other comprehensive income for its share of changes in other comprehensive income of associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Gains or losses arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment in associates and is assessed for impairment as part of the investment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognized immediately in the consolidated statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired and determines if necessary, to recognize any impairment loss with respect to the investment. If this is the case, the entire carrying amount of the investment (including goodwill) is tested for impairment and the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of profit or loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining financial assets at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

e) Investment in unconsolidated subsidiaries

Investment in unconsolidated subsidiaries are carried at cost less provision for impairment. Impairment provision is made when permanent diminution in value of investment has occurred.

The Group has not consolidated these subsidiaries since they have not yet commenced operations till date.

f) Investment properties

Investment properties comprise completed property, property under construction or re-development held to earn rentals or for capital appreciation or both. Investment properties are re-measured at cost including purchase price and transactions costs less accumulated depreciation and impairment losses. Land on which the investment property is erected is not depreciated. Depreciation is computed on a straight-line basis over the useful life of the buildings for 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

g) Discontinued operations

A discontinued operation is a component of the Group's business, the operational results and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Such component of the group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in consolidated statement of profit or loss.

h) Impairment of non–financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

j) Provision for end of service indemnity

Provision is made for amounts payable to employees under the Kuwaiti Labor Law in the private sector, employee contracts and the applicable labor laws in the countries where the subsidiaries operate. This liability, which is unfunded, represents the amount payable to each employee as a result of involuntary termination at the end of the reporting period, and approximates the present value of the final obligation.

k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

l) Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group and not yet reissued or canceled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is not distributable. Any realized losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium. Gains realized subsequently on the sale of treasury shares are first used to offset any recorded losses in the order of share premium, reserves, retained earnings and the treasury shares reserve account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled or reissued.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's shareholders.

m) Other reserves
Other equity items are used to record the effect of changes in ownership interest in subsidiaries, without loss of control, the effect of changes in ownership interest in associates and other reserves.

n) Segment reporting
A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

o) Dividend distribution to shareholders
The Group recognizes a liability to make cash and non-cash distributions to shareholders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders of the Parent company at the Annual General Meeting. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss. Distributions for the year that are approved after the reporting date are disclosed as an event after the date of the consolidated statement of financial position.

p) Revenue recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group applies a five-step model are as follows to account for revenue arsing from contracts:

- Step 1: Identify the contract with the customer – A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify the performance obligations in the contract – A performance obligation is a promise in a contract with the customer to transfer goods or services to the customer.
- Step 3: Determine the transaction price – The transaction price is the amount of consideration to which the Group expects to be entitled in exchange of transferring promised good or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contracts – For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group exercises judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group recognizes revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group transfers control of a good or service over time (rather than at a point in time) when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The Group's performance creates or enhances an asset (e.g., work in process) that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Control is transferred at a point in time if none of the criteria for a good or service to be transferred over time are met. The Group considers the following factors in determining whether control of an asset has been transferred:

- The Group has a present right to payment for the asset.
- The Customer has legal title to the asset.
- The Group has transferred physical possession of the asset.
- The Customer has the significant risks and rewards of ownership of the asset.
- The Customer has accepted the asset.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Incremental costs of obtaining a contract with a customer are capitalized when incurred as the Group expects to recover these costs and such costs would not have incurred if the contract has not been obtained. Sales commission incurred by the Group is expensed as the amortization period of such costs is less than a year.

Revenue for the Group arises from the following activities:

i) <u>Management fees</u>
Management fees are recognized on a cash basis when the service rendered.

ii) <u>Fees and commission income</u>
Fees, commission and consultancy revenue is recognized at the time the related services are provided.

iii) <u>Rental income</u>
Return income is recognized, when earned, on a time apportionment basis by using the effective return method.

iv) <u>Revenue on sale of properties</u>
Revenue on sale of properties is recognized on the basis of the full accrual method as and when all of the following conditions are met:
A sale is consummated, and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- The Group's receivable is not subject to future subordination;
- The Group has transferred control to the buyer; and
- Work to be completed is either, easily measurable and accrued or is not significant in relation to the overall value of the contract.

v) Other income and expenses
Other income and expenses are recognized on accrual basis.

q) Foreign currencies
Foreign currency transactions are translated into Kuwaiti Dinars at rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currency as at the end of reporting period are retranslated into Kuwaiti Dinars at rates of exchange prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in consolidated statement of profit or loss for the period. Translation differences on non-monetary items such as equity instruments which are classified as financial assets at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equity instruments classified as financial assets at fair value through other comprehensive income are included in "cumulative changes in fair value" in other comprehensive income.

The assets and liabilities of the foreign subsidiary are translated into Kuwaiti Dinars at rates of exchange prevailing at the end of reporting period. The results of the subsidiary are translated into Kuwaiti Dinars at rates approximating the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognized directly in other comprehensive income. Such translation differences are recognized in consolidated statement of profit or loss in the period in which the foreign operation is disposed off.

r) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

s) Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)
Contribution to KFAS is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of income from Kuwaiti shareholding subsidiaries, associates and transfer to statutory reserve.

t) Zakat
Zakat is calculated at 1% of the profit attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration and after deducting the Parent Company's share of profit from Kuwaiti shareholding associates and un-consolidated subsidiaries, its share of Zakat paid by Kuwaiti shareholding subsidiaries and cash dividends received from Kuwaiti shareholding companies in accordance with Law No. 46 for year 2006 and Ministerial Resolution No. 58 for year 2007 and their Executive Regulations.

u) Contingencies
Contingent liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

v) Fiduciary assets
Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements but are disclosed in the notes to the consolidated financial statements.

w) Critical accounting estimates and judgments
The Group makes judgments, estimates and assumptions concerning the future. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from the estimates.

a) Judgments
In the process of applying the Group's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(i) Revenue recognition
Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IFRS 15 and revenue accounting policy explained in Note 2(p) are met requires significant judgment.

(ii) Allowance for expected credit losses
The determination of the recoverability of the amount due from customers and the factors determining the impairment of the receivables involve significant judgment.

(iii) Classification of financial assets
On acquisition of a financial asset, the Group decides whether it should be classified as at "amortized cost", "FVTPL" or "FVOCI". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets and is explained in Note (2c).

(iv) Classification of land
Upon acquisition of land, the Group classifies the land into one of the following categories, based on the intention of the management for the use of the land:

1) Properties under development
When the intention of the Group is to develop land in order to sell it in the future, both the land and the construction costs are classified as properties under development.

2) Work in progress
When the intention of the Group is to develop a land in order to rent or to occupy it in the future, both the land and the construction costs are classified as work in progress.

3) Properties held for trading
When the intention of the Group is to sell land in the ordinary course of business, the land are classified as properties held for trading.

4) Investment properties
When the intention of the Group is to earn rentals from land or hold land for capital appreciation or if the intention is not determined for land, the land is classified as investment property.

(v) Significant influence assessment
When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policy decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgment, involves consideration of the Group's representation on the investee's board of directors, participation in policy making decisions and material transactions between the investor and investee.

(vi) Taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business for the Group.

(vii) Leases
Critical judgements required in the application of IFRS 16 include, among others, the following:
- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

b) Estimation and assumptions
The key assumptions concerning the future and other key sources of estimating uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Fair value of unquoted financial assets
If the market for a financial asset is not active or not available, the Group establishes fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group to make estimates about expected future cash flows and discount rates that are subject to uncertainty.

(ii) Allowances for expected credit losses
The extent of allowance for expected credit losses involves estimation process. Allowance for expected credit losses is based on a forward looking ECL approach as explained in Note 2c(A-ii). Bad debts are written off when identified. The ECL allowance and write-down of accounts receivable are subject to management approval.

(iii) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future financial assets that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iv) Taxes
The Group recognizes a liability for the anticipated taxes levied in the jurisdictions of its activity based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimates and assumptions may have an impact on the carrying values of the deferred taxes.

(v) Leases
Key sources of estimation uncertainty in the application of IFRS 16 include, among others, the following:
- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

3. Financial assets at fair value through profit or loss ("FVTPL")
Financial assets at FVTPL represents quoted securities held by the Group primarily for the purpose of trading and short-term profit making.

Financial assets at FTPL are denominated in Kuwaiti Dinar.

Fair value measurement disclosures of financial assets at FVTPL are provided in Note (26).

4. Accounts receivable and other debit balances

	2020	2019
Accrued revenue	**2,996,222**	2,992,431
Advance payment for acquiring investments	**144,108**	144,108
Accrued interest and dividend	**456,280**	206,685
Other receivables	**486,943**	342,407
	4,083,553	3,685,631
Less: allowance for ECL (a)	**(3,109,819)**	(3,101,990)
	973,734	583,641

(a) The movement in the allowance for ECL is as follows:

	2020	2019
Balance at the beginning of the year	**3,101,990**	3,038,804
Charge during the year	**85,093**	89,690
Utilized during the year	**(841)**	(15,184)
Provision no longer required	**(76,423)**	(11,320)
Balance at the end of the year	**3,109,819**	3,101,990

5. Financial assets at fair value through other comprehensive income ("FVOCI")

	2020	2019
Quoted securities	**28,278,054**	22,149,202
Unquoted securities	**6,217,696**	7,209,428
	34,495,750	29,358,630

Quoted securities with a carrying value of KD 22,186,832 (2019: KD 22,142,547) were pledged with a local bank against a loan (Note 11).

Financial assets at FVOCI are denominated in the following currencies:

	2020	2019
Kuwaiti Dinar	**32,026,146**	26,009,365
US Dollar	**2,420,433**	3,281,015
Saudi Riyal	**49,171**	68,250
	34,495,750	29,358,630

Fair value measurement disclosures of financial assets at FVOCI are provided in Note (26).

6. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding 2020	Percentage of holding 2019	2020	2019
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) ("KSPI") (Note 10)	Kuwait	**-**	50%	**-**	15,529,419
Al Madar Al Thahabia Co. W.L.L ("Al Madar")	KSA	**24%**	24%	**7,563,356**	5,947,559
Future Communication Co. K.S.C.P. ("FCC")	Kuwait	**34.50%**	34.29%	**2,233,361**	2,625,623
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) ("Al-Jazeera")	Kuwait	**20%**	20%	**1,771,233**	1,638,713
Alpha Atlantique Du Sahara S.A.	Morocco	**22.52%**	22.52%	**439,385**	621,366
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	**40.72%**	40.72%	**62,265**	129,246
Mena Equities Ltd.	British Virgin Islands	**44.15%**	44.15%	**6,230**	6,230
				12,075,830	26,498,156

(a) The movement during the year is as follows:

	2020	2019
Balance at the beginning of the year	**26,498,156**	26,283,884
Additions	**1,972,098**	248,745
Capital reduction of investment in an associate	**(398,600)**	(98,500)
Effect of ownership change in an associate	**(8,041)**	27,567
Group's share of results from associates	**(337,658)**	(498,853)
Share of other comprehensive income	**728**	261
Cash dividends received	**(223,681)**	(689,048)
Foreign currency translation adjustments	**102,246**	184,118
Profit for the year from discontinued operations (Note 10)	**210,645**	1,039,982
Transferred to discontinued operations (Note 10)	**(15,740,063)**	-
Balance at the end of the year	**12,075,830**	26,498,156

(b) The summarized financial information of associates which are material to the Group is as follows:

	FCC	**Al Madar**	**Al-Jazeera**	**2020**	2019
Statement of financial position					
Current assets	**13,615,921**	**1,125,117**	**360,415**	**15,101,453**	35,954,964
Non-current assets	**800,998**	**31,918,149**	**15,614,489**	**48,333,636**	56,038,702
Current liabilities	**6,890,409**	**883,475**	**4,292,192**	**12,066,076**	19,041,812
Non-current liabilities	**1,052,999**	**645,807**	**2,826,548**	**4,525,354**	13,375,912
Net assets	**6,473,511**	**31,513,984**	**8,856,164**	**46,843,659**	59,575,942
Statement of profit or loss					
Revenue	**20,354,339**	**1,815,937**	**4,685,944**	**26,856,220**	41,772,212
Expenses	**(20,253,428)**	**(3,261,866)**	**(3,723,343)**	**(27,238,637)**	(40,873,929)
Net profit (loss) for the year	**100,911**	**(1,445,929)**	**962,601**	**(382,417)**	898,283
Dividends received	**101,580**	**122,101**	**-**	**223,681**	689,048
Contingent liabilities and commitments	**894,767**	**-**	**-**	**894,767**	2,136,151

(c) Reconciliation of the above summarized financial information to the carrying amount of investment in associates recognized in the consolidated financial statements:

	KSPI	**FCC**	**Al Madar**	**Al-Jazeera**
2020				
Net assets of the associate	**-**	**6,473,511**	**31,513,984**	**8,856,164**
Group's percentage of ownership	**-**	**34.50%**	**24%**	**20%**
Carrying amount of Group's investment in the associate	**-**	**2,233,361**	**7,563,356**	**1,771,233**
Group's share of results from associates	**-**	**34,814**	**(347,023)**	**192,520**

	KSPI	FCC	Al Madar	Al-Jazeera
2019				
Net assets of the associate	18,943,774	7,657,110	24,781,495	8,193,563
Group's percentage of ownership	50%	34.29%	24%	20%
	9,471,887	2,625,623	5,947,559	1,638,713
Goodwill	6,057,532	-	-	-
Carrying amount of Group's investment in the associate	15,529,419	2,625,623	5,947,559	1,638,713
Group's share of results from associates	1,039,982	98,071	(543,560)	159,430

7. Investment in unconsolidated subsidiaries

Name of the subsidiary	Country of incorporation	Percentage of ownership	Principal activities	2020	2019
Third Securities Group for Economic Consultants Company W.L.L.	Kuwait	99%	Consulting	**7,425**	7,425
Fourth Securities Group for Mechanical Consultants Company W.L.L.	Kuwait	99%	Consulting	**247,500**	247,500
Private Group for General Trading and Contracting Company W.L.L.	Qatar	50%	Real Estate	**1**	1
Ready Office Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Jadedeiah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Sametah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**59,400**	59,400
Al Liwan Al Kuwaitiya Company W.L.L.	Kuwait	99%	Real Estate	**-**	80,000
Al Liyah Real Estate Company W.L.L.	Kuwait	99%	Real Estate	**80,000**	80,000
Al Hemam Holding Company	Kuwait	99%	Holding Co.	**250,000**	250,000
Al Sibiya Kaza General Trading Company W.L.L.	Kuwait	99%	General Trading	**-**	99,000
Al Sawaber General Trading Company W.L.L.	Kuwait	99%	General Trading	**99,000**	99,000
Securities Group Education W.L.L.	Kuwait	99%	General Trading	**990,000**	-
				1,852,126	1,041,126

The Group has not consolidated these subsidiaries since they have not yet commenced operations till date.

8. Debt instruments at amortized cost

	Interest rate %	Maturity date	2020	2019
Fixed rate bond issued by local bank	4.75%	November 18, 2025	**800,000**	-
Fixed rate bond issued by local bank	6.5%	May 30, 2026	**2,000,000**	-
Floating rate bond issued by local bank	2.5% + CBK discount rate	November 18, 2025	**2,700,000**	-
Floating rate bond issued by local bank	3.95% + CBK discount rate	March 9, 2026	**2,200,000**	-
Floating rate bond issued by local bank	4% + CBK discount rate	May 30, 2026	**2,000,000**	-
Floating rate bond issued by local company	2.75% + CBK discount rate	July 26, 2023	**2,000,000**	-
Floating rate bonds issued by local company	2.25% + CBK discount rate	November 8, 2023	**3,750,000**	-
Floating rate bonds issued by local company	2.25% + CBK discount rate	December 28, 2024	**4,400,000**	-
			19,850,000	-
Less: allowance for ECL			**(65,025)**	-
			19,784,975	-

9. Investment properties

The movement during the year was as follows:

	2020	2019
Balance at the beginning of the year	**28,184,954**	33,091,259
Additions	**2,811,019**	1,513,911
Disposals (c)	**(8,945,500)**	(6,561,517)
Impairment losses on investment properties	**-**	(16,125)
Foreign currency translation adjustments	**128,800**	157,426
Balance at the end of the year	**22,179,273**	28,184,954

(a) Management of the Parent Company has complied with the Executive Regulations of Capital Markets Authority with respect to guidelines for valuation of investment properties.

(b) The fair value of investment properties as at March 31, 2020 was KD 28,235,352 (2019: KD 31,378,863) based on the lowest of valuations carried out by two independent values. In estimating the fair value of investment properties, the cost approach, income capitalization approach and market comparable approach have been used, considering the nature and usage of the investment properties. The fair value measurement of investment properties has been categorized as level 3 fair value based on inputs to the valuation technique used.

(c) During the year, the Group sold investment properties with a carrying value of KD 8,945,500 for an amount of KD 9,210,815 that resulted in a gain of KD 265,315.

10. Discontinued operations

During the year ended March 31, 2020 and based on the Parent Company's Board of Directors' decision in its meeting dated June 19, 2019, the Parent Company's Board of Directors approved to dispose the entire equity interest in the associate "Kuwait Saudi Pharmaceutical Industries Co. S.A.K.(Closed)") ("KSPI") representing 53,935,000 shares. Consequently, on June 20, 2019, the Parent Company signed a preliminary sale agreement with a third party to sell its whole ownership in KSPI for 290 fils per share for a total amount of KD 15,641,150. Accordingly, the carrying value of the investment as at June 19, 2019 amounting to KD 15,740,063 was classified as discontinued operations in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". On August 6, 2019, the Parent Company had completed all the legal procedures for transferring the KSPI shares to the third party.

The Group's share of results of KSPI for the period from April 1, 2019 to June 19, 2019 (reclassification date) and the realized loss on sale are classified as "profit for the year from discontinued operations" as presented below. The comparative figures have been re-presented to include those operations that have been classified as discontinued in the current year presentation.

	2020	2019
Group's share of results from discontinued operations	**210,645**	1,039,982
Loss on disposal of discontinued operations	**(98,913)**	-
Profit for the year from discontinued operations	**111,732**	1,039,982

11. Loans

Revolving loans carry an annual interest rate ranging from 1.5% to 2.5% (2019: ranging from 3% to 4%). Loan of KD 15,258,162 is secured by quoted securities classified as financial assets at FVOCI as at March 31, 2020 (Note 5) and the other loan is secured by promissory notes. Loans of KD 15,258,162 and KD 21,509,871 are due for settlement on May 15, 2021.

12. Loans from related party

These represent loans obtained from a shareholder carrying an annual interest rate ranging from 1.25% to 1.75% (2019: ranging from 2.5% to 3.25%). Loans from related party are due for settlement on March 29, 2022.

13. Accounts payable and other credit balances

	2020	2019
Accrued expenses	**1,433,570**	1,303,709
Dividend payable	**327,112**	273,606
Provision for end of service indemnity	**576,333**	528,223
Due to related parties (Note 24)	**2,311,717**	1,465,068
Other credit balances	**784,704**	694,790
	5,433,436	4,265,396

14. Capital

As at March 31, 2020, the authorized, issued and paid-up capital amounting to KD 21,600,000 allocated on 216,000,000 shares (2019: amounting to KD 24,000,000 allocated on 240,000,000 shares) with a par value of 100 fils each and all shares are paid in cash.

According to the Parent Company's Shareholders' Extraordinary General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 (Note 20 (d) and Note 28) the Parent Company's share capital has been reduced by 5.9% amounting to KD 1,528,372 that will be KD 24,000,000 allocated on 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash and distribute this reduction to the Shareholders of the Parent Company recorded on the same date of the Parent Company's Shareholders' Extraordinary General Assembly. This amendment has been notarized in the commercial registry on August 15, 2018. Due to re-held of the Parent Company's Shareholders' Extraordinary according to Notes 20 (d) and 28, capital reduction amendment will be re-notarized once again in the Commercial registry according to the Parent Company's Shareholders' Extraordinary General Assembly re-held on November 12, 2019.

Also according to the Parent Company's Shareholders' Extraordinary General Assembly previously held on July 1, 2019 and re-held on November 12, 2019 (Note 20 (e) and Note 28) the Parent Company's share capital has been reduced by 10% amounting to KD 2,400,000 that will be KD 21,600,000 allocated on 216,000,000 shares with a par value of 100 fils each and all shares are paid in cash and distribute this reduction to the Shareholders of the Parent Company recorded on the same date of the Parent Company's Shareholders' Extraordinary General Assembly. This amendment has been notarized in the commercial registry on August 4, 2019. Due to re-held of the Parent Company's Shareholders' Extraordinary according to Notes 20 (e) and 28, capital reduction amendment will be re-notarized once again in the Commercial registry according to the Parent Company's Shareholders' Extraordinary General Assembly re-held on November 12, 2019.

15. Statutory reserve

As required by the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of the capital. This reserve is not available for distribution except for in certain cases stipulated by Law and the Parent Company's Articles of Association. Since the statutory reserve exceeds 50% of the Parent Company's capital, the Parent Company had discontinued transferring any amounts to statutory reserve.

16. Voluntary reserve

As required by the Parent Company's Articles of Association, 10% of the profit for the year attributable to shareholders of the Parent Company before contribution to KFAS, Zakat and Board of Directors' remuneration is transferred to voluntary reserve. Such transfer may be discontinued by a resolution at the Shareholders' Annual General Assembly, upon recommendation by the Board of Directors. The Shareholders' General Assembly dated April 6, 2004, approved to discontinue any transfer to the voluntary reserve with effect from December 31, 2002.

17. Net investment income

	2020	2019
Unrealized (loss) gain on financial assets at FVTPL	(383,116)	22,243
Realized (loss) gain from sale of financial assets at FVTPL	(1,652)	1,195,590
Dividend income	1,223,644	1,048,369
	838,876	2,266,202

18. Fees and commission income

	2020	2019
Portfolio management fees (Note 24)	1,147,807	1,294,556
Consultancy fees (Note 24)	1,048,344	793,283
Commission	182,482	120,100
	2,378,633	2,207,939

19. General and administrative expenses

	2020	2019
Staff costs	1,321,656	1,309,077
Management and consultancy fees	48,540	68,251
Professional fees	44,896	33,979
Other expenses	236,566	239,863
	1,651,658	1,651,170

20. Board of Directors' meeting and Shareholders Ordinary and Extraordinary General Assembly

(a) The Board of Directors' meeting held on June 28, 2020 proposed not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended March 31, 2020.These proposals are subject to the approval of the Shareholders' Annual General Assembly.

(b) The Shareholders' Annual General Assembly previously held on July 1, 2019 and re-held on November 12, 2019 (Note 28) approved the Board of Directors' proposal not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended March 31, 2019.

(c) The Shareholders' Annual General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 (Note 28) approved the Board of Directors' proposal not to distribute cash dividends and approved Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2018.

(d) The Shareholders' Extraordinary General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 (Note 28) approved the Board of Directors' proposal to reduce the share capital by 5.9% amounting to KD 1,528,372 that will be KD 24,000,000 allocated on 240,000,000 shares with a par value of 100 fils each and all shares are paid in cash and distribute this reduction to the shareholders of the Parent Company recorded on the same date of the Parent Company's Shareholders' Extraordinary General Assembly.

(e) The Shareholders' Extraordinary General Assembly previously held on July 1, 2019 and re-held on November 12, 2019 (Note 28) approved the Board of Directors' proposal to reduce the share capital by 10% amounting to KD 2,400,000 that will be KD 21,600,000 allocated on 216,000,000 shares with a par value of 100 fils each and all shares are paid in cash and distribute this reduction to the shareholders of the Parent Company recorded on the same date of the Parent Company's Shareholders' Extraordinary General Assembly.

21. Basic and diluted earnings per share attributable to shareholders of the Parent Company

There are no potential dilutive ordinary shares. Basic and diluted earnings per share is computed by dividing the profit for the year attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the year:

	2020	2019
Profit for the year attributable to shareholders of the Parent Company from continuing operations	**1,797,189**	1,944,171
Profit for the year attributable to shareholders of the Parent Company from discontinued operations	**111,732**	1,039,982
Profit for the year attributable to shareholders of the Parent Company	**1,908,921**	2,984,153
	Shares	Shares
Number of shares at beginning of the year	**221,967,213**	244,857,291
Less: weighted average number of treasury shares	**-**	(2,449,499)
Weighted average number of shares outstanding	**221,967,213**	242,407,792
	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	**8.60**	12.31
Basic and diluted earnings per share attributable to shareholders of the Parent Company from continuing operations	**8.10**	8.02
Basic and diluted earnings per share attributable to shareholders of the Parent Company from discontinued operations	**0.50**	4.29

As there are no dilutive instruments outstanding, basic and diluted earnings per share attributable to shareholders of the Parent Company are identical.

22. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,767,906,807 as at March 31, 2020 (2019: KD 2,058,205,665) to earn management fees. These investment portfolios are registered in the name of the Parent Company and are not accounted in the accompanying consolidated financial statements (accounts off the consolidated statement of financial position).

23. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds
- Asset management services: Portfolio and Fund management services for clients
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the year ended March 31,									
	2020					2019				
	Investment activities	**Asset management services**	**Lending activities**	**Real estate activities**	**Total**	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,227,071	2,378,633		887,892	4,493,596	2,283,429	2,207,939	-	1,033,898	5,525,266
Segment operating expenses	(937,980)	-	-	(64,443)	(1,002,423)	(1,048,315)	-	-	(71,382)	(1,119,697)
Unallocated operating expense					(1,587,215)					(1,579,788)
Operating profit					1,903,958					2,825,781
Group's share of results from associates					(337,658)					(498,853)
Gain (loss) on sale of investment properties					265,315					(909)
Impairment losses on investment properties					-					(16,125)
Gain on sale of unconsolidated subsidiary					2,646					1,292
Other income					-					22,962
Foreign exchange gain (loss)					56,346					(231,525)
Net allowance for ECL					(73,695)					(78,370)
Provision for loans granted to others					-					(56,527)
Profit for the year from continuing operations					1,816,912					1,967,726
Profit for the year from discontinued operations					111,732					1,039,982
Contribution to KFAS					(14,904)					(17,102)
Zakat					(4,073)					(6,449)
Profit for the year					1,909,667					2,984,157
Other information										
Segment assets	71,034,464	221,517	-	22,179,273	93,435,254	46,674,135	218,253	-	28,184,954	75,077,342
Investment in associates	-	-	-	-	12,075,830	-	-	-	-	26,498,156
Investment in unconsolidated subsidiaries	-	-	-	-	1,852,126	-	-	-	-	1,041,126
Unallocated assets	-	-	-	-	752,217	-	-	-	-	365,388
Total assets					108,115,427					102,982,012
Segment liabilities	50,082,933	-	-	-	50,082,933	42,683,925	-	-	-	42,683,925
Unallocated liabilities	-	-	-	-	5,433,436	-	-	-	-	4,265,396
Total liabilities					55,516,369					46,949,321

24. Related party disclosures

The Group has entered into various transactions with related parties concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	2020	2019
(i) Consolidated statement of financial position		
Cash on hand and at banks	**12,229,209**	12,365,720
Accounts receivable and other debit balances	**75,000**	-
Loans (Note 11)	**36,768,033**	28,281,509
Loans from related party (Note 12)	**13,314,900**	14,402,416
Accounts payable and other credit balances (Note 13)	**2,311,717**	1,465,068
(ii) Consolidated statement of profit or loss		
Fees and commission income (Note 18)	**483,837**	-
Interest income	**355**	179
Finance charges	**(937,980)**	(1,048,315)
(iii) Compensation to key management personnel		
Short-term benefits	**406,943**	376,991
Termination benefits	**21,563**	25,625
Committees remuneration	**50,000**	50,000

The related party transactions are subject to approval by the shareholders of the Parent Company in the Annual General Assembly.

25. Financial risk management

In the normal course of business, the Group uses primary financial instruments such as cash on hand and at banks, financial assets at FVTPL, receivables, financial assets at FVOCI, debt instruments at amortized cost, loans, loans from related party and payables and as a result, it is exposed to the risks indicated below. The Group currently does not use derivative financial instruments to manage its exposure to these risks.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a contractual obligation causing the other party to incur a financial loss. Financial assets which potentially subject the Group to credit risk consist principally of cash at banks, receivables and debt instruments at amortized cost. The Group's cash at banks are placed with high credit rating financial institutions. Receivables and debt instruments at amortized cost are presented net of allowance for ECL.

Cash at banks

The Group's cash at banks measured at amortized cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the ECL impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition.

Debt instruments at amortized cost

The Group's debt instruments at amortized cost comprise solely of unquoted bonds that are graded in the top investment category (Very Good and Good) by a rating agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group's maximum exposure arising from default of the counter-party is limited to the following:

	2020	2019
Cash on hand and at banks	13,236,786	13,327,703
Accounts receivable and other debit balances	973,734	583,641
Debt instruments at amortized cost	19,784,975	-
	33,995,495	13,911,344

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.

The maturity profile of assets and liabilities of the Group as at March 31 was as follows:

2020	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	13,236,786	-	-	-	-	13,236,786
Financial assets at FVTPL	3,516,953	-	-	-	-	3,516,953
Accounts receivable and other debit balances	219,755	409,717	344,262	-	-	973,734
Financial assets at FVOCI	28,278,052	-	-	6,217,698	-	34,495,750
Investment in associates	-	-	-	12,075,830	-	12,075,830
Investment in unconsolidated subsidiaries	-	-	-	1,852,126	-	1,852,126
Debt instruments at amortized cost	-	-	-	19,784,975	-	19,784,975
Investment properties	-	-	-	13,043,736	9,135,537	22,179,273
	45,251,546	409,717	344,262	52,974,365	9,135,537	108,115,427
Liabilities						
Loans	-	-	-	36,768,033	-	36,768,033
Loans from related party	-	500,000	-	12,814,900	-	13,314,900
Accounts payable and other credit balances	358,282	73,079	4,425,742	576,333	-	5,433,436
	358,282	573,079	4,425,742	50,159,266	-	55,516,369

2019	Up to 1 month	1 - 3 months	3 -12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	13,327,703	-	-	-	-	13,327,703
Financial assets at FVTPL	3,987,802	-	-	-	-	3,987,802
Accounts receivable and other debit balances	294,808	15,483	273,350	-	-	583,641
Financial assets at FVOCI	22,149,202	-	-	7,209,428	-	29,358,630
Investment in associates	-	-	-	26,498,156	-	26,498,156
Investment in unconsolidated subsidiaries	-	-	-	1,041,126	-	1,041,126
Investment properties	-	-	-	19,178,217	9,006,737	28,184,954
	39,759,515	15,483	273,350	53,926,927	9,006,737	102,982,012
Liabilities						
Loans	-	-	-	28,281,509	-	28,281,509
Loans from related party	-	-	500,000	13,902,416	-	14,402,416
Accounts payable and other credit balances	441,510	758,060	2,285,297	780,529	-	4,265,396
	441,510	758,060	2,785,297	42,964,454	-	46,949,321

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and equity prices as indicated below:

i) Interest rate risk

Financial instruments are subject to the risk of changes in value due to changes in the level of interest. The effective interest rates and the periods in which interest-bearing financial assets and liabilities are repriced or mature are indicated in the respective notes.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss (through the impact on floating rate borrowings).

Year	**Increase / (Decrease) in interest rate**	**Balance on March 31 KD**	**Effect on consolidated statement of profit or loss**
2020			
Loans	**+ 50 basis points**	**36,768,033**	**± 183,840**
Loans from related party	**+ 50 basis points**	**13,314,900**	**± 66,575**
2019			
Loans	± 50 basis points	28,281,509	± 141,408
Loans from related party	± 50 basis points	14,402,416	± 72,012

ii) Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Kuwaiti Dinar. The Group may reduce its exposure to fluctuations in foreign exchange rates through the use of derivative financial instruments. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange between, other currencies and Kuwaiti Dinar.

Currency	Change in foreign currency rate	Effect on consolidated statement of profit or loss
2020		
US Dollar	**±5%**	**±113**
Qatari Riyal	**±5%**	**±168**
Saudi Riyal	**±5%**	**+(56,385)**
Tunisian Dinar	**±5%**	**±49,647**
Euro	**±5%**	**±18**
Morocco Dirhams	**±5%**	**±382**
2019		
US Dollar	±5%	±6
Qatari Riyal	±5%	±164
Saudi Riyal	±5%	+(37,739)
Tunisian Dinar	±5%	±46,479
Euro	±5%	±36
Morocco Dirhams	±5%	±226

iii) Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment in equity securities classified as financial assets at FVTPL and financial assets at FVOCI. To manage such risks, the Group diversifies its investments in different sectors within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these investments, to which the Group had significant exposure at March 31:

	2020			2019		
Market index	**Change in equity price %**	**Effect on consolidated statement of profit or loss**	**Effect on other comprehensive income**	Change in equity price %	Effect on consolidated statement of profit or loss	Effect on other comprehensive income
Boursa Kuwait	**±5%**	**± 175,848**	**± 1,413,903**	±5%	± 199,390	± 1,107,460

26. Fair value measurement

The Group measures its financial assets such as financial assets at FVTPL and financial assets at FVOCI at fair value at each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All financial instruments for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31:

2020	**Level 1**	**Level 2**	**Total**
Financial assets at FVTPL	**3,516,953**	**-**	**3,516,953**
Financial assets at FVOCI	**28,278,054**	**6,217,696**	**34,495,750**
Total	**31,795,007**	**6,217,696**	**38,012,703**

2019	Level 1	Level 2	Total
Financial assets at FVTPL	3,987,802	-	3,987,802
Financial assets at FVOCI	22,149,202	7,209,428	29,358,630
Total	26,137,004	7,209,428	33,346,432

At March 31, the fair values of financial instruments approximate their carrying amounts. The management of the Group has assessed that fair value of financial instruments approximates their carrying amounts largely due to the short-term maturities of these instruments.

During the year, there were no transfers between Level 1, Level 2 and Level 3.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

27. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost paid up of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return paid up capital to shareholders, issue new shares, sell assets to reduce debt, repay loans or obtain additional loans.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash on hand and at banks. Total capital is calculated as total 'equity' as shown in the consolidated statement of financial position plus net debt.

For the purpose of capital risk management, the total capital resources consist of the following components:

	2020	2019
Loans	**36,768,033**	28,281,509
Loans from related party	**13,314,900**	14,402,416
Less: cash on hand and at banks	**(13,236,786)**	(13,327,703)
Net debt	**36,846,147**	29,356,222
Total equity	**52,599,058**	56,032,691
Total capital resources	**89,445,205**	85,388,913
Gearing Ratio	**41.19%**	34.38%

28. Legal cases

On October 17, 2016, one of the of the Parent Company shareholders ("Plaintiff") filed a legal case against the chairman of the Parent Company and others ("Defendants") through Case No. 4839/2016 requesting to annul the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on July 25, 2016 and all the consequent effects. On December 15, 2016, the "Full Commercial Circuit Court " issued its verdict in favor of the Defendants and rejecting the legal case. On January 15, 2017, the Plaintiff appealed against the court verdict in the "Court of Appeal" through Case No. 150/17. On February 13, 2019, the "Court of Appeal" issued its verdict in favor of the Plaintiff by annulling the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on July 25, 2016 and all the consequent effects. On November 12, 2019, the Parent Company re-held the Shareholders' Annual General Assembly meetings for the financial years ended March 31, 2016, 2017, 2018 and 2019 and the Shareholders' Extraordinary General Assembly meeting previously held on July 26, 2018 and the Shareholders' Extraordinary General Assembly meeting previously held on July 1, 2019.

There is no financial impact from the re-holding of the Shareholders' Annual General Assembly and Extraordinary General Assembly meetings on the consolidated financial statements of the related years as the shareholders approved the same agenda of the old meetings.

29. Significant events

With the recent outbreak of the Coronavirus pandemic, economies globally have been negatively impacted. Consequently, both local and foreign financial markets have exhibited a significant downturn and volatility, resulting in the decline in fair value of quoted equity investments held by the Group classified as "FVTPL" and "FVOCI". Accordingly, the Group has incurred material losses arising from changes in fair value during the year ended March 31, 2020.

In the opinion of the Group's management, as at March 31, 2020, the full financial effects of the outbreak of COVID-19 is uncertain. The Group is closely monitoring the impact of the developments on it businesses, specifically Group's ECL estimates, valuation of quoted and unquoted securities and determining the fair value of the investment properties and whether there is impairment losses.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. Hence, the Group cannot reasonably and reliably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the consolidated financial statements for the year ended March 31, 2020. Consequently, the impact on the Group cannot be reasonably quantified at the date of issuance of these consolidated financial statements.