

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2022
(UNAUDITED)**

**WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

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

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(UNAUDITED)
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OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**The Board of Directors
Securities Group Company K.S.C. (Closed)
State of Kuwait**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Securities Group Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (collectively, "the Group") as at June 30, 2022 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".


Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended June 30, 2022 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 review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three months period ended June 30, 2022, that might have had a material effect on the business of the Parent Company or on its financial position.



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State of Kuwait
July 21, 2022**THE POWER OF BEING UNDERSTOOD**
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SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2022	(Audited) March 31, 2022	June 30, 2021
<u>ASSETS</u>				
Cash on hand and at banks		13,083,863	14,175,150	13,171,095
Financial assets at fair value through profit or loss ("FVTPL")		-	-	10,074,000
Accounts receivable and other debit balances		1,171,283	1,443,777	825,195
Financial assets at fair value through other comprehensive income ("FVOCI")	3	40,480,771	44,730,502	31,479,635
Investment in associates		9,752,368	9,893,694	10,193,777
Debt instruments at amortized cost	4	14,064,176	14,042,904	10,058,789
Investment properties		15,092,279	15,522,960	21,957,210
Total assets		93,644,740	99,808,987	97,759,701
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Loans	5	26,627,858	28,615,257	37,905,192
Loans from a related party	9	10,000,000	14,000,000	4,500,000
Accounts payable and other credit balances		3,544,433	2,273,929	3,524,851
Total liabilities		40,172,291	44,889,186	45,930,043
Equity:				
Capital		20,000,000	20,000,000	20,000,000
Share premium		3,046,592	3,046,592	3,046,592
Treasury shares reserve		3,052	3,052	3,052
Statutory reserve		12,769,186	12,769,186	12,769,186
Voluntary reserve		4,405,892	4,405,892	4,405,892
Other reserves		324,445	324,416	328,709
Foreign currency translation adjustments		1,030,351	893,431	785,351
Fair value reserve		2,232,094	4,928,364	3,044,996
Retained earnings		9,595,235	8,483,375	7,380,739
Equity attributable to the shareholders of the Parent Company		53,406,847	54,854,308	51,764,517
Non-controlling interests		65,602	65,493	65,141
Total equity		53,472,449	54,919,801	51,829,658
Total liabilities and equity		93,644,740	99,808,987	105,148,497

The accompanying notes from (1) to (12) form an integral part of the interim condensed consolidated financial information.

Khaled S. Al - Ali
Chairman

Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2022	2021
Revenues:			
Net investment income	6	1,493,285	862,949
Fees and commission income		494,777	447,495
Interest income		135,061	137,700
Net rental income		185,023	128,014
Group's share of results from associates		73,214	(16,796)
Gain from sale of investment properties		724,406	-
Other income		10,252	
Foreign exchange (loss) gain		(1,536)	1,105
		<u>3,114,482</u>	<u>1,560,467</u>
Expenses and other charges:			
General and administrative expenses		(591,328)	(449,522)
Marketing expenses		(14,488)	-
Finance charges	9	(161,674)	(117,343)
Net allowance for ECL no longer required		8,148	95,643
		<u>(759,342)</u>	<u>(471,222)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat		2,355,140	1,089,245
Contribution to KFAS		(24,625)	(11,305)
Zakat		(10,651)	(9,089)
Profit for the period		<u>2,319,864</u>	<u>1,068,851</u>
Attributable to:			
Shareholders of the Parent Company		2,319,755	1,068,644
Non-controlling interests		109	207
Profit for the period		<u>2,319,864</u>	<u>1,068,851</u>
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	7	<u>11.60</u>	<u>5.34</u>

The accompanying notes from (1) to (12) form an integral part of the interim condensed consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2022
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2022	2021
Profit for the period	<u>2,319,864</u>	<u>1,068,851</u>
Other comprehensive (loss) income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Exchange differences on translating foreign operations	136,920	(66,856)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Changes in fair value of financial assets at FVOCI	(2,696,270)	683,136
Other comprehensive (loss) income for the period	<u>(2,559,350)</u>	<u>616,280</u>
Total comprehensive (loss) income for the period	<u>(239,486)</u>	<u>1,685,131</u>
Attributable to:		
Shareholders of the Parent Company	(239,595)	1,684,924
Non-controlling interests	109	207
Total comprehensive (loss) income for the period	<u>(239,486)</u>	<u>1,685,131</u>

The accompanying notes from (1) to (12) form an integral part of the interim condensed consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2022
(All amounts are in Kuwaiti Dinars)

Equity attributable to the Shareholders of the Parent Company												
	Capital	Share premium	Treasury shares reserve	Statutory Reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at March 31, 2022 (Audited)	20,000,000	3,046,592	3,052	12,769,186	4,405,892	324,416	893,431	4,928,364	8,483,375	54,854,308	65,493	54,919,801
Effect of ownership change in an associate	-	-	-	-	-	29	-	-	-	29	-	29
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	192,105	192,105	-	192,105
Total comprehensive income (loss) for the period	-	-	-	-	-	-	136,920	(2,696,270)	2,319,755	(239,595)	109	(239,486)
Cash dividends (Note 11)	-	-	-	-	-	-	-	-	(1,400,000)	(1,400,000)	-	(1,400,000)
Balance as at June 30, 2022	20,000,000	3,046,592	3,052	12,769,186	4,405,892	324,445	1,030,351	2,232,094	9,595,235	53,406,847	65,602	53,472,449
Balance as at March 31, 2021 (Audited)	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,754	852,207	2,361,860	7,311,742	51,079,285	64,934	51,144,219
Effect of ownership change in an associate	-	-	-	-	-	(45)	-	-	-	(45)	-	(45)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	353	353	-	353
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(66,856)	683,136	1,068,644	1,684,924	207	1,685,131
Cash dividends (Note 11)	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance as at June 30, 2021	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,709	785,351	3,044,996	7,380,739	51,764,517	65,141	51,829,658

The accompanying notes (1) to (12) form an integral part of the interim condensed consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2022	2021
Cash flow from operating activities:		
Profit for the period before contribution to KFAS and Zakat	2,355,140	1,089,245
Adjustments for:		
Net investment income	(1,493,285)	(862,949)
Interest income	(135,061)	(137,700)
Group's share of results from associates	(73,214)	16,796
Gain from sale of investment properties	(724,406)	-
Foreign exchange loss (gain)	1,536	(1,105)
Finance charges	161,674	117,343
Net allowance for ECL no longer required	(8,148)	(95,643)
	84,236	125,987
Changes in operating assets and liabilities:		
Financial assets at FVTPL	40,055	(8,840,986)
Accounts receivable and other debit balances	547,759	(44,234)
Accounts payable and other credit balances	(171,487)	(61,366)
Net cash flows generated from (used in) operating activities	500,563	(8,820,599)
Cash flow from investing activities:		
Paid for purchase of financial assets at FVOCI	(1,668,045)	(1,360,402)
Proceeds from sale of financial assets at FVOCI	3,413,611	94,852
Proceeds from capital reduction of investment in an associate	39,187	38,631
Cash dividends received from investment in an associate	228,000	-
Proceeds from redemption of debt instruments at amortized cost	-	4,000,000
Proceeds from sale of investment properties	1,264,918	-
Interest income received	114,194	207,024
Dividends income received	1,184,172	53,664
Net cash flows generated from investing activities	4,576,037	3,033,769
Cash flows from financing activities:		
Loans	(1,987,399)	10,390,330
Loans from a related party	(4,000,000)	(4,400,000)
Cash dividends paid	(32,798)	(160)
Capital reduction	(4,738)	(8,597)
Finance charges paid	(142,952)	(298,703)
Net cash flows (used in) generated from financing activities	(6,167,887)	5,682,870
Net decrease in cash on hand and at banks	(1,091,287)	(103,960)
Cash on hand and at banks at the beginning of the period	14,175,150	13,275,055
Cash on hand and at banks at the end of the period	13,083,863	13,171,095

The accompanying notes from (1) to (12) form an integral part of the interim condensed consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

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 and the latest amendment on October 18, 2021. The Parent Company's commercial registration number is 31846. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:

- Obtaining loans from the financial market, granting loans to others, and mediating in lending and borrowing operations, taking into account the financial methods of the Parent Company.
- Buying and selling securities listed in the Boursa Kuwait and the securities that are traded in the State of Kuwait and in the Gulf Cooperation Council countries.
- Carrying out the functions of investment trustees and managing funds for the account of others in the State of Kuwait.
- Carrying out brokerage work and guaranteeing the issuance of the stocks in the Boursa Kuwait.
- Preparing studies and research and providing all financial advisory services in everything related to the objectives of the Parent Company.
- The Parent Company may, after approval of the Central Bank, carry out some or all of its business outside Kuwait in accordance with the conditions and rules prescribed by the Central Bank in this regard.
- Establishing and managing real estate portfolios for others inside and outside the State of Kuwait.
- Investment in real estate inside and outside the State of Kuwait.

The Shareholders' Extraordinary General Assembly held on June 28, 2022 approved the Board of Directors' proposal to cancel the financing activity license granted to the Parent Company by Central Bank of Kuwait and amending the article No. (4) of the Parent Company's Articles of Association and article No. (5) of the Memorandum of Incorporation to be in line with the new activities. This proposal is subject to obtaining the regulatory approvals.

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.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on July 21, 2022.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended March 31, 2022.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance 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 interim condensed consolidated financial information. Operating results for the three months period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2023. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended March 31, 2022.

(a) Significant accounting policies

In preparation of the interim condensed consolidated financial information, the management made judgments and estimates that may affect the adoption of accounting policies and the reported amount of assets and liabilities, incomes and expenses. Actual result may differ from these estimates.

Amendments on the applied standards

Amended IFRS standards that are effective for the current year are as follows:

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the previous year except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2022:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued on 29 March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments are not expected to have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of the standard.

Annual Improvements to IFRS Standards 2018-2020 cycle

The following is the summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 9 Financial Instruments - Fees in the '10%' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

This amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments are not expected to have a material impact on the Group.

New and revised IFRS standards in issue but not yet effective

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

Amendments to IAS 1 Presentation of Financial Statements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. 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 IAS 1 – Classification of Liabilities as Current or Non-current

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

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

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

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

	June 30, 2022	(Audited) March 31, 2022	June 30, 2021
Quoted securities	33,450,696	37,391,640	24,077,973
Unquoted securities	7,030,075	7,338,862	7,401,662
	<u>40,480,771</u>	<u>44,730,502</u>	<u>31,479,635</u>

Quoted securities with a carrying value of KD 26,421,946 (March 31, 2022: KD 22,266,003; June 30, 2021: KD 22,806,823) were pledged with a local bank against a loan (Note 5)

Fair value measurement disclosures of financial assets at FVOCI are provided in Note 12.

4. Debt instruments at amortized cost

	Interest rate %	Maturity date	June 30, 2022	(Audited) March 31, 2022	June 30, 2021
Floating rate bond issued by a local company	2.75% + CBK discount rate	July 26, 2023	2,000,000	2,000,000	2,000,000
Floating rate bonds issued by a local company	2.25% + CBK discount rate	November 8, 2023	3,750,000	3,750,000	3,750,000
Floating rate bonds issued by a local company	2.25% + CBK discount rate	December 28, 2024	4,400,000	4,400,000	4,400,000
Floating rate bonds issued by a local bank	2.25% + CBK discount rate	October 10, 2032	2,000,000	2,000,000	-
Fixed rate bond issued by a local bank	4%	October 10, 2032	2,000,000	2,000,000	-
			<u>14,150,000</u>	<u>14,150,000</u>	<u>10,150,000</u>
Less: allowance for Expected Credit Losses ("ECL") (a)			<u>(85,824)</u>	<u>(107,096)</u>	<u>(91,211)</u>
			<u>14,064,176</u>	<u>14,042,904</u>	<u>10,058,789</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

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

	June 30, 2022	(Audited) March 31, 2022	June 30, 2021
Balance as at the beginning of the period / year	107,096	150,842	150,842
Charge during the period / year	-	21,753	-
Provision no longer required	(21,272)	(65,499)	(59,631)
Balance as at the end of the period / year	85,824	107,096	91,211

5. Loans

Revolving loans carry an annual interest rate 0.7% (March 31, 2022: 0.7%; June 30, 2021: 1%) over the Central Bank of Kuwait discount rate and due for settlement on May 15, 2025.

Loans are secured by pledge of the following first-degree collaterals:

- (i) Pledge of investment properties with a carrying value of KD 2,803,554 (March 31, 2022: KD 2,803,554 June 30, 2021: KD Nil)
- (ii) Pledge of FVOCI with a carrying value amounting to KD 26,421,946 (March 31, 2022: KD 22,266,003; June 30, 2021: KD 22,806,823) (Note 3).
- (iii) Pledge of 3,405,898 shares of Future Communication Co. K.S.C.P. ("FCC") classified as investment in associates.
- (iv) Pledge of 11,999,999 shares of Al-Jazeera Real Estate Development Co. K.S.C. (Closed) classified as investment in associates.

6. Net investment income

	Three months ended June 30,	
	2022	2021
Unrealized gain on change in fair value of financial assets at FVTPL	-	691,567
Realized gain on sale of financial assets at FVTPL	40,055	117,718
Dividend income	1,453,230	53,664
	1,493,285	862,949

7. 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 period attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the period:

	Three months ended June 30,	
	2022	2021
Profit for the period attributable to shareholders of the Parent Company	2,319,755	1,068,644
	Shares	Shares
Weighted average number of shares outstanding	200,000,000	200,000,000
	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	11.60	5.34

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

8. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,822,066,371 as at June 30, 2022 (March 31, 2022: KD 2,768,298,090; June 30, 2021: KD 2,669,618,031) to earn management fees. These investment portfolios are registered in the name of the Parent Company and are not included in the accompanying interim condensed consolidated financial information (accounts off the interim condensed consolidated statement of financial position).

9. 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 to be approved by the Group's management and subject to approval by the shareholders of the Parent Company in the Annual General Assembly. Significant balances and transactions with other related parties are as follows:

	June 30, 2022	(Audited) March 31, 2022	June 30, 2021
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	13,039,806	13,796,535	12,127,992
Loans (Note 5)	26,627,858	28,615,257	37,905,192
Loans from a related party (a)	10,000,000	14,000,000	4,500,000
Dividends Payable	1,627,617	260,402	1,217,135
Payable to shareholder on account of capital reduction	63,568	68,305	88,215
Due to related parties	175,262	157,124	30,654

(a) These represent loans obtained from a shareholder carrying an annual interest rate of 1.75% (March 31, 2022: 1.5%; June 30, 2021: 1.25%). Loans from a related party are due for settlement on March 17, 2024.

	Three months ended June 30, 2022	2021
(ii) Interim condensed consolidated statement of profit or loss:		
Fees and commission income	40,000	40,000
Interest income	36	44
Finance charges	(161,674)	(117,343)
(iii) Compensation to key management personnel:		
Short-term benefits	81,798	90,546
Termination benefits	7,188	7,188

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10. 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 period ended June 30,				
	2022		2021		
	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,828,346	494,777	-	-	2,303,146
Segment operating expenses	(161,674)	-	-	-	(180,934)
Unallocated operating expense	-	-	-	-	(572,068)
Operating profit	73,214	-	-	-	1,555,144
Group's share of results from associates	-	-	-	-	73,214
Gain on sale of investment properties	-	-	-	-	724,406
Other income	-	-	-	-	10,252
Marketing expenses	-	(14,488)	-	-	(14,488)
Foreign exchange (loss) gain	-	-	-	-	(1,536)
Net allowance for ECL no longer required	8,148	-	-	-	8,148
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat	-	-	-	-	2,355,140
Contribution to KFAS	-	-	-	-	(24,625)
Zakat	-	-	-	-	(10,551)
Profit for the period	-	-	-	-	2,319,964
Other information					
Segment assets	67,628,810	223,119	-	15,092,279	82,944,208
Investment in associates	9,752,368	-	-	-	9,752,368
Unallocated assets	-	-	-	-	946,164
Total assets	-	-	-	-	93,644,740
Segment liabilities	36,627,858	-	-	-	36,627,858
Unallocated liabilities	-	-	-	-	3,544,433
Total liabilities	-	-	-	-	40,172,291
Investment activities	1,000,649	-	-	-	1,000,649
Asset management services	(117,343)	447,495	-	-	(117,343)
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	(16,796)	-	-	-	(16,796)
Investment activities	95,643	-	-	-	95,643
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	1,089,245	-	-	-	1,089,245
Investment activities	-	-	-	-	-
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	(11,305)	-	-	-	(11,305)
Investment activities	-	-	-	-	-
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	(9,089)	-	-	-	(9,089)
Investment activities	64,783,519	-	-	-	64,783,519
Asset management services	10,193,777	242,464	-	21,957,210	36,975,761
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	-	-	-	-	-
Investment activities	42,405,192	-	-	-	42,405,192
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	42,405,192	-	-	-	42,405,192
Investment activities	-	-	-	-	-
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	-	-	-	-	-
Investment activities	-	-	-	-	-
Asset management services	-	-	-	-	-
Lending activities	-	-	-	-	-
Real estate activities	-	-	-	-	-
Total	-	-	-	-	-

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11. General Assembly

The Shareholders' Annual General Assembly held on June 28, 2022 approved the distribution of cash dividends of 7 fils per share amounting to KD 1,400,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2022.

The Shareholders' Annual General Assembly held on June 23, 2021 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,000,000 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2021.

12. Fair value measurement

The details of fair value measurement hierarchy are as follow:

Level 1: Quoted (unadjusted) market price in active markets for identical assets or liabilities.

Level 2: Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Group's financial instruments that are measured at fair value:

June 30, 2022	Level 1	Level 2	Total
Financial assets at FVOCI	33,450,696	7,030,075	40,480,771
March 31, 2022 (Audited)	Level 1	Level 2	Total
Financial assets at FVOCI	37,391,640	7,338,862	44,730,502
June 30, 2021	Level 1	Level 2	Total
Financial assets at FVTPL	10,074,000	-	10,074,000
Financial assets at FVOCI	24,077,973	7,401,662	31,479,635
	34,151,973	7,401,662	41,553,635

During the period ended June 30, 2022, there were no transfers between different levels of fair value measurement.