

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(UNAUDITED)
WITH**

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

REPORT ON REVIEW 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 September 30, 2020 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 six 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 the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim 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 the basis of presentation set out in Note 2.

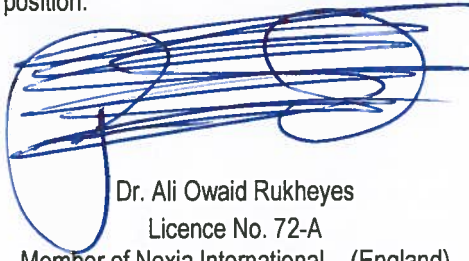
Emphasis of Matter

We draw attention to Note (11) to the accompanying interim condensed consolidated financial information. Our conclusion is not modified in respect of this matter.

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 six months period ended September 30, 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 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, as amended, during the six months period ended September 30, 2020, that might have had a material effect on the business of the Parent Company or on its financial position.



Dr. Ali Owaid Rukheyes
Licence No. 72-A
Member of Nexia International – (England)
AL Waha Auditing Office



Dr. Shuaib A. Shuaib
Licence No. 33-A
RSM Albazie & Co.

State of Kuwait
October 28, 2020

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2020
(All amounts are in Kuwaiti Dinars)

	Note	September 30, 2020	(Audited) March 31, 2020	September 30, 2019
<u>ASSETS</u>				
Cash on hand and at banks		13,105,014	13,236,786	12,902,386
Financial assets at fair value through profit or loss ("FVTPL")	3	3,464,720	3,516,953	5,215,395
Accounts receivable and other debit balances		2,455,043	973,734	592,825
Financial assets at fair value through other comprehensive income ("FVOCI")	4	29,293,545	34,495,750	29,093,591
Investment in associates	5	11,521,678	12,075,830	12,417,832
Investment in unconsolidated subsidiaries	6	-	1,852,126	942,126
Debt instruments at amortized cost	7	19,737,133	19,784,975	-
Investment properties		22,109,684	22,179,273	27,166,519
Total assets		101,686,817	108,115,427	88,330,674
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Loans	9	36,442,863	36,768,033	26,758,162
Loans from a related party	10	9,000,000	13,314,900	3,186,000
Accounts payable and other credit balances		4,030,655	5,433,436	3,838,454
Total liabilities		49,473,518	55,516,369	33,782,616
Equity:				
Capital	11	20,000,000	21,600,000	21,600,000
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		333,665	335,759	326,295
Foreign currency translation adjustments		1,039,178	1,148,124	910,069
Fair value reserve		3,226,709	3,421,330	6,321,109
Retained earnings		7,324,307	5,804,503	5,101,622
Equity attributable to the shareholders of the Parent Company		52,148,581	52,534,438	54,483,817
Non-controlling interests		64,718	64,620	64,241
Total equity		52,213,299	52,599,058	54,548,058
Total liabilities and equity		101,686,817	108,115,427	88,330,674
Fiduciary assets	15	2,797,461,131	2,767,906,807	2,962,311,108

The accompanying notes (1) to (20) 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 SEPTEMBER 30, 2020
(All amounts are in Kuwaiti Dinars)

		Three months ended September 30,		Six months ended September 30,	
	Note	2020	2019	2020	2019
Continuing operations:					
Revenues:					
Net investment income (loss)	12	379,501	(68,859)	796,357	858,153
Fees and commission income		417,338	532,709	778,666	1,036,459
Interest income		228,021	115	489,214	2,151
Net rental income		135,960	272,804	251,802	504,902
Group's share of results from associates	5	(198,457)	(53,123)	(449,255)	(56,833)
Impairment loss on investment in an associate	5	-	-	(62,264)	-
Gain on sale of unconsolidated subsidiaries	6	-	2,000	15,581	2,000
Gain on sale of investment properties		-	16,125	-	16,125
Provision for overseas tax no longer required	13	-	-	588,237	-
Other Income		24,102	-	24,102	-
Foreign exchange gain		34,838	2,326	21,730	48,507
		<u>1,021,303</u>	<u>704,097</u>	<u>2,454,170</u>	<u>2,411,464</u>
Expenses and other charges:					
General and administrative expenses		(314,213)	(399,964)	(619,557)	(797,994)
Finance charges		(178,418)	(215,328)	(338,272)	(475,900)
Net allowance for ECL		(71,983)	4,682	(98,428)	(31,404)
		<u>(564,614)</u>	<u>(610,610)</u>	<u>(1,056,257)</u>	<u>(1,305,298)</u>
Profit for the period from continuing operations		456,689	93,487	1,397,913	1,106,166
Discontinued operations:					
Profit for the period from discontinued operations	8	-	-	-	111,732
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat					
		456,689	93,487	1,397,913	1,217,898
Contribution to KFAS		(4,567)	(390)	(13,978)	(8,529)
Zakat		(3,816)	(126)	(12,574)	(126)
Profit for the period		<u>448,306</u>	<u>92,971</u>	<u>1,371,361</u>	<u>1,209,243</u>
Attributable to:					
Shareholders of the Parent Company		448,293	92,778	1,371,263	1,208,876
Non-controlling interests		13	193	98	367
Profit for the period		<u>448,306</u>	<u>92,971</u>	<u>1,371,361</u>	<u>1,209,243</u>
Basic and diluted earnings per share:					
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>2.17</u>	<u>0.43</u>	<u>6.39</u>	<u>5.30</u>
Basic and diluted earnings per share from continuing operations:					
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>2.17</u>	<u>0.43</u>	<u>6.39</u>	<u>4.81</u>
Basic and diluted earnings per share from discontinued operations:					
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.49</u>

The accompanying notes (1) to (20) 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 SEPTEMBER 30, 2020
(All amounts are in Kuwaiti Dinars)

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Profit for the period	<u>448,306</u>	<u>92,971</u>	<u>1,371,361</u>	<u>1,209,243</u>
Other comprehensive income (loss):				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Share of other comprehensive (loss) income of associates (Note 5)	(8,226)	72	(7,530)	29
Exchange differences on translating foreign operations	(66,695)	36,812	(101,416)	(13,361)
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Changes in fair value of financial assets at FVOCI	505,998	(155,525)	(398,364)	(265,039)
Transfer to retained earnings due to sale of financial assets at FVOCI	203,743	-	203,743	-
Net other comprehensive income (loss) for the period	<u>634,820</u>	<u>(118,641)</u>	<u>(303,567)</u>	<u>(278,371)</u>
Total comprehensive income (loss) for the period	<u>1,083,126</u>	<u>(25,670)</u>	<u>1,067,794</u>	<u>930,872</u>
Attributable to:				
Shareholders of the Parent Company	1,083,113	(25,863)	1,067,696	930,505
Non-controlling interests	13	193	98	367
Total comprehensive income (loss) for the period	<u>1,083,126</u>	<u>(25,670)</u>	<u>1,067,794</u>	<u>930,872</u>

The accompanying notes (1) to (20) 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 SEPTEMBER 30, 2020
(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
Balance as at March 31, 2020 (Audited)	21,600,000	3,046,592	3,052	12,769,186	4,405,892	335,759	1,148,124	3,421,330	5,800
Capital reduction (Note 11, 18)	(1,600,000)	-	-	-	-	-	-	-	-
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(2,094)	-	-	-
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	14
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(108,946)	(194,621)	1,370
Balance as at September 30, 2020	20,000,000	3,046,592	3,052	12,769,186	4,405,892	333,665	1,039,178	3,226,709	7,320
Balance as at March 31, 2019 (Audited)	24,000,000	3,046,592	3,052	12,769,186	4,405,892	343,800	923,401	6,586,148	3,800
Capital reduction (Note 11, 18)	(2,400,000)	-	-	-	-	-	-	-	-
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(17,505)	-	-	-
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(13,332)	(265,039)	1,200
Balance as at September 30, 2019	21,600,000	3,046,592	3,052	12,769,186	4,405,892	326,295	910,069	6,321,109	5,100

The accompanying notes (1) to (20) 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 SEPTEMBER 30, 2020

(All amounts are in Kuwaiti Dinars)

		Six months ended September 30,	
	Note	2020	2019
Cash flow from operating activities:			
Profit for the period from continuing operations		1,397,913	1,106,166
Profit for the period from discontinued operations		-	111,732
Profit for the period before contribution to KFAS and Zakat		1,397,913	1,217,898
Adjustments for:			
Net investment income	12	(796,357)	(858,153)
Interest income		(489,214)	(2,151)
Group's share of results from associates	5	449,255	56,833
Impairment loss on investment in an associate	5	62,264	-
Gain on sale of unconsolidated subsidiaries	6	(15,581)	(2,000)
Gain on sale of investment properties		-	(16,125)
Provision for overseas tax no longer required	13	(588,237)	-
Foreign exchange gain		(21,730)	(48,507)
Finance charges		338,272	475,900
Net allowance for ECL		98,428	31,404
Group's share of results from discontinued operations	8	-	(210,645)
Loss on disposal of discontinued operations	8	-	98,913
		435,013	743,367
Changes in operating assets and liabilities:			
Financial assets at FVTPL		514,370	(1,437,893)
Accounts receivable and other debit balances		(1,628,438)	68,935
Accounts payable and other credit balances		(381,940)	(306,114)
Net cash flows used in operating activities		(1,060,995)	(931,705)
Cash flow from investing activities:			
Purchase of financial assets at FVOCI		(400,319)	-
Proceeds from sale of financial assets at FVOCI		5,556,444	-
Purchase of additional investment in an associate	5	-	(1,972,099)
Proceeds from capital reduction of investment in an associate	5	-	338,600
Cash dividends received from investment in an associate	5	-	101,578
Proceeds from disposal of discontinued operations		-	15,580,135
Proceeds from sale of investment in unconsolidated subsidiaries		200,000	2,000
Proceeds from sale of investment properties		-	1,030,125
Interest income received		539,769	2,151
Dividends income received	12	334,220	1,068,453
Net cash flows generated from investing activities		6,230,114	16,150,943
Cash flows from financing activities:			
Loans		(325,170)	(1,523,347)
Loans from a related party		(4,314,900)	(11,216,416)
Cash dividends paid		(2,804)	(2,175)
Capital reduction		(36,033)	(2,301,068)
Finance charges paid		(621,984)	(601,549)
Net cash flows used in financing activities		(5,300,891)	(15,644,555)
Net decrease in cash on hand and at banks		(131,772)	(425,317)
Cash on hand and at banks at the beginning of the period		13,236,786	13,327,703
Cash on hand and at banks at the end of the period		13,105,014	12,902,386

The accompanying notes (1) to (20) 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)

SEPTEMBER 30, 2020

(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, 2020 (Note 11). 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
- 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.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on October 28, 2020.

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, 2020. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group for the financial year ended March 31, 2020, with the exception of the impact of the COVID - 19 outbreak on the Group which is detailed in (Note 20).

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 six months period ended September 30, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2021. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended March 31, 2020.

Application of new and revised International Financial Reporting Standards (IFRSs)

The Group has not early adopted any standards, interpretations or amendments that has been issued but is not yet effective. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial information of the Group.

(a) Revised IFRSs that are effective for the current year:

The following revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in the interim condensed consolidated financial information. Their adoption has not had any material impact on the disclosures or on the amounts reported in 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)

SEPTEMBER 30, 2020

(All amounts are in Kuwaiti Dinars)

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 output;
- 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 amendments 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. This amendment is not expected to have a material impact on the Group's interim condensed consolidated financial information.

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 interim condensed consolidated financial information.

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

(b) New and revised IFRSs in issue but not yet effective and not early adopted:

At the date of authorization of this interim condensed consolidated financial information, There are several amendments on IFRS in issue but not yet effective and not early adopted by the Group. The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's interim condensed consolidated financial information as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the interim condensed consolidated financial information.

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.

Fair value measurement disclosures of financial assets at FVTPL are provided in Note 19.

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

	September 30, 2020	(Audited) March 31, 2020	September 30, 2019
Quoted securities	24,351,277	28,278,054	22,149,202
Unquoted securities	4,942,268	6,217,696	6,944,389
	<u>29,293,545</u>	<u>34,495,750</u>	<u>29,093,591</u>

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

SEPTEMBER 30, 2020

(All amounts are in Kuwaiti Dinars)

Quoted securities with a carrying value of KD 22,142,547 (March 31, 2020: KD 22,186,832; September 30, 2019: KD 22,142,547) were pledged with a local bank against a loan (Note 9)

Fair value measurement disclosures of financial assets at FVOCI are provided in Note 19.

5. Investment in associates

<u>Name of the associate</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>	September 30, 2020	(Audited) March 31, 2020	September 30, 2019
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	7,333,780	7,563,356	7,704,075
Future Communication Co. K.S.C.C.	Kuwait	34.50%	2,069,140	2,233,361	2,216,933
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,640,249	1,771,233	1,766,016
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	472,278	439,385	616,125
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	1	62,265	108,453
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			11,521,678	12,075,830	12,417,832

The movement during the period / year was as follows:

	September 30, 2020	(Audited) March 31, 2020	September 30, 2019
Balance at the beginning of the period / year	12,075,830	26,498,156	26,498,156
Additions	-	1,972,098	1,972,099
Capital reduction of investment in an associate	-	(398,600)	(338,600)
Effect of ownership change in an associate	(2,094)	(8,041)	(17,505)
Group's share of results from associates	(449,255)	(337,658)	(56,833)
Impairment loss on investment in an associate	(62,264)	-	-
Share of other comprehensive (loss) income	(7,530)	728	29
Cash dividends received	-	(223,681)	(101,578)
Foreign currency translation adjustments	(33,009)	102,246	(8,518)
Group's share of results from discontinued operations (Note 8)	-	210,645	210,645
Transferred to discontinued operations (Note 8)	-	(15,740,063)	(15,740,063)
Balance at the end of the period / year	11,521,678	12,075,830	12,417,832

6. Investment in unconsolidated subsidiaries

During the period ended September 30, 2020, the Group sold all its equity interest in the unconsolidated subsidiaries for KD 1,867,707 and realized a gain of KD 15,581.

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7. Debt instruments at amortized cost

	Interest rate %	Maturity date	September 30, 2020	(Audited) March 31, 2019	September 30, 2019
Fixed rate bond issued by a local bank	4.75%	November 18, 2025	800,000	800,000	-
Fixed rate bond issued by a local bank	6.5%	May 30, 2026	2,000,000	2,000,000	-
Floating rate bond issued by a local bank	2.5% + CBK discount rate	November 18, 2025	2,700,000	2,700,000	-
Floating rate bond issued by a local bank	3.95% + CBK discount rate	March 9, 2026	2,200,000	2,200,000	-
Floating rate bond issued by a local bank	4% + CBK discount rate	May 30, 2026	2,000,000	2,000,000	-
Floating rate bond issued by a local company	2.75% + CBK discount rate	July 26, 2023	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	-
Floating rate bonds issued by a local company	2.25% + CBK discount rate	December 28, 2024	4,400,000	4,400,000	-
			19,850,000	19,850,000	-
Less: allowance for Expected Credit Losses ("ECL")			(112,867)	(65,025)	-
			19,737,133	19,784,975	-

8. Discontinued operations

During the previous period ended September 30, 2019 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 stake 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 (Note 5) was classified as "discontinued operations" in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

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.

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Group's share of results from discontinued operations	-	-	-	210,645
Loss on disposal of discontinued operations	-	-	-	(98,913)
Profit for the period from discontinued operations	-	-	-	111,732

9. Loans

Revolving loans carry an annual interest rate ranging from 1.5% to 2.5% (March 31, 2020: ranging from 1.5% to 2.5%, September 30, 2019: ranging from 3% to 4%). Loan amounting to KD 15,258,162 (March 31, 2020: KD 15,258,162, September 30, 2019: KD 15,258,162) is secured by quoted securities classified as financial assets at FVOCI as at September 30, 2020 (Note 4) and other loan amounting to KD 21,184,701 (March 31, 2020: KD 21,509,871, September 30, 2019: KD 11,500,000) is secured by promissory notes. Loans are due for settlement on May 15, 2022.

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10. Loans from a related party

These represent loans obtained from a shareholder carrying an annual interest rate of 1.25% per annum (March 31, 2020: ranging from 1.25% to 1.75%, September 30, 2019: ranging from 2.5% to 3.25%). Loans from a related party are due for settlement on March 29, 2022.

11. Capital

As at September 30, 2020, the authorized, issued and paid-up capital amounting to KD 20,000,000 allocated on 200,000,000 shares (March 31, 2020: amounting to KD 21,600,000 allocated on 216,000,000 shares, September 30, 2019: amounting to 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.

According to the Parent Company's Shareholders' Extraordinary General Assembly held on September 14, 2020 (Note 18 (b)) the Parent Company's share capital has been reduced by 7.41% amounting to KD 1,600,000 that will be KD 20,000,000 allocated on 200,000,000 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 Parent Company's commercial registry on October 18, 2020 (Note 18(b)).

According to the Parent Company's Shareholders' Extraordinary General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 (Note 18 (e)) 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. The management of the Parent Company have been advised that the capital reduction amendment in the commercial registry based on the Shareholders' Extraordinary General Assembly re-held on November 12, 2019 is not required based on an oral communication between the Parent Company and the Ministry of Commerce and Industry.

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 18 (f)) 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. The management of the Parent Company have been advised that the capital reduction amendment in the commercial registry based on the Shareholders' Extraordinary General Assembly re-held on November 12, 2019 is not required based on an oral communication between the Parent Company and the Ministry of Commerce and Industry.

12. Net investment income (loss)

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Unrealized gain (loss) on financial assets at FVTPL	142,149	(68,859)	392,575	(210,300)
Realized gain on sale of financial assets at FVTPL	69,562	-	69,562	-
Dividend income	167,790	-	334,220	1,068,453
	<u>379,501</u>	<u>(68,859)</u>	<u>796,357</u>	<u>858,153</u>

13. Provision for overseas tax no longer required

During the period ended September 30, 2020 and upon the final tax assessment by the General Authority of Zakat and Tax in KSA, the Group has reversed provision for overseas tax amounting to KD 588,237 which represents Zakat tax on the Group's operations in KSA by one of the Group's subsidiaries during the years from 2008 till 2018.

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14. 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 September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Profit for the period attributable to shareholders of the Parent Company from continuing operations	448,293	92,778	1,371,263	1,097,144
Profit for the period attributable to shareholders of the Parent Company from discontinued operations	-	-	-	111,732
Profit for the period attributable to shareholders of the Parent Company	448,293	92,778	1,371,263	1,208,876
	Shares	Shares	Shares	Shares
Weighted average number of shares outstanding	206,933,333	216,000,000	214,513,661	227,934,426
	Fils	Fils	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	2.17	0.43	6.39	5.30
Basic and diluted earnings per share attributable to shareholders of the Parent Company from continuing operations	2.17	0.43	6.39	4.81
Basic and diluted earnings per share attributable to shareholders of the Parent Company from discontinued operations	-	-	-	0.49

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

15. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,797,461,131 as at September 30, 2020 (March 31, 2020: KD 2,767,906,807; September 30, 2019: KD 2,962,311,108) 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).

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16. Related party transactions

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. Significant balances and transactions with other related parties are as follows:

	September 30, 2020	(Audited) March 31, 2020	September 30, 2019	
(i) Interim condensed consolidated statement of financial position:				
Cash on hand and at banks	11,997,779	12,229,209	11,898,281	
Accounts receivable and other debit balances	82,000	75,000	-	
Loans (Note 9)	36,442,863	36,768,033	26,758,162	
Loans from a related party (Note 10)	9,000,000	13,314,900	3,186,000	
Accounts payable and other credit balances	288,249	2,311,717	1,085,864	
	Three months ended September 30,	Six months ended September 30,		
	2020	2019	2020	2019
(ii) Interim condensed consolidated statement of profit or loss:				
Interest income	161	115	191	150
Gain on sale of unconsolidated subsidiaries	-	-	15,581	-
Finance charges	(178,418)	(215,328)	(338,272)	(475,900)
(iii) Compensation to key management personnel:				
Short-term benefits	81,798	77,880	163,596	151,096
Termination benefits	7,187	7,969	14,375	14,375

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17. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating officer.

- 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.

	2020					For the period ended September 30,	
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services
Segment operating revenue	1,285,571	778,666	-	251,802	2,316,039	860,304	1,036,459
Segment operating expenses	(338,272)	-	-	(30,594)	(368,866)	(475,900)	-
Unallocated operating expense					(588,963)		
Operating profit					1,358,210		
Group's share of results from associates					(449,255)		
Impairment loss on investment in an associate					(62,264)		
Gain on sale of unconsolidated subsidiaries					15,581		
Gain on sale of investment properties					-		
Provision for overseas tax no longer required					588,237		
Other income					24,102		
Foreign exchange gain					21,730		
Net allowance for ECL					(98,428)		
Profit for the period from continuing operations					1,397,913		
Profit for the period from discontinued operations					-		
Contribution to KFAS					(13,978)		
Zakat					(12,574)		
Profit for the period					1,371,361		
Other information							
Segment assets	65,600,412	233,422	-	22,109,684	87,943,518	47,211,372	230,017
Investment in associates	-	-	-	-	11,521,678	-	-
Investment in unconsolidated subsidiaries	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	2,221,621	-	-
Total assets					101,686,817		
Segment liabilities	45,442,863	-	-	-	45,442,863	29,944,162	-
Unallocated liabilities	-	-	-	-	4,030,655	-	-
Total liabilities					49,473,518		

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18. Shareholders Ordinary and Extraordinary General Assembly

- (a) The Shareholders' Annual General Assembly held on September 14, 2020 approved the Board of Directors' proposals not to distribute cash dividends and not to distribute Board of Directors' remuneration for the financial year ended March 31, 2020.
- (b) The Shareholders' Extraordinary General Assembly held on September 14, 2020 approved the Board of Directors' proposal to reduce the share capital by 7.41% amounting to KD 1,600,000 that will be KD 20,000,000 allocated on 200,000,000 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 (Note 11).
- (c) The Shareholders' Annual General Assembly previously held on July 1, 2019 and re-held on November 12, 2019 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.
- (d) The Shareholders' Annual General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 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.
- (e) The Shareholders' Extraordinary General Assembly previously held on July 26, 2018 and re-held on November 12, 2019 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.
- (f) The Shareholders' Extraordinary General Assembly previously held on July 1, 2019 and re-held on November 12, 2019 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.

19. 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:

September 30, 2020	Level 1	Level 2	Total
Financial assets at FVTPL	3,464,720	-	3,464,720
Financial assets at FVOCI	24,351,277	4,942,268	29,293,545
	27,815,997	4,942,268	32,758,265
March 31, 2020 (Audited)	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
	31,795,007	6,217,696	38,012,703

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<u>September 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVTPL	5,215,395	-	5,215,395
Financial assets at FVOCI	22,149,202	6,944,389	29,093,591
	<u>27,364,597</u>	<u>6,944,389</u>	<u>34,308,986</u>

During the period ended September 30, 2020, there were no transfers between different levels of fair value measurement.

20. Impact of Covid-19

The outbreak of the novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Group is continually monitoring its impact and how to manage the potential disruption of the Covid-19 outbreak.

In light of Covid-19, the Group has considered whether any adjustments and changes in judgements, estimates and risk management are required to be considered and reported in the interim condensed consolidated financial information. Below are the key assumptions about the future and other key sources of estimation that may have significant risk of causing material adjustments to the interim condensed consolidated financial information.

Impairment of non-financial assets

The Group has considered any impairment indicators arising and any significant uncertainties around its investment properties and performed valuation exercise through local and foreign accredited independent valuers to test its investment properties for any impairment and concluded there is no impact due to Covid-19.

Expected Credit Losses ("ECL") and impairment of financial assets

The Group has applied management overlays on the existing ECL model by applying probability weighted scenarios on the relevant macroeconomics factors relative to the economic climate of the respective market in which it operates. The Group has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact due to Covid-19.

The Group has also assessed its exposures on the debt instruments at amortized cost for any indicators of impairment and concluded there is no material impact on account of Covid-19 since 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.

Fair value of unquoted financial assets

Local and foreign financial markets have exhibited a significant downturn and volatility, resulting in the decline in fair value of unquoted equity investments held by the Group classified as "FVOCI" amounting to KD 1,275,430. Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended September 30, 2020.

Going concern

The Group has performed an assessment of whether it is a going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of Covid-19 may continue to evolve, but the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from March 31, 2020. As a result, this interim condensed consolidated financial information has been prepared on a going concern basis.