

**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, 2020  
(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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## 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 June 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 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 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.

### 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, 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 during the three months period ended June 30, 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 Bazle  
Licence No. 91-A  
RSM Albazle & Co.

State of Kuwait  
August 4, 2020

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

	Note	June 30, 2020	(Audited) March 31, 2020	June 30, 2019
<b><u>ASSETS</u></b>				
Cash on hand and at banks		13,013,679	13,236,786	12,450,653
Financial assets at fair value through profit or loss ("FVTPL")	3	3,767,379	3,516,953	3,846,361
Accounts receivable and other debit balances		1,094,571	973,734	555,718
Financial assets at fair value through other comprehensive income ("FVOCI")	4	33,591,388	34,495,750	29,249,115
Investment in associates	5	11,749,661	12,075,830	10,487,838
Investment in unconsolidated subsidiaries	6	-	1,852,126	1,041,126
Debt instruments at amortized cost	7	19,774,755	19,784,975	-
Investment properties		22,157,064	22,179,273	28,153,863
		105,148,497	108,115,427	85,784,674
Investment in an associate classified as held for sale	8	-	-	15,641,150
<b>Total assets</b>		<b>105,148,497</b>	<b>108,115,427</b>	<b>101,425,824</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Liabilities:</b>				
Loans	9	36,689,533	36,768,033	35,376,420
Loans from a related party	10	12,800,000	13,314,900	5,300,000
Accounts payable and other credit balances		3,076,274	5,433,436	3,775,857
<b>Total liabilities</b>		<b>52,565,807</b>	<b>55,516,369</b>	<b>44,452,277</b>
<b>Equity:</b>				
Capital	11	21,600,000	21,600,000	24,000,000
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		334,723	335,759	326,114
Foreign currency translation adjustments		1,114,099	1,148,124	873,185
Fair value reserve		2,516,968	3,421,330	6,476,634
Retained earnings		6,727,473	5,804,503	5,008,844
Equity attributable to the shareholders of the Parent Company		52,517,985	52,534,438	56,909,499
Non-controlling interests		64,705	64,620	64,048
<b>Total equity</b>		<b>52,582,690</b>	<b>52,599,058</b>	<b>56,973,547</b>
<b>Total liabilities and equity</b>		<b>105,148,497</b>	<b>108,115,427</b>	<b>101,425,824</b>
Fiduciary assets	15	2,803,200,614	2,767,906,807	2,926,142,038

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 JUNE 30, 2020**  
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2020	2019
<b>Continuing operations:</b>			
<b>Revenues:</b>			
Net investment income	12	416,856	927,012
Fees and commission income		361,328	503,750
Interest income		261,193	2,036
Rental income		115,842	232,098
Group's share of results from associates	5	(250,798)	(3,710)
Impairment loss on investment in an associate	5	(62,264)	-
Gain on sale of unconsolidated subsidiaries	6	15,581	-
Provision for overseas tax no longer required	13	588,237	-
Foreign exchange (loss) gain		(13,108)	46,181
		<u>1,432,867</u>	<u>1,707,367</u>
<b>Expenses and other charges:</b>			
General and administrative expenses		(305,344)	(398,030)
Finance charges		(159,854)	(260,572)
Net allowance for ECL		(26,445)	(36,086)
		<u>(491,643)</u>	<u>(694,688)</u>
Profit for the period from continuing operations		941,224	1,012,679
<b>Discontinued operations:</b>			
Profit for the period from discontinued operations	8	-	111,732
<b>Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat</b>		941,224	1,124,411
Contribution to KFAS		(9,411)	(8,139)
Zakat		(8,758)	-
<b>Profit for the period</b>		<u>923,055</u>	<u>1,116,272</u>
Attributable to:			
Shareholders of the Parent Company		922,970	1,116,098
Non-controlling interests		85	174
<b>Profit for the period</b>		<u>923,055</u>	<u>1,116,272</u>
<b>Basic and diluted earnings per share:</b>		<b>Fils</b>	<b>Fils</b>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>4.27</u>	<u>4.65</u>
<b>Basic and diluted earnings per share from continuing operations:</b>			
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>4.27</u>	<u>4.18</u>
<b>Basic and diluted earnings per share from discontinued operations:</b>			
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>-</u>	<u>0.47</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 JUNE 30, 2020**  
 (All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2020	2019
Profit for the period	923,055	1,116,272
<b>Net other comprehensive (loss) income:</b>		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Share of other comprehensive income (loss) of associates (Note 5)	696	(43)
Exchange differences on translating foreign operations	(34,721)	(50,173)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Changes in fair value of financial assets at FVOCI	(904,362)	(109,514)
<b>Net other comprehensive loss for the period</b>	<b>(938,387)</b>	<b>(159,730)</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(15,332)</b>	<b>956,542</b>
Attributable to:		
Shareholders of the Parent Company	(15,417)	956,368
Non-controlling interests	85	174
<b>Total comprehensive (loss) income for the period</b>	<b>(15,332)</b>	<b>956,542</b>

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 JUNE 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	
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	Fair value reserve
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(1,036)	-	5,804,503
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(34,025)	922,970
Balance as at June 30, 2020	21,600,000	3,046,592	3,052	12,769,186	4,405,892	334,723	1,114,099	6,727,473
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
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(17,686)	-	-
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	(17,686)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(50,216)	(109,514)
Balance as at June 30, 2019	24,000,000	3,046,592	3,052	12,769,186	4,405,892	326,114	873,185	6,476,634
								1,116,098
								5,008,844
								956,368
								56,909,499
								174
								64,048
								56,032,691
								(17,686)
								2,000
								956,542
								56,973,547

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 JUNE 30, 2020**  
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2020	2019
<b>Cash flow from operating activities:</b>			
Profit for the period from continuing operations		941,224	1,012,679
Profit for the period from discontinued operations		-	111,732
Profit for the period before contribution to KFAS and Zakat		941,224	1,124,411
Adjustments for:			
Net investment income	12	(416,856)	(927,012)
Interest income		(261,193)	(2,036)
Group's share of results from associates	5	250,798	3,710
Impairment loss on investment in an associate	5	62,264	-
Gain on sale of unconsolidated subsidiaries	6	(15,581)	-
Provision for overseas tax no longer required	13	(588,237)	-
Foreign exchange loss (gain)		13,108	(46,181)
Finance charges		159,854	260,572
Net allowance for ECL		26,445	36,086
Group's share of results from investment in associate classified as held for sale	8	-	(210,645)
Impairment loss recognized on the remeasurement to fair value less costs to sell of the investment in an associate classified as held for sale	8	-	98,913
		171,826	337,818
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		(268,850)	38,019
Accounts payable and other credit balances		(187,090)	(160,355)
Net cash flows (used in) generated from operating activities		(284,114)	215,482
<b>Cash flow from investing activities:</b>			
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 sale of investment in unconsolidated subsidiaries	6	200,000	-
Interest income received		387,285	2,036
Dividends income received		91,300	1,068,453
Net cash flows generated from investing activities		678,585	1,510,667
<b>Cash flows from financing activities:</b>			
Loans		(78,500)	7,094,911
Loans from a related party		(514,900)	(9,102,416)
Cash dividends paid		-	(702)
Capital reduction		-	(16,622)
Finance charges paid		(24,178)	(578,370)
Net cash flows used in financing activities		(617,578)	(2,603,199)
Net decrease in cash on hand and at banks		(223,107)	(877,050)
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		13,013,679	12,450,653

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)**  
**JUNE 30, 2020**  
(All amounts are in Kuwaiti Dinars)

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**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
- Investment in real estate.

The Parent Company is regulated and supervised by the Central Bank of Kuwait ("CBK") for financing activities and the Capital Markets Authority ("CMA") as an investment company.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on August 4, 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 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, 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.

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.

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

**JUNE 30, 2020**

(All amounts are in Kuwaiti Dinars)

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

	<b>June 30, 2020</b>	<b>(Audited) March 31, 2020</b>	<b>June 30, 2019</b>
Quoted securities	<b>28,872,576</b>	28,278,054	22,370,694
Unquoted securities	<b>4,718,812</b>	6,217,696	6,878,421
	<b>33,591,388</b>	<b>34,495,750</b>	<b>29,249,115</b>

Quoted securities with a carrying value of KD 22,142,547 (March 31, 2020: KD 22,186,832; June 30, 2019: KD 22,363,972) 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**

<b>Name of the associate</b>	<b>Country of incorporation</b>	<b>Percentage of holding</b>	<b>June 30, 2020</b>	<b>(Audited) March 31, 2020</b>	<b>June 30, 2019</b>
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	<b>7,469,327</b>	7,563,356	5,823,908
Future Communication Co. K.S.C.C.	Kuwait	34.50%	<b>2,152,170</b>	2,233,361	2,199,675
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	<b>1,668,249</b>	1,771,233	1,724,712
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	<b>453,684</b>	439,385	624,423
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	<b>1</b>	62,265	108,890
Mena Equities Ltd.	British Virgin Islands	44.15%	<b>6,230</b>	6,230	6,230
			<b>11,749,661</b>	<b>12,075,830</b>	<b>10,487,838</b>

The movement during the period / year was as follows:

	<b>June 30, 2020</b>	<b>(Audited) March 31, 2020</b>	<b>June 30, 2019</b>
Balance at the beginning of the period / year	<b>12,075,830</b>	26,498,156	26,498,156
Additions	-	1,972,098	-
Capital reduction of investment in an associate	-	(398,600)	(338,600)
Effect of ownership change in an associate	<b>(1,036)</b>	(8,041)	(17,686)
Group's share of results from associates	<b>(250,798)</b>	(337,658)	(3,710)
Impairment loss on investment in an associate	<b>(62,264)</b>	-	-
Share of other comprehensive income (loss)	<b>696</b>	728	(43)
Cash dividends received	-	(223,681)	(101,578)
Foreign currency translation adjustments	<b>(12,767)</b>	102,246	(19,283)
Group's share of results from its investment in an associate classified as held for sale (Note 8)	-	210,645	210,645
Transferred to investment in an associate classified as held for sale (Note 8)	-	(15,740,063)	(15,740,063)
Balance at the end of the period / year	<b>11,749,661</b>	<b>12,075,830</b>	<b>10,487,838</b>

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

**JUNE 30, 2020**

(All amounts are in Kuwaiti Dinars)

**6. Investment in unconsolidated subsidiaries**

During the period ended June 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.

**7. Debt instruments at amortized cost**

	Interest rate %	Maturity date	June 30, 2019	(Audited) March 31, 2019	June 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	-
			<b>19,850,000</b>	<b>19,850,000</b>	-
Less: allowance for Expected Credit Losses ("ECL")			<b>(75,245)</b>	<b>(65,025)</b>	-
			<b>19,774,755</b>	<b>19,784,975</b>	-

**8. Investment in an associate classified as held for sale**

During the previous period ended June 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 to sell its whole stake in KSPI for 290 fils per share for a total amount of KD 15,641,150. Since the Parent Company was expecting to complete the sale within one year, the carrying value of the investment as at June 30, 2019 amounting to KD 15,740,063 was classified as "Investment in an associate classified as held for sale" in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

The Group's share of results of KSPI was classified as Group's share of results from discontinued operations for the period from April 1, 2019 to June 30, 2019 as presented below.

	Three months ended June 30,	
	2020	2019
Group's share of results from its investment in an associate classified as held for sale	-	210,645
Impairment loss recognized on the remeasurement to fair value less costs to sell (i)	-	(98,913)
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>111,732</b>

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- (i) Following the reclassification, a write-down of KD 98,913 was recognized to reduce the carrying amount of KSPI to its fair value less costs to sell. This was recognized in discontinued operations in the interim condensed consolidated statement of profit or loss.

Fair value measurement disclosures of investment in an associate classified as held for sale are provided in Note 19.

**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%, June 30, 2019: ranging from 3% to 4%). Loan amounting to KD 15,258,162 (March 31, 2020: KD 15,258,162, June 30, 2019: KD 15,258,162) is secured by quoted securities classified as financial assets at FVOCI as at June 30, 2020 (Note 4) and other loan amounting to KD 21,431,371 (March 31, 2020: KD 21,509,871, June 30, 2019: KD 20,118,258) is secured by promissory notes. Loans are due for settlement on May 15, 2021. Subsequent to the interim condensed consolidated statement of financial position date, loans rescheduled to be settled for payment on May 15, 2022.

**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%, June 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 June 30, 2020, the authorized, issued and paid-up capital amounting to KD 21,600,000 allocated on 216,000,000 shares (March 31, 2020 amounting to KD 21,600,000 allocated on 216,000,000 shares, June 30, 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 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. Due to reconducting of the Parent Company's Shareholders' Extraordinary according to Notes 18 (e), 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 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. Due to reconducting of the Parent Company's Shareholders' Extraordinary according to Notes 18 (f), capital reduction amendment will be re-notarized in the Commercial registry according to the Parent Company's Shareholders' Extraordinary General Assembly re-held on November 12, 2019.

**12. Net investment income**

	Three months ended June 30,	
	2020	2019
Unrealized gain (loss) on financial assets at FVTPL	250,426	(141,441)
Dividend income	166,430	1,068,453
	<b>416,856</b>	<b>927,012</b>

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**13. Provision for overseas tax no longer required**

During the period ended June 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.

**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 June 30,	
	2020	2019
Profit for the period attributable to shareholders of the Parent Company from continuing operations	922,970	1,004,366
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	922,970	1,116,098
	Shares	Shares
Weighted average number of shares outstanding	216,000,000	240,000,000
	Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	4.27	4.65
Basic and diluted earnings per share attributable to shareholders of the Parent Company from continuing operations	4.27	4.18
Basic and diluted earnings per share attributable to shareholders of the Parent Company from discontinued operations	-	0.47

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 2,803,200,614 as at June 30, 2020 (March 31, 2020: KD 2,767,906,807; June 30, 2019: KD 2,926,142,038) 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 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, 2020	(Audited) March 31, 2020	June 30, 2019
<b>(i) Interim condensed consolidated statement of financial position:</b>			
Cash on hand and at banks	11,979,725	12,229,209	11,430,046
Accounts receivable and other debit balances	75,000	75,000	-
Loans (Note 9)	36,689,533	36,768,033	35,376,420
Loans from a related party (Note 10)	12,800,000	13,314,900	5,300,000
Accounts payable and other credit balances	710,997	2,311,717	1,059,600
		Three months ended June 30,	
		2020	2019
<b>(ii) Interim condensed consolidated statement of profit or loss:</b>			
Interest income		30	35
Gain on sale of unconsolidated subsidiaries		15,581	-
Finance charges		(159,854)	(260,572)
<b>(iii) Compensation to key management personnel:</b>			
Short-term benefits		81,798	73,216
Termination benefits		7,188	6,406

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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 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,			
	2020		2019	
	Investment activities	Asset management services	Lending activities	Real estate activities
Segment operating revenue	673,049	361,326	-	115,842
Segment operating expenses	(159,854)	-	-	(16,928)
Unallocated operating expense	-	-	-	-
Operating profit	513,195	361,326	-	98,914
Group's share of results from associates	-	-	-	-
Impairment loss on investment in an associate	-	-	-	-
Gain on sale of unconsolidated subsidiaries	-	-	-	-
Provision for overseas tax no longer required	-	-	-	-
Foreign exchange (loss) gain	-	-	-	-
Net allowance for ECL	-	-	-	-
<b>Profit for the period from continuing operations</b>	<b>513,195</b>	<b>361,326</b>	<b>-</b>	<b>98,914</b>
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Contribution to KFAS	-	-	-	-
Zakat	-	-	-	-
<b>Profit for the period</b>	<b>513,195</b>	<b>361,326</b>	<b>-</b>	<b>98,914</b>
Other information	-	-	-	-
Segment assets	70,147,201	241,233	-	22,157,064
Investment in associates	-	-	-	-
Investment in unconsolidated subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
Investment in an associate classified as held for sale	-	-	-	-
<b>Total assets</b>	<b>70,147,201</b>	<b>241,233</b>	<b>-</b>	<b>22,157,064</b>
Segment liabilities	49,489,533	-	-	-
Unallocated liabilities	-	-	-	-
<b>Total liabilities</b>	<b>49,489,533</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investment activities	929,048	503,750	-	232,098
Asset management services	(260,572)	-	-	(28,958)
Lending activities	-	-	-	-
Real estate activities	-	-	-	-
<b>Total</b>	<b>668,476</b>	<b>503,750</b>	<b>-</b>	<b>203,140</b>
Segment operating revenue	1,155,219	-	-	-
Segment operating expenses	(178,762)	-	-	-
Unallocated operating expense	(286,416)	-	-	-
Operating profit	690,021	-	-	-
Group's share of results from associates	(250,798)	-	-	-
Impairment loss on investment in an associate	(62,264)	-	-	-
Gain on sale of unconsolidated subsidiaries	15,581	-	-	-
Provision for overseas tax no longer required	588,237	-	-	-
Foreign exchange (loss) gain	(13,108)	-	-	-
Net allowance for ECL	(26,445)	-	-	-
<b>Profit for the period from continuing operations</b>	<b>941,224</b>	<b>-</b>	<b>-</b>	<b>46,181</b>
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>-(9,411)</b>	<b>1,012,679</b>	<b>111,732</b>
Contribution to KFAS	-	-	-	-
Zakat	-	-	-	-
<b>Profit for the period</b>	<b>941,224</b>	<b>-(9,411)</b>	<b>1,012,679</b>	<b>111,732</b>
Other information	-	-	-	-
Segment assets	45,546,129	224,984	-	28,153,863
Investment in associates	-	-	-	-
Investment in unconsolidated subsidiaries	-	-	-	-
Unallocated assets	-	-	-	-
Investment in an associate classified as held for sale	-	-	-	-
<b>Total assets</b>	<b>45,546,129</b>	<b>224,984</b>	<b>-</b>	<b>28,153,863</b>
Segment liabilities	40,676,420	-	-	-
Unallocated liabilities	-	-	-	-
<b>Total liabilities</b>	<b>40,676,420</b>	<b>-</b>	<b>-</b>	<b>40,676,420</b>
Investment activities	929,048	503,750	-	232,098
Asset management services	(260,572)	-	-	(28,958)
Lending activities	-	-	-	-
Real estate activities	-	-	-	-
<b>Total</b>	<b>668,476</b>	<b>503,750</b>	<b>-</b>	<b>203,140</b>



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

- (a) The Board of Directors' meeting held on April 29, 2020 proposed to reduce the share capital by 7.41% amounting to KD 1,600,000 that will be KD 20,000,000 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 proposal is subject to the approval of the Shareholders' Extraordinary General Assembly and regulatory authorities.
- (b) The Shareholders' Annual General Assembly for the year ended March 31, 2020 had not been held until the date of preparation of this interim condensed consolidated financial information and hence, the consolidated financial statements for the year then ended have not been approved. The interim condensed consolidated financial information for the period ended June 30, 2020 do not include any adjustment which might have been required had the General Assembly approved the consolidated financial statements for the year ended March 31, 2020.
- (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:

June 30, 2020	Level 1	Level 2	Total
Financial assets at FVTPL	3,767,379	-	3,767,379
Financial assets at FVOCI	28,872,576	4,718,812	33,591,388
	<u>32,639,955</u>	<u>4,718,812</u>	<u>37,358,767</u>

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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
	<u>31,795,007</u>	<u>6,217,696</u>	<u>38,012,703</u>
June 30, 2019	Level 1	Level 2	Total
Financial assets at FVTPL	3,846,361	-	3,846,361
Financial assets at FVOCI	22,370,694	6,878,421	29,249,115
Investment in an associate classified as held for sale	-	15,641,150	15,641,150
	<u>26,217,055</u>	<u>22,519,571</u>	<u>48,736,626</u>

During the period ended June 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 are 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 4,718,812. Accordingly, the Group has incurred material losses arising from changes in fair values during the period ended June 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.