

**SECURITIES GROUP COMPANY K.S.C. (CLOSED)  
AND SUBSIDIARIES (THE GROUP)  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED DECEMBER 31, 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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(UNAUDITED)  
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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 December 31, 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 nine 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 nine months period ended December 31, 2020 that might have had a material effect on the business of the Parent Company or on its financial position.




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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 nine months period ended December 31, 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

State of Kuwait  
January 26, 2021



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

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT DECEMBER 31, 2020**  
(Amounts are in Kuwaiti Dinars)

	Note	December 31, 2020	(Audited) March 31, 2020	December 31, 2019
<b>ASSETS</b>				
Cash on hand and at banks		13,240,325	13,236,786	14,108,975
Financial assets at fair value through profit or loss ("FVTPL")	3	1,850,823	3,516,953	3,877,129
Accounts receivable and other debit balances		719,057	973,734	716,395
Financial assets at fair value through other comprehensive income ("FVOCI")	4	26,907,160	34,495,750	30,940,813
Investment in associates	5	10,795,068	12,075,830	12,293,481
Investment in unconsolidated subsidiaries	6	-	1,852,126	862,126
Debt instruments at amortized cost	7	16,191,483	19,784,975	19,816,820
Investment properties		22,022,342	22,179,273	27,538,649
<b>Total assets</b>		<b>91,726,258</b>	<b>108,115,427</b>	<b>110,154,388</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Loans	9	28,638,750	36,768,033	38,283,162
Loans from a related party	10	8,500,000	13,314,900	11,900,000
Accounts payable and other credit balances		2,242,224	5,433,436	4,185,902
<b>Total liabilities</b>		<b>39,380,974</b>	<b>55,516,369</b>	<b>54,369,064</b>
<b>Equity:</b>				
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		333,453	335,759	335,231
Foreign currency translation adjustments		905,023	1,148,124	864,174
Fair value reserve		2,659,809	3,421,330	7,089,678
Retained earnings		8,157,504	5,804,503	5,607,163
Equity attributable to the shareholders of the Parent Company		52,280,511	52,534,438	55,720,968
Non-controlling interests		64,773	64,620	64,356
<b>Total equity</b>		<b>52,345,284</b>	<b>52,599,058</b>	<b>55,785,324</b>
<b>Total liabilities and equity</b>		<b>91,726,258</b>	<b>108,115,427</b>	<b>110,154,388</b>
Fiduciary assets	15	2,753,065,084	2,767,906,807	2,912,081,804

The accompanying notes from (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 DECEMBER 31, 2020**  
(All amounts are in Kuwaiti Dinars)

		Three months ended December 31,		Nine months ended December 31,	
	Note	2020	2019	2020	2019
<b>Continuing operations:</b>					
<b>Revenues:</b>					
Net investment income	12	237,959	168,090	1,034,316	1,026,243
Fees and commission income		973,000	728,080	1,751,666	1,764,539
Interest income		211,197	109,556	700,411	111,707
Net rental income		137,761	190,860	389,563	695,762
Group's share of results from associates	5	(161,535)	(58,213)	(610,790)	(115,046)
Impairment loss on investment in an associate	5	-	-	(62,264)	-
Gain on sale of unconsolidated subsidiaries	6	-	646	15,581	2,646
Loss on sale of investment properties		-	(125,012)	-	(108,887)
Provision for overseas tax no longer required	13	-	-	588,237	-
Foreign exchange gain		25,348	16,868	47,078	65,375
		<u>1,423,730</u>	<u>1,030,875</u>	<u>3,853,798</u>	<u>3,442,339</u>
<b>Expenses and other charges:</b>					
General and administrative expenses		(434,486)	(327,365)	(1,029,941)	(1,125,359)
Finance charges		(120,507)	(226,833)	(458,779)	(702,733)
Net allowance for ECL (charged) no longer required		(35,628)	36,925	(134,056)	5,521
		<u>(590,621)</u>	<u>(517,273)</u>	<u>(1,622,776)</u>	<u>(1,822,571)</u>
Profit for the period from continuing operations		833,109	513,602	2,231,022	1,619,768
<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>		<b>833,109</b>	<b>513,602</b>	<b>2,231,022</b>	<b>1,731,500</b>
Contribution to KFAS		(8,331)	(4,837)	(22,309)	(13,366)
Zakat		(7,898)	(3,109)	(20,472)	(3,235)
<b>Profit for the period</b>		<b><u>816,880</u></b>	<b><u>505,656</u></b>	<b><u>2,188,241</u></b>	<b><u>1,714,899</u></b>
Attributable to:					
Shareholders of the Parent Company		816,825	505,541	2,188,088	1,714,417
Non-controlling interests		55	115	153	482
<b>Profit for the period</b>		<b><u>816,880</u></b>	<b><u>505,656</u></b>	<b><u>2,188,241</u></b>	<b><u>1,714,899</u></b>
<b>Basic and diluted earnings per share:</b>		<b>Fils</b>	<b>Fils</b>	<b>Fils</b>	<b>Fils</b>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	14	<u>4.08</u>	<u>2.34</u>	<u>10.44</u>	<u>7.66</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>4.08</u>	<u>2.34</u>	<u>10.44</u>	<u>7.16</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>-</u>	<u>-</u>	<u>0.50</u>

The accompanying notes from (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 DECEMBER 31, 2020**  
**(Amounts are in Kuwaiti Dinars)**

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Profit for the period	816,880	505,656	2,188,241	1,714,899
<b>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)	7,617	(762)	87	(733)
Exchange differences on translating foreign operations	(141,772)	(45,133)	(243,188)	(58,494)
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Changes in fair value of financial assets at FVOCI	(602,884)	768,569	(1,001,248)	503,530
Transfer to retained earnings due to sale of financial assets at FVOCI	35,984	-	239,727	-
<b>Other comprehensive (loss) income for the period</b>	<b>(701,055)</b>	<b>722,674</b>	<b>(1,004,622)</b>	<b>444,303</b>
<b>Total comprehensive income for the period</b>	<b>115,825</b>	<b>1,228,330</b>	<b>1,183,619</b>	<b>2,159,202</b>
<b>Attributable to:</b>				
Shareholders of the Parent Company	115,770	1,228,215	1,183,466	2,158,720
Non-controlling interests	55	115	153	482
<b>Total comprehensive income for the period</b>	<b>115,825</b>	<b>1,228,330</b>	<b>1,183,619</b>	<b>2,159,202</b>

The accompanying notes from (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 DECEMBER 31, 2020**  
(All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company										Non-controlling interests	Total equity
	Capital	Share premium	Treasury shares reserve	Statutory reserve	Voluntary reserve	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total		
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	5,804,503	52,534,438	64,620	52,599,058
Capital reduction (Note 11, 18)	(1,600,000)	-	-	-	-	-	-	-	-	(1,600,000)	-	(1,600,000)
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(2,306)	-	-	-	(2,306)	-	(2,306)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	164,913	164,913	-	164,913
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(243,101)	(761,521)	2,188,088	1,183,466	153	1,183,619
<b>Balance as at December 31, 2020</b>	<b>20,000,000</b>	<b>3,046,592</b>	<b>3,052</b>	<b>12,769,186</b>	<b>4,405,892</b>	<b>333,453</b>	<b>905,023</b>	<b>2,659,809</b>	<b>8,157,504</b>	<b>52,280,511</b>	<b>64,773</b>	<b>52,345,284</b>
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	3,890,746	55,988,817	63,874	56,032,691
Capital reduction (Note 11, 18)	(2,400,000)	-	-	-	-	-	-	-	-	(2,400,000)	-	(2,400,000)
Effect of ownership change in an associate (Note 5)	-	-	-	-	-	(8,569)	-	-	-	(8,569)	-	(8,569)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	2,000	2,000	-	2,000
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(59,227)	503,530	1,714,417	2,158,720	482	2,159,202
<b>Balance as at December 31, 2019</b>	<b>21,600,000</b>	<b>3,046,592</b>	<b>3,052</b>	<b>12,769,186</b>	<b>4,405,892</b>	<b>335,231</b>	<b>864,174</b>	<b>7,089,678</b>	<b>5,607,163</b>	<b>55,720,968</b>	<b>64,356</b>	<b>55,785,324</b>

The accompanying notes from (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 DECEMBER 31, 2020**  
(Amounts are in Kuwaiti Dinars)

		Nine months ended December 31,	
	Note	2020	2019
<b>Cash flows from operating activities:</b>			
Profit for the period from continuing operations		2,231,022	1,619,768
Profit for the period from discontinued operations		-	111,732
Profit for the period before contribution to KFAS and Zakat		2,231,022	1,731,500
Adjustments for:			
Net investment income	12	(1,034,316)	(1,026,243)
Interest income		(700,411)	(111,707)
Group's share of results from associates	5	610,790	115,046
Impairment loss on investment in an associate	5	62,264	-
Gain on sale of unconsolidated subsidiaries	6	(15,581)	(2,646)
Loss on sale of investment properties		-	108,887
Provision for overseas tax no longer required	13	(588,237)	-
Foreign exchange gain		(47,078)	(65,375)
Finance charges		458,779	702,733
Net allowance for ECL charged (no longer required)		134,056	(5,521)
Group's share of results from discontinued operations	8	-	(210,645)
Loss on disposal of discontinued operations	8	-	98,913
		1,111,288	1,334,942
<b>Changes in operating assets and liabilities:</b>			
Financial assets at FVTPL		2,366,226	62,372
Accounts receivable and other debit balances		111,341	134,563
Accounts payable and other credit balances		(520,578)	178,591
Net cash flows generated from operating activities		3,068,277	1,710,468
<b>Cash flows from investing activities:</b>			
Purchase of financial assets at FVOCI		(400,319)	(1,078,653)
Proceeds from sale of financial assets at FVOCI		7,392,301	-
Purchase of additional investment in an associate	5	-	(1,972,099)
Proceeds from capital reduction of investment in an associate	5	447,935	398,600
Cash dividends received from investment in an associate	5	68,118	101,578
Proceeds from disposal of discontinued operations		-	15,580,135
Proceeds from sale of investment in unconsolidated subsidiaries		200,000	2,646
Additions to investment properties		-	(2,793,018)
Proceeds from sale of investment properties		-	3,314,183
Purchase of debt instruments at amortised cost		-	(19,850,000)
Proceeds from redemptions of debt instruments at amortised cost	7	3,500,000	-
Interest income received		782,543	9,482
Dividends income received	12	334,220	1,074,544
Net cash flows generated from (used in) investing activities		12,324,798	(5,212,602)
<b>Cash flows from financing activities:</b>			
Loans		(8,129,283)	10,001,653
Loans from a related party		(4,814,900)	(2,502,416)
Cash dividends paid		(44,941)	(4,106)
Capital reduction		(1,562,596)	(2,328,704)
Finance charges paid		(837,816)	(883,021)
Net cash flows (used in) generated from financing activities		(15,389,536)	4,283,406
Net increase in cash on hand and at banks		3,539	781,272
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		13,240,325	14,108,975

The accompanying notes from (1) to (20) form an integral part of the interim condensed consolidated financial information.

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 January 26, 2021.

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 nine months period ended December 31, 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 period:

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.

**Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the interim condensed consolidated financial information of the Group as it does not have any interest rate hedge relationships.

**Amendments to IAS 1 and IAS 8 – Definition of Material**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

**The Conceptual Framework for Financial Reporting issued on March 29, 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial information of the Group.

**Amendments to IFRS 16 – Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no material impact on the interim condensed consolidated financial information of the Group.

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. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**(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.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2020**  
 (All amounts are in Kuwaiti Dinars)

**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")**

	December 31, 2020	(Audited) March 31, 2020	December 31, 2019
Quoted securities	22,573,028	28,278,054	22,957,195
Unquoted securities	4,334,132	6,217,696	7,983,618
	<u>26,907,160</u>	<u>34,495,750</u>	<u>30,940,813</u>

Quoted securities with a carrying value of KD 22,098,262 (March 31, 2020: KD 22,186,832; December 31, 2019: KD 22,939,678) 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**

Name of the associate	Country of incorporation	Percentage of holding	December 31, 2020	(Audited) March 31, 2020	December 31, 2019
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	7,076,367	7,563,356	7,602,011
Future Communication Co. K.S.C.C.	Kuwait	34.50%	1,643,875	2,233,361	2,228,651
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,581,265	1,771,233	1,732,309
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	487,330	439,385	622,885
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	1	62,265	101,395
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>10,795,068</u>	<u>12,075,830</u>	<u>12,293,481</u>

The movement during the period / year was as follows:

	December 31, 2020	(Audited) March 31, 2020	December 31, 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	(447,935)	(398,600)	(398,600)
Effect of ownership change in an associate	(2,306)	(8,041)	(8,569)
Group's share of results from associates	(610,790)	(337,658)	(115,046)
Impairment loss on investment in an associate	(62,264)	-	-
Share of other comprehensive income (loss)	87	728	(733)
Cash dividends received	(68,118)	(223,681)	(101,578)
Foreign currency translation adjustments	(89,436)	102,246	(22,830)
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	<u>10,795,068</u>	<u>12,075,830</u>	<u>12,293,481</u>

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**6. Investment in unconsolidated subsidiaries**

During the period ended December 31, 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 (December 31, 2019 KD 2,646).

**7. Debt instruments at amortized cost**

	Interest rate %	Maturity date	December 31, 2020	(Audited) March 31, 2019	December 31, 2019
Fixed rate bond issued by a local bank (a)	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	2,000,000
Floating rate bond issued by a local bank (a)	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	2,200,000
Floating rate bond issued by a local bank	4% + CBK discount rate	May 30, 2026	2,000,000	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	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
			<b>16,350,000</b>	<b>19,850,000</b>	<b>19,850,000</b>
Less: allowance for Expected Credit Losses ("ECL")			<b>(158,517)</b>	<b>(65,025)</b>	<b>(33,180)</b>
			<b>16,191,483</b>	<b>19,784,975</b>	<b>19,816,820</b>

(a) During the period ended December 31, 2020, the local bank (issuer of the bonds) elected to early redeem these outstanding bonds, in whole by their principal amount plus the accrued interest.

**8. Discontinued operations**

During the previous period ended December 31, 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 period from discontinued operations" as presented below.

	Nine months ended December 31,	
	2020	2019
Group's share of results from discontinued operations	-	210,645
Loss on disposal of discontinued operations	-	(98,913)
<b>Profit for the period from discontinued operations</b>	<b>-</b>	<b>111,732</b>

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%, December 31, 2019: ranging from 2.75% to 3.75%). Loan amounting to KD 15,258,162 (March 31, 2020: KD 15,258,162, December 31, 2019: KD 15,258,162) is secured by quoted securities classified as financial assets at FVOCI as at December 31, 2020 (Note 4) and other loan amounting to KD 13,380,588 (March 31, 2020: KD 21,509,871, December 31, 2019: KD 23,025,000) is secured by promissory notes. Loans are due for settlement 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%, December 31, 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 December 31, 2020, the authorized, issued and paid-up capital amounts to KD 20,000,000 divided into 200,000,000 shares (March 31, 2020: KD 21,600,000 divided into 216,000,000 shares, December 31, 2019: KD 21,600,000 divided into 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 resulting in KD 20,000,000 divided into 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 was reduced by 5.9% amounting to KD 1,528,372 resulting in KD 24,000,000 divided into 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 was reduced by 10% amounting to KD 2,400,000 resulting in KD 21,600,000 divided into 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.



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**12. Net investment income**

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Unrealized (loss) gain on financial assets at FVTPL	(126,872)	157,503	265,703	(52,797)
Realized gain on sale of financial assets at FVTPL	364,831	4,496	434,393	4,496
Dividend income	-	6,091	334,220	1,074,544
	<u>237,959</u>	<u>168,090</u>	<u>1,034,316</u>	<u>1,026,243</u>

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

During the period ended December 31, 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 December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
Profit for the period attributable to shareholders of the Parent Company from continuing operations	816,825	505,541	2,188,088	1,602,685
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	<u>816,825</u>	<u>505,541</u>	<u>2,188,088</u>	<u>1,714,417</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>200,000,000</u>	<u>216,000,000</u>	<u>209,658,182</u>	<u>223,941,818</u>
	<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	<u>4.08</u>	<u>2.34</u>	<u>10.44</u>	<u>7.66</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company from continuing operations	<u>4.08</u>	<u>2.34</u>	<u>10.44</u>	<u>7.16</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.50</u>

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 2,753,065,084 as at December 31, 2020 (March 31, 2020: KD 2,767,906,807; December 31, 2019: KD 2,912,081,804) 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).



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. The related party transactions are 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:

	December 31, 2020	(Audited) March 31, 2020	December 31, 2019	
(i) Interim condensed consolidated statement of financial position:				
Cash on hand and at banks	12,157,712	12,229,209	12,892,727	
Accounts receivable and other debit balances	-	75,000	-	
Loans (Note 9)	28,638,750	36,768,033	38,283,162	
Loans from a related party (Note 10)	8,500,000	13,314,900	11,900,000	
Accounts payable and other credit balances	153,627	2,311,717	1,148,917	
	Three months ended December 31,	Nine months ended December 31,		
	2020	2019	2020	2019
(ii) Interim condensed consolidated statement of profit or loss:				
Interest income	144	158	335	308
Gain on sale of unconsolidated subsidiaries	-	-	15,581	-
Finance charges	(120,507)	(226,833)	(458,779)	(702,733)
(iii) Compensation to key management personnel:				
Short-term benefits	81,799	81,799	245,395	232,895
Termination benefits	7,188	7,188	21,563	21,563

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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 December 31,				
	2020		2019		
	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,734,727	1,751,666	-	389,563	3,875,956
Segment operating expenses	(458,779)	-	-	(51,747)	(510,526)
Unallocated operating expense					(978,194)
Operating profit					2,387,236
Group's share of results from associates					(610,790)
Impairment loss on investment in an associate					(62,264)
Gain on sale of unconsolidated subsidiaries					15,581
Loss on sale of investment properties					-
Provision for overseas tax no longer required					588,237
Foreign exchange gain					47,078
Net allowance for ECL (charged) no longer required					(134,056)
<b>Profit for the period from continuing operations</b>					<b>2,231,022</b>
<b>Profit for the period from discontinued operations</b>					<b>(22,309)</b>
Contribution to KFAS					(20,472)
Zakat					2,188,241
<b>Profit for the period</b>					
Other information					
Segment assets	58,189,791	250,423	-	22,022,342	80,462,556
Investment in associates	-	-	-	-	10,795,068
Investment in unconsolidated subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	-	468,634
<b>Total assets</b>					<b>91,726,258</b>
Segment liabilities	37,138,750	-	-	-	37,138,750
Unallocated liabilities	-	-	-	-	2,242,224
<b>Total liabilities</b>					<b>39,380,974</b>
Investment activities	1,137,950	1,764,539	-	695,762	3,598,251
Real estate activities	(702,733)	-	-	(76,319)	(1,049,040)
<b>Total</b>					<b>1,770,159</b>
					(115,046)
					-
					2,646
					(108,887)
					-
					65,375
					5,521
					1,619,768
					111,732
					(13,366)
					(3,235)
					1,714,899
Investment activities	68,743,737	230,850	-	27,538,649	96,513,236
Real estate activities	-	-	-	-	12,293,481
Unallocated assets	-	-	-	-	862,126
<b>Total assets</b>					<b>110,154,388</b>
Segment liabilities	50,183,162	-	-	-	50,183,162
Unallocated liabilities	-	-	-	-	4,185,902
<b>Total liabilities</b>					<b>54,369,064</b>

**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 (Note 11).
- (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 (Note 11).

**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:

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Financial assets at FVTPL</b>	<b>1,850,823</b>	<b>-</b>	<b>1,850,823</b>
<b>Financial assets at FVOCI</b>	<b>22,573,028</b>	<b>4,334,132</b>	<b>26,907,160</b>
	<b>24,423,851</b>	<b>4,334,132</b>	<b>28,757,983</b>

<u>March 31, 2020 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
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>
 <u>December 31, 2019</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Total</u>
Financial assets at FVTPL	3,877,129	-	3,877,129
Financial assets at FVOCI	22,957,195	7,983,618	30,940,813
	<u>26,834,324</u>	<u>7,983,618</u>	<u>34,817,942</u>

During the period ended December 31, 2020, there were no transfers between different levels of fair value measurement.

## **20. Impact of Covid-19**

The recent spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at December 31, 2020.

### **Credit risk management**

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny. The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forwardlooking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at December 31, 2020. For its international operations, the Group updated the relevant forward-looking information relating to the macroeconomic environment used to determine the likelihood of credit losses, relative to the economic climate of the respective market in which they operate.

Accordingly, the group had recognized an impact of KD 134,056 during the period ended December 31, 2020 as additional net allowance of Expected Credit Losses.

### **Liquidity risk management**

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

### **Fair value measurement of financial instruments**

The Group has considered potential impacts of the current market volatility in determination of the reported amounts of the Group's financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario.

Accordingly, the Group had recognized an impact of KD 1,001,248 as fair value loss on financial assets at FVOCI.

Further information on the Group's policy in relation to fair value measurements is disclosed in Note 19.

**Fair value measurement of non-financial instruments**

As at the reporting date, the Group has identified the impact on the carrying values of its investment properties as at December 31, 2020 due to impact of COVID-19 arising from an impact on projected cash flows generated from these properties or the market participants expectations of the price depending on the approach used in determining the fair value of those properties at December 31, 2020. The Group is aware that certain geographies and sectors in which these properties exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.

The Group tested its investment properties to assess if there is any impairment losses on those properties needs to be recognized on its interim condensed consolidated financial information and concluded that there is no impairment loss is required due to Covid-19.

**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.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a substantial impact on the financial statements in the future.