

**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, 2021  
(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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED DECEMBER 31, 2021  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

	<u>Pages</u>
Report on review of interim condensed consolidated financial information	1- 2
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of profit or loss (Unaudited)	4
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to interim condensed consolidated financial information (Unaudited)	8 -15

**RSM Albazie & Co.**

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

T +965 22961000

F +965 22412761

[www.rsm.global/kuwait](http://www.rsm.global/kuwait)

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

The Board of Directors  
Securities Group Company K.S.C. (Closed)  
State of Kuwait

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Securities Group Company K.S.C. (Closed) ("the Parent Company") and its subsidiaries (collectively, "the Group") as at December 31, 2021 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 International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Emphasis of Matter**

We draw attention to Note (15) to the accompanying interim condensed consolidated financial information which describes a lawsuit filed against Parent Company. Our conclusion is not modified in respect of this matter.

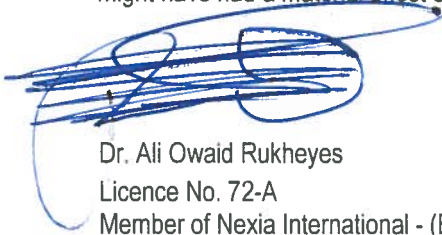
**Report on other Legal and Regulatory Requirements**

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, 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

-2-

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 nine months period ended December 31, 2021, that might have had a material effect on the business of the Parent Company or on its financial position.

A blue ink signature of Dr. Ali Owaid Rukheyes, consisting of several overlapping loops and a long horizontal stroke.

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

A blue ink signature of Dr. Shuaib A. Shuaib, featuring a circular loop at the top and a long horizontal stroke below it.

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

State of Kuwait  
January 24, 2022

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

	Note	December 31, 2021	(Audited) March 31, 2021	December 31, 2020
<b>ASSETS</b>				
Cash on hand and at banks		13,907,829	13,275,055	13,240,325
Financial assets at fair value through profit or loss("FVTPL")	3	2,127,960	423,729	1,850,823
Accounts receivable and other debit balances		807,851	813,168	719,057
Financial assets at fair value through other comprehensive income ("FVOCI")	4	43,821,597	29,530,596	26,907,160
Investment in associates		10,115,522	10,276,470	10,795,068
Debt instruments at amortized cost	5	14,014,841	13,999,158	16,191,483
Investment properties		21,218,798	21,997,183	22,022,342
<b>Total assets</b>		<b>106,014,398</b>	<b>90,315,359</b>	<b>91,726,258</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Loans	6	38,060,057	27,514,862	28,638,750
Loans from a related party	7	14,000,000	8,900,000	8,500,000
Accounts payable and other credit balances		2,290,919	2,756,278	2,242,224
<b>Total liabilities</b>		<b>54,350,976</b>	<b>39,171,140</b>	<b>39,380,974</b>
<b>Equity:</b>				
Capital		20,000,000	20,000,000	20,000,000
Share premium		3,046,592	3,046,592	3,046,592
Treasury shares reserve		3,052	3,052	3,052
Statutory reserve		12,769,186	12,769,186	12,769,186
Voluntary reserve		4,405,892	4,405,892	4,405,892
Other reserves		328,419	328,754	333,453
Foreign currency translation adjustments		850,622	852,207	905,023
Fair value reserve		2,151,867	2,361,860	2,659,809
Retained earnings		8,042,321	7,311,742	8,157,504
Equity attributable to the shareholders of the Parent Company		51,597,951	51,079,285	52,280,511
Non-controlling interests		65,471	64,934	64,773
<b>Total equity</b>		<b>51,663,422</b>	<b>51,144,219</b>	<b>52,345,284</b>
<b>Total liabilities and equity</b>		<b>106,014,398</b>	<b>90,315,359</b>	<b>91,726,258</b>

The accompanying notes from (1) to (16) 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, 2021**  
(All amounts are in Kuwaiti Dinars)

		Three months ended December 31,		Nine months ended December 31,	
	Note	2021	2020	2021	2020
<b>Revenues:</b>					
Net investment income	8	10,233	237,959	1,127,608	1,034,316
Fees and commission income		488,849	973,000	1,496,002	1,751,666
Interest income		136,448	211,197	371,847	700,411
Net rental income		152,593	137,761	415,059	389,563
Group's share of results from associates		(186)	(161,535)	(55,983)	(610,790)
Impairment loss on investment in an associate		-	-	-	(62,264)
Gain on sale of investment in unconsolidated subsidiaries		-	-	-	15,581
Gain on sale of investment properties		21,017	-	21,017	-
Provision for overseas tax no longer required		-	-	-	588,237
Foreign exchange (loss) gain		(25,147)	25,348	(36,773)	47,078
		<u>783,807</u>	<u>1,423,730</u>	<u>3,338,777</u>	<u>3,853,798</u>
<b>Expenses and other charges:</b>					
General and administrative expenses		(370,801)	(426,756)	(1,203,335)	(1,008,999)
Marketing expenses		(29,779)	(7,730)	(45,173)	(20,942)
Finance charges		(158,747)	(120,507)	(389,833)	(458,779)
Net allowance for ECL (charge) no longer required		(7,430)	(35,628)	50,574	(134,056)
		<u>(566,757)</u>	<u>(590,621)</u>	<u>(1,587,767)</u>	<u>(1,622,776)</u>
<b>Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat</b>					
		217,050	833,109	1,751,010	2,231,022
Contribution to KFAS		(1,557)	(8,331)	(16,075)	(22,309)
Zakat		(1,317)	(7,898)	(12,650)	(20,472)
<b>Profit for the period</b>		<u>214,176</u>	<u>816,880</u>	<u>1,722,285</u>	<u>2,188,241</u>
Attributable to:					
Shareholders of the Parent Company		214,057	816,825	1,721,748	2,188,088
Non-controlling interests		119	55	537	153
<b>Profit for the period</b>		<u>214,176</u>	<u>816,880</u>	<u>1,722,285</u>	<u>2,188,241</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	9	<u>1.07</u>	<u>4.08</u>	<u>8.61</u>	<u>10.44</u>

The accompanying notes from (1) to (16) 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, 2021**  
(All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Profit for the period	<b>214,176</b>	816,880	<b>1,722,285</b>	2,188,241
<b>Other comprehensive (loss) income:</b>				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Share of other comprehensive income of associates	-	7,617	-	87
Exchange differences on translating foreign operations	<b>37,717</b>	(141,772)	<b>(1,585)</b>	(243,188)
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Changes in fair value of financial assets at FVOCI	<b>(351,148)</b>	(566,900)	<b>(209,993)</b>	(761,521)
<b>Other comprehensive loss for the period</b>	<b>(313,431)</b>	(701,055)	<b>(211,578)</b>	(1,004,622)
<b>Total comprehensive (loss) income for the period</b>	<b>(99,255)</b>	115,825	<b>1,510,707</b>	1,183,619
Attributable to:				
Shareholders of the Parent Company	<b>(99,374)</b>	115,770	<b>1,510,170</b>	1,183,466
Non-controlling interests	<b>119</b>	55	<b>537</b>	153
<b>Total comprehensive (loss) income for the period</b>	<b>(99,255)</b>	115,825	<b>1,510,707</b>	1,183,619

The accompanying notes from (1) to (16) 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, 2021**

(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 transition adjustments	Fair value reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance as at March 31, 2021 (Audited)	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,754	852,207	2,361,860	7,311,742	51,079,285	64,934	51,144,219
Effect of ownership change in an associate	-	-	-	-	-	(335)	-	-	-	(335)	-	(335)
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	8,831	8,831	-	8,831
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,585)	(209,993)	1,721,748	1,510,170	537	1,510,707
Cash dividends (Note 13)	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance as at December 31, 2021	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,419	850,622	2,151,867	8,042,321	51,597,951	65,471	51,663,422
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	(1,600,000)	-	-	-	-	(2,306)	-	-	-	(1,600,000)	-	(1,600,000)
Effect of ownership change in an associate	-	-	-	-	-	-	-	-	-	(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
Balance as at December 31, 2020	20,000,000	3,046,592	3,052	12,769,186	4,405,892	333,453	905,023	2,659,809	8,157,504	52,280,511	64,773	52,345,284

The accompanying notes (1) to (16) 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, 2021**  
(All amounts are in Kuwaiti Dinars)

	Nine months ended December 31,	
	2021	2020
<b>Cash flow from operating activities:</b>		
Profit for the period before contribution to KFAS and Zakat	1,751,010	2,231,022
Adjustments for:		
Net investment income	(1,127,608)	(1,034,316)
Interest income	(371,847)	(700,411)
Group's share of results from associates	55,983	610,790
Impairment loss on investment in an associate	-	62,264
Gain on sale of investment in unconsolidated subsidiaries	-	(15,581)
Gain from sale of investment properties	(21,017)	-
Provision for overseas tax no longer required	-	(588,237)
Foreign exchange loss (gain)	36,773	(47,078)
Finance charges	389,833	458,779
Net allowance for ECL (no longer required) charge	(50,574)	134,056
	<u>662,553</u>	<u>1,111,288</u>
Changes in operating assets and liabilities:		
Financial assets at FVTPL	(869,002)	2,366,226
Accounts receivable and other debit balances	(1,253)	111,341
Accounts payable and other credit balances	(455,740)	(520,578)
Net cash flows (used in) generated from operating activities	<u>(663,442)</u>	<u>3,068,277</u>
<b>Cash flow from investing activities:</b>		
Paid for purchase of financial assets at FVOCI	(15,066,181)	(400,319)
Proceeds from sale of financial assets at FVOCI	574,018	7,392,301
Paid for investment in an associate	(60,666)	-
Proceeds from capital reduction of investment in an associate	110,972	447,935
Cash dividends received from investment in an associate	51,088	68,118
Proceeds from sale of investment in unconsolidated subsidiaries	-	200,000
Paid for purchase of debt instruments at amortized cost	(4,000,000)	-
Proceeds from redemption of debt instruments at amortized cost	4,000,000	3,500,000
Proceeds from sale of investment properties	802,363	-
Interest income received	376,535	782,543
Dividends income received	292,379	334,220
Net cash flows (used in) generated from investing activities	<u>(12,919,492)</u>	<u>12,324,798</u>
<b>Cash flows from financing activities:</b>		
Loans	10,545,195	(8,129,283)
Loans from a related party	5,100,000	(4,814,900)
Cash dividends paid	(955,791)	(44,941)
Capital reduction	(27,609)	(1,562,596)
Finance charges paid	(446,087)	(837,816)
Net cash flows generated from (used in) financing activities	<u>14,215,708</u>	<u>(15,389,536)</u>
Net increase in cash on hand and at banks	632,774	3,539
Cash on hand and at banks at the beginning of the period	13,275,055	13,236,786
Cash on hand and at banks at the end of the period	<u>13,907,829</u>	<u>13,240,325</u>

The accompanying notes from (1) to (16) 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)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

---

**1. Incorporation and principal activities**

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on October 18, 2020. The Parent Company's commercial registration number is 31846. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:

- 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 24, 2022.

**2. Basis of presentation**

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended March 31, 2021.

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, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2022. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended March 31, 2021.

**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 amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

**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.

During the period, the Group purchased investments amounting to KD 14,909,510 and disposed of investments with carrying value of KD 13,247,064.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

Fair value measurement disclosures of financial assets at FVTPL are provided in Note 14.

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

	December 31, 2021	(Audited) March 31, 2021	December 31, 2020
Quoted securities	37,154,360	22,151,609	22,573,028
Unquoted securities	6,667,237	7,378,987	4,334,132
	<b>43,821,597</b>	<b>29,530,596</b>	<b>26,907,160</b>

FVOCI with a carrying value of KD 21,717,940 (March 31, 2021: KD 22,142,547; December 31, 2020: KD 22,098,262) were pledged with a local bank against a loan (Note 6)

Fair value measurement disclosures of financial assets at FVOCI are provided in Note 14.

5. Debt instruments at amortized cost

	Interest rate %	Maturity date	December 31, 2021	(Audited) March 31, 2020	December 31, 2020
Fixed rate bond issued by a local bank (a)	6.5%	May 30, 2026	-	2,000,000	2,000,000
Floating rate bond issued by a local bank	3.95% + CBK discount rate	March 9, 2026	-	-	2,200,000
Floating rate bond issued by a local bank (a)	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	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
Fixed rate bond issued by a local bank	2.25% + CBK	October 10, 2032	2,000,000	-	-
Fixed rate bond issued by a local bank	4%	October 10, 2032	2,000,000	-	-
			<b>14,150,000</b>	<b>14,150,000</b>	<b>16,350,000</b>
Less: allowance for Expected Credit Losses ("ECL") (b)			<b>(135,159)</b>	<b>(150,842)</b>	<b>(158,517)</b>
			<b>14,014,841</b>	<b>13,999,158</b>	<b>16,191,483</b>

(a) During the period ended December 31, 2021, the local bank (issuer of the bonds) elected to early redeem these outstanding bonds, in whole by their principal amount plus the accrued interest.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

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

	<b>December 31, 2021</b>	(Audited) March 31, 2021	December 31, 2020
Balance at the beginning of the period / year	<b>150,842</b>	65,025	65,025
Charge during the period / year	<b>48,982</b>	94,908	93,492
Provision no longer required	<b>(64,665)</b>	(9,091)	-
Balance as at the end of the period / year	<b>135,159</b>	150,842	158,517

6. Loans

Revolving loans carry an annual interest rate 0.7% (March 31, 2021: ranging from 1.5% to 2.5%, December 31, 2020: ranging from 1.5% to 2.5) over the Central Bank of Kuwait discount rate. Loans are due for settlement on May 15, 2023.

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

- (i) Pledge property located in Jabriya area, plot (3A), plot 129 classified as investment properties.
- (ii) Pledge property located in Sharq area, plot (1), plot (2) classified as investment properties.
- (iii) Pledge FVOCI with a carrying value amounting to KD 21,717,940 (March 31, 2021: KD 22,142,547; December 31, 2020: KD 22,098,262) (Note 4).
- (iv) Pledge 3,405,898 shares of Future Communication Co. K.S.C.P. ("FCC") classified as investment in associates.
- (v) Pledge 11,999,999 shares of Al-Jazeera Real Estate Development Co. K.S.C. (Closed) classified as investment in associates.

7. Loans from a related party

These represent loans obtained from a shareholder carrying an annual interest rate of 1.25% per annum (March 31, 2021: 1.25%, December 31, 2020: 1.25%). Loans from a related party are due for settlement on March 28, 2023.

8. Net investment income

	Three months ended December 31,		Nine months ended December 31,	
	<b>2021</b>	2020	<b>2021</b>	2020
Unrealized (loss) gain on financial assets at FVTPL	<b>(126,639)</b>	(126,872)	<b>41,785</b>	265,703
Realized gain on sale of financial assets at FVTPL	<b>122,372</b>	364,831	<b>793,444</b>	434,393
Dividend income	<b>14,500</b>	-	<b>292,379</b>	334,220
	<b>10,233</b>	237,959	<b>1,127,608</b>	1,034,316

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

9. 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,	
	2021	2020	2021	2020
Profit for the period attributable to shareholders of the Parent Company	<b>214,057</b>	816,825	<b>1,721,748</b>	2,188,088
	<b>Shares</b>	Shares	<b>Shares</b>	Shares
Weighted average number of shares outstanding	<b>200,000,000</b>	200,000,000	<b>200,000,000</b>	209,658,182
	<b>Fils</b>	Fils	<b>Fils</b>	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<b>1.07</b>	4.08	<b>8.61</b>	10.44

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

10. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,740,403,587 as at December 31, 2021 (March 31, 2021: KD 2,667,274,339; December 31, 2020: KD 2,753,065,084) 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).

11. 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:

	December 31, 2021	(Audited) March 31, 2021	December 31, 2020
(i) <b>Interim condensed consolidated statement of financial position:</b>			
Cash on hand and at banks	<b>12,595,206</b>	12,198,239	12,157,712
Loans (Note 6)	<b>38,060,057</b>	27,514,862	28,638,750
Loans from a related party (Note 7)	<b>14,000,000</b>	8,900,000	8,500,000
Accounts payable and other credit balances	<b>106,829</b>	256,765	153,627

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
<b>(ii) Interim condensed consolidated statement of profit or loss:</b>				
Fees and commission income	54,501	-	169,838	-
Interest income	42	144	129	335
Gain on sale of investment in unconsolidated subsidiaries	-	-	-	15,581
Finance charges	(158,747)	(120,507)	(389,833)	(458,779)
<b>(iii) Compensation to key management personnel:</b>				
Short-term benefits	81,808	81,799	254,143	245,395
Termination benefits	7,188	7,188	21,563	21,563

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

**DECEMBER 31, 2021**

(All amounts are in Kuwaiti Dinars)

**12. 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,				
	2021		2020		
	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,499,455	1,496,002	-	415,059	3,410,516
Segment operating expenses	(389,833)	-	-	(34,761)	(424,594)
Unallocated operating expense	(55,983)	-	-	-	(1,168,574)
Operating profit	-	-	-	-	1,817,348
Group's share of results from associates	-	-	-	-	(55,983)
Impairment loss on investment in an associate	-	-	-	-	-
Gain on sale of unconsolidated subsidiaries	-	-	-	21,017	21,017
Gain from sale of investment properties	-	-	-	-	-
Provision for overseas tax no longer required	-	-	-	-	-
Other income	-	-	-	-	-
Foreign exchange (loss) gain	-	-	-	-	(36,773)
Marketing expenses	-	-	-	-	(45,173)
Net allowance for ECL no longer required (charge)	-	-	-	-	50,574
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat	-	-	-	-	1,751,010
Contribution to KFAS	-	-	-	-	(16,075)
Zakat	-	-	-	-	(12,650)
Profit for the period	-	-	-	-	1,722,285
Other information	73,872,227	255,672	-	21,218,798	95,346,697
Segment assets	-	-	-	-	10,115,522
Investment in associates	-	-	-	-	552,179
Unallocated assets	-	-	-	-	106,014,398
Total assets	73,872,227	255,672	-	21,218,798	95,346,697
Segment liabilities	52,060,057	-	-	-	52,060,057
Unallocated liabilities	-	-	-	-	2,290,919
Total liabilities	52,060,057	-	-	-	54,350,976
Investment activities	1,734,727	1,751,666	-	389,563	3,875,956
Asset management services	(458,779)	-	-	(51,747)	(510,526)
Lending activities	(610,790)	-	-	-	(957,252)
Real estate activities	(62,264)	-	-	-	2,408,178
Other income	15,581	-	-	-	(610,790)
Foreign exchange (loss) gain	-	-	-	-	(62,264)
Marketing expenses	-	-	-	-	15,581
Net allowance for ECL no longer required (charge)	-	-	-	-	588,237
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat	-	-	-	-	47,078
Contribution to KFAS	-	-	-	-	(20,942)
Zakat	-	-	-	-	(134,056)
Profit for the period	-	-	-	-	2,231,022
Other information	58,189,791	250,423	-	22,022,342	80,462,556
Segment assets	-	-	-	-	10,795,068
Investment in associates	-	-	-	-	468,634
Unallocated assets	-	-	-	-	91,726,258
Total assets	58,189,791	250,423	-	22,022,342	80,462,556
Segment liabilities	37,138,750	-	-	-	37,138,750
Unallocated liabilities	-	-	-	-	2,242,224
Total liabilities	37,138,750	-	-	-	39,380,974

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**DECEMBER 31, 2021**  
(All amounts are in Kuwaiti Dinars)

**13. General Assembly**

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

**14. 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, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Financial assets at FVTPL</b>	<b>2,127,960</b>	<b>-</b>	<b>2,127,960</b>
<b>Financial assets at FVOCI</b>	<b>37,154,360</b>	<b>6,667,237</b>	<b>43,821,597</b>
	<b>39,282,320</b>	<b>6,667,237</b>	<b>45,949,557</b>
<b>March 31, 2021 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Financial assets at FVTPL	423,729	-	423,729
Financial assets at FVOCI	22,151,609	7,378,987	29,530,596
	22,575,338	7,378,987	29,954,325
<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Financial assets at FVTPL	1,850,823	-	1,850,823
Financial assets at FVOCI	22,573,028	4,334,132	26,907,160
	24,423,851	4,334,132	28,757,983

During the period ended December 31, 2021, there were no transfers between different levels of fair value measurement.

**15. Legal case**

**Case No.174/2020 dated January 8, 2020 raised by one of the Parent Company's shareholders (Plaintiff) against the legal representative of the Parent Company and others(Defendants).**

**Subject:**

The Plaintiff requested to annul the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on November 12, 2019 for the financial year ended March 31, 2017 and all the consequent effects.

**Court decisions issued:**

- On February 18, 2020, the court issued its verdict in favour of the Defendants and rejecting the legal case.
- On July 27, 2020, the "Court of First Instance" issued its verdict in favour of the Defendants and rejecting the legal case.
- On November 18, 2020, the "Court of Appeal" issued its verdict in favor of the Plaintiff by annulling the decisions made by the Parent Company's Annual Ordinary General Assembly meeting held on November 12, 2019 for the year ended March 31, 2017 and all the consequent effects.



- d) On November 18, 2020, the Defendants appealed against the court verdict issued by the "Court of Cassation" under Case No. 3773/2020.
- e) On November 16, 2021, the "Court of Cassation" issued its verdict in favor of the Defendants.

Financial impact on the interim condensed consolidated financial information for the period ended December 31, 2021:  
As per the Parent Company's legal advisor, there is no financial impact on the Group's interim condensed consolidated financial information.

**16. Impact of Covid-19**

On March 11, 2021, the World Health Organization was declared the coronavirus ("COVID-19") as a pandemic. As the spread of the coronavirus had a material impact on the global economy, which caused disruption of business and economic activities. This impact on economic activities is expected to continue in the years following the year of the pandemic declaration. 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, 2021.

**(a) 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 considered for the determination of expected credit losses ("ECLs") as at December 31, 2021.

**(b) 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 Company will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

**(c) 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.

Further information on the Group's policy in relation to fair value measurements is disclosed in (Note 14).

**(d) 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 Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from March 31, 2021. 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 interim condensed consolidated financial information in the future.