

**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, 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 JUNE 30, 2021
(UNAUDITED)
WITH
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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, 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 three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to Note (16) to the accompanying interim condensed consolidated financial information which describes the lawsuits filed against and by the Group. Our conclusion is not modified in respect of this matter.

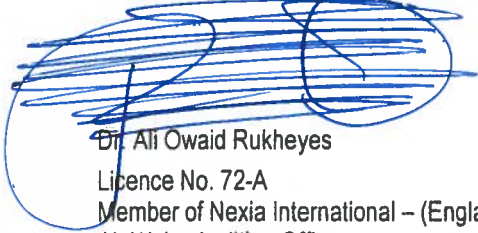
Report on other Legal and Regulatory Requirements

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 three months period ended June 30, 2021 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 during the three months period ended June 30, 2021, that might have had a material effect on the business of the Parent Company or on its financial position.



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



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


State of Kuwait
August 4, 2021

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2021	(Audited) March 31, 2021	June 30, 2020
ASSETS				
Cash on hand and at banks		13,171,095	13,275,055	13,013,679
Financial assets at fair value through profit or loss ("FVTPL")	3	10,074,000	423,729	3,767,379
Accounts receivable and other debit balances		825,195	813,168	1,094,571
Financial assets at fair value through other comprehensive income ("FVOCI")	4	31,479,635	29,530,596	33,591,388
Investment in associates		10,193,777	10,276,470	11,749,661
Debt instruments at amortized cost	5	10,058,789	13,999,158	19,774,755
Investment properties		21,957,210	21,997,183	22,157,064
Total assets		97,759,701	90,315,359	105,148,497
LIABILITIES AND EQUITY				
Liabilities:				
Loans	6	37,905,192	27,514,862	36,689,533
Loans from a related party	7	4,500,000	8,900,000	12,800,000
Accounts payable and other credit balances		3,524,851	2,756,278	3,076,274
Total liabilities		45,930,043	39,171,140	52,565,807
Equity:				
Capital	8	20,000,000	20,000,000	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		328,709	328,754	334,723
Foreign currency translation adjustments		785,351	852,207	1,114,099
Fair value reserve		3,044,996	2,361,860	2,516,968
Retained earnings		7,380,739	7,311,742	6,727,473
Equity attributable to the shareholders of the Parent Company		51,764,517	51,079,285	52,517,985
Non-controlling interests		65,141	64,934	64,705
Total equity		51,829,658	51,144,219	52,582,690
Total liabilities and equity		97,759,701	90,315,359	105,148,497

The accompanying notes from (1) to (17) 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, 2021
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,	
		2021	2020
Revenues:			
Net investment income	9	862,949	416,856
Fees and commission income		447,495	361,328
Interest income		137,700	261,193
Net rental income		128,014	115,842
Group's share of results from associates		(16,796)	(250,798)
Impairment loss on investment in an associate		-	(62,264)
Gain on sale of investment in unconsolidated subsidiaries		-	15,581
Provision for overseas tax no longer required		-	588,237
Foreign exchange gain (loss)		1,105	(13,108)
		<u>1,560,467</u>	<u>1,432,867</u>
Expenses and other charges:			
General and administrative expenses		(449,522)	(305,344)
Finance charges		(117,343)	(159,854)
Net allowance for ECL		95,643	(26,445)
		<u>(471,222)</u>	<u>(491,643)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat		1,089,245	941,224
Contribution to KFAS		(11,305)	(9,411)
Zakat		(9,089)	(8,758)
Profit for the period		<u>1,068,851</u>	<u>923,055</u>
Attributable to:			
Shareholders of the Parent Company		1,068,644	922,970
Non-controlling interests		207	85
Profit for the period		<u>1,068,851</u>	<u>923,055</u>
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	10	<u>5.34</u>	<u>4.27</u>

The accompanying notes from (1) to (17) 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, 2021
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2021	2020
Profit for the period	<u>1,068,851</u>	<u>923,055</u>
Other comprehensive income (loss):		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Share of other comprehensive income of associates	-	696
Exchange differences on translating foreign operations	(66,856)	(34,721)
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Changes in fair value of financial assets at FVOCI	<u>683,136</u>	<u>(904,362)</u>
Other comprehensive income (loss) for the period	<u>616,280</u>	<u>(938,387)</u>
Total comprehensive income (loss) for the period	<u>1,685,131</u>	<u>(15,332)</u>
Attributable to:		
Shareholders of the Parent Company	1,684,924	(15,417)
Non-controlling interests	207	85
Total comprehensive income (loss) for the period	<u>1,685,131</u>	<u>(15,332)</u>

The accompanying notes from (1) to (17) 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, 2021

(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 transition adjustments	Fair value reserve	Retained earnings	Sub-total		
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	-	-	-	-	-	-	-	-	353	353	-	353
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	(66,856)	-	1,068,644	1,684,924	207	1,685,131
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Cash dividends (Note 14)	-	-	-	-	-	-	-	-	7,380,739	7,380,739	65,141	7,445,880
Balance as at June 30, 2021	20,000,000	3,046,592	3,052	12,769,186	4,405,892	328,709	785,351	3,044,986	5,804,503	51,764,517	65,141	51,829,658
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
Effect of ownership change in an associate	-	-	-	-	-	(1,036)	-	(904,362)	922,970	(1,036)	-	(1,036)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(34,025)	-	922,970	(15,417)	85	(15,332)
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	2,516,968	6,727,473	52,517,985	64,705	52,582,690

The accompanying notes (1) to (17) 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, 2021
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2021	2020
Cash flow from operating activities:		
Profit for the period before contribution to KFAS and Zakat	1,089,245	941,224
Adjustments for:		
Net investment income	(862,949)	(416,856)
Interest income	(137,700)	(261,193)
Group's share of results from associates	16,796	250,798
Impairment loss on investment in an associate	-	62,264
Gain on sale of investment in unconsolidated subsidiaries	-	(15,581)
Provision for overseas tax no longer required	-	(588,237)
Foreign exchange (gain) loss	(1,105)	13,108
Finance charges	117,343	159,854
Net allowance for ECL	(95,643)	26,445
	<u>125,987</u>	<u>171,826</u>
Changes in operating assets and liabilities:		
Financial assets at FVTPL	(8,840,986)	-
Accounts receivable and other debit balances	(44,234)	(268,850)
Accounts payable and other credit balances	(61,366)	(187,090)
Net cash flows used in operating activities	<u>(8,820,599)</u>	<u>(284,114)</u>
Cash flow from investing activities:		
Paid for purchase of financial assets at FVOCI	(1,360,402)	-
Proceeds from sale of financial assets at FVOCI	94,852	-
Proceeds from capital reduction of investment in an associate	38,631	-
Proceeds from sale of investment in unconsolidated subsidiaries	-	200,000
Proceeds from redemption of debt instruments at amortized cost	4,000,000	-
Interest income received	207,024	387,285
Dividends income received	53,664	91,300
Net cash flows generated from investing activities	<u>3,033,769</u>	<u>678,585</u>
Cash flows from financing activities:		
Loans	10,390,330	(78,500)
Loans from a related party	(4,400,000)	(514,900)
Cash dividends paid	(160)	-
Capital reduction	(8,597)	-
Finance charges paid	(298,703)	(24,178)
Net cash flows generated from (used in) financing activities	<u>5,682,870</u>	<u>(617,578)</u>
Net decrease in cash on hand and at banks	(103,960)	(223,107)
Cash on hand and at banks at the beginning of the period	<u>13,275,055</u>	<u>13,236,786</u>
Cash on hand and at banks at the end of the period	<u>13,171,095</u>	<u>13,013,679</u>

The accompanying notes from (1) to (17) 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, 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 August 4, 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, 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 three months period ended June 30, 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 9,382,433 and disposed of investments with carrying value of KD 423,729.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

Fair value measurement disclosures of financial assets at FVTPL are provided in Note 15.

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

	June 30, 2021	(Audited) March 31, 2021	June 30, 2020
Quoted securities	24,077,973	22,151,609	28,872,576
Unquoted securities	7,401,662	7,378,987	4,718,812
	31,479,635	29,530,596	33,591,388

Quoted securities with a carrying value of KD 22,806,823 (March 31, 2021: KD 22,142,547; June 30, 2020: KD 22,142,547) were pledged with a local bank against a loan (Note 6)

Fair value measurement disclosures of financial assets at FVOCI are provided in Note 15.

5. Debt instruments at amortized cost

	Interest rate %	Maturity date	June 30, 2021	(Audited) March 31, 2020	June 30, 2020
Fixed rate bond issued by a local bank	4.75%	November 18, 2025	-	-	800,000
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	2.5% + CBK discount rate	November 18, 2025	-	-	2,700,000
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
			10,150,000	14,150,000	19,850,000
Less: allowance for Expected Credit Losses ("ECL") (b)			(91,211)	(150,842)	(75,245)
			10,058,789	13,999,158	19,774,755

(a) During the period ended June 30, 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)
JUNE 30, 2021

(All amounts are in Kuwaiti Dinars)

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

	June 30, 2021	(Audited) March 31, 2021	June 30, 2020
Balance at the beginning of the period / year	150,842	65,025	65,025
Charge during the period / year	-	94,908	10,220
Provision no longer required	(59,631)	(9,091)	-
Balance as at the end of the period / year	<u>91,211</u>	<u>150,842</u>	<u>75,245</u>

6. Loans

Revolving loans carry an annual interest rate ranging from 1.5% to 2.5% (March 31, 2021: ranging from 1.5% to 2.5%, June 30, 2020: ranging from 1.5% to 2.5%). Loan amounting to KD 15,258,162 (March 31, 2021: KD 15,258,162, June 30, 2020: KD 15,258,162) is secured by quoted securities classified as financial assets at FVOCI as at June 30, 2021 with a carrying value amounting KD 22,806,823 (March 31, 2021: KD 22,142,547; June 30, 2020: KD 22,142,547) (Note 4) and other loan amounting to KD 22,647,030 (March 31, 2021: KD 12,256,700, June 30, 2020: KD 21,431,371) is secured by promissory notes. Loans are due for settlement on May 15, 2023.

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%, June 30, 2020: 1.25%). Loans from a related party are due for settlement on March 28, 2023.

8. Capital

As at June 30, 2021, the authorized, issued and paid-up capital amounting to KD 20,000,000 divided into 200,000,000 shares (March 31, 2021 amounting to KD 20,000,000 divided into 200,000,000 shares, June 30, 2020 amounting to 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, 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 under number 31846 dated October 18, 2020.

9. Net investment income

	Three months ended June 30,	
	2021	2020
Unrealized gain on change in fair value of financial assets at FVTPL	691,567	250,426
Realized gain on sale of financial assets at FVTPL	117,718	-
Dividend income	53,664	166,430
	<u>862,949</u>	<u>416,856</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

10. 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,	
	<u>2021</u>	<u>2020</u>
Profit for the period attributable to shareholders of the Parent Company	<u>1,068,644</u>	<u>922,970</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>200,000,000</u>	<u>216,000,000</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	<u>5.34</u>	<u>4.27</u>

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

11. Fiduciary assets

The Parent Company manages investment portfolios for others amounting to KD 2,669,618,031 as at June 30, 2021 (March 31, 2021: KD 2,667,274,339; June 30, 2020: KD 2,803,200,614) 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).

12. 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:

	<u>June 30,</u> <u>2021</u>	(Audited) <u>March 31,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	12,127,992	12,198,239	11,979,725
Accounts receivable and other debit balances	-	-	75,000
Loans (Note 6)	37,905,192	27,514,862	36,689,533
Loans from a related party (Note 7)	4,500,000	8,900,000	12,800,000
Accounts payable and other credit balances	68,904	256,765	710,997

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2021
(All amounts are in Kuwaiti Dinars)

	Three months ended	
	June 30,	
	2021	2020
(ii) Interim condensed consolidated statement of profit or loss:		
Fees and commission income	56,476	4,807
Interest income	44	30
Gain on sale of investment in unconsolidated subsidiaries	-	15,581
Finance charges	(117,343)	(159,854)
(iii) Compensation to key management personnel:		
Short-term benefits	90,546	81,798
Termination benefits	7,188	7,188

**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)

13. 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.

	2021					2020				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,000,649	447,495	-	128,014	1,576,158	678,049	361,328	-	115,842	1,155,219
Segment operating expenses	(117,343)	-	-	(18,011)	(135,354)	(159,854)	-	-	(18,928)	(178,782)
Unallocated operating expense	-	-	-	-	(431,511)	-	-	-	-	(286,416)
Operating profit	(16,796)	-	-	-	1,009,293	(250,798)	-	-	-	690,021
Group's share of results from associates	-	-	-	-	(16,796)	(62,264)	-	-	-	(250,798)
Impairment loss on investment in an associate	-	-	-	-	-	15,581	-	-	-	(62,264)
Gain on sale of unconsolidated subsidiaries	-	-	-	-	-	-	-	-	-	15,581
Provision for overseas tax no longer required	-	-	-	-	-	-	-	-	-	588,237
Foreign exchange gain (loss)	-	-	-	-	1,105	-	-	-	-	(13,108)
Net allowance for ECL	-	-	-	-	95,643	-	-	-	-	(26,445)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat	-	-	-	-	1,089,245	-	-	-	-	941,224
Contribution to KFAS	-	-	-	-	(11,305)	-	-	-	-	(9,411)
Zakat	-	-	-	-	(9,089)	-	-	-	-	(8,758)
Profit for the period	-	-	-	-	1,068,851	-	-	-	-	923,055
Other information	-	-	-	-	-	-	-	-	-	-
Segment assets	64,783,519	242,464	-	21,957,210	86,983,193	70,147,201	241,233	-	22,157,064	92,545,498
Investment in associates	10,193,777	-	-	-	10,193,777	11,749,661	-	-	-	11,749,661
Unallocated assets	-	-	-	-	582,731	-	-	-	-	853,338
Total assets	-	-	-	-	97,759,701	-	-	-	-	105,148,497
Segment liabilities	42,405,192	-	-	-	42,405,192	49,489,533	-	-	-	49,489,533
Unallocated liabilities	-	-	-	-	3,524,851	-	-	-	-	3,076,274
Total liabilities	-	-	-	-	45,930,043	-	-	-	-	52,565,807

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14. 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.

15. 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, 2021	Level 1	Level 2	Total
Financial assets at FVTPL	10,074,000	-	10,074,000
Financial assets at FVOCI	24,077,973	7,401,662	31,479,635
	34,151,973	7,401,662	41,553,635
March 31, 2021 (Audited)	Level 1	Level 2	Total
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
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
	32,639,955	4,718,812	37,358,767

During the period ended June 30, 2021, there were no transfers between different levels of fair value measurement.

16. 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.

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Current status:

The Parent Company appealed against the court verdict issued on November 18, 2020 and the legal case is pending in the "Court of Cassation" under Case No. 3773/ 2020 and the date of hearing is not set yet.

Financial impact on the interim condensed consolidated financial information for the period ended June 30, 2021:

As per the Parent Company's legal advisor, there is no financial impact on the interim condensed consolidated financial information from the legal case on the Group's consolidated financial statements and in case the Court of cassation issued its verdict against the Parent Company, the Parent Company will re-held the Shareholders' Annual General Assembly for the year ended March 31, 2017.

17. Impact of Covid-19

The continues 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 Company's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at June 30, 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 June 30, 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 15).

(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.