

**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, 2019  
(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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CONTENTS

	<u>Pages</u>
Report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of profit or loss (Unaudited)	3
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5
Interim condensed consolidated statement of cash flows (Unaudited)	6
Notes to interim condensed consolidated financial information (Unaudited)	7 - 17

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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, 2019 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

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


### Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

### Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended June 30, 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three months period ended June 30, 2019, that might have had a material effect on the business of the Parent Company or on its financial position.

  
Ali Mohammed Kouhari  
Licence No.156-A  
Member of PrimeGlobal

  
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License No. 91-A  
RSM Albazie & Co.

State of Kuwait  
July 29, 2019

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT JUNE 30, 2019**  
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2019	(Audited) March 31, 2019	(Restated) June 30, 2018
<b><u>ASSETS</u></b>				
Cash on hand and at banks		12,450,653	13,327,703	12,709,339
Financial assets at fair value through profit or loss ("FVTPL")	5	3,846,361	3,987,802	1,324,610
Accounts receivable and other debit balances		555,717	583,641	841,524
Loans granted to others		-	-	56,527
Financial assets at fair value through other comprehensive income ("FVOCI")	6	29,249,115	29,358,630	27,960,162
Investment in associates	7	10,487,838	26,498,156	26,733,910
Investment in unconsolidated subsidiaries		1,041,126	1,041,126	1,070,525
Investment properties		28,153,863	28,184,954	34,206,502
		85,784,673	102,982,012	104,903,099
Investment in an associate classified as held for sale	8	15,641,151	-	-
<b>Total assets</b>		<b>101,425,824</b>	<b>102,982,012</b>	<b>104,903,099</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Liabilities:</b>				
Loans	9	35,376,420	28,281,509	34,168,554
Loans from related party	10	5,300,000	14,402,416	13,695,000
Accounts payable and other credit balances		3,775,857	4,265,396	3,477,658
<b>Total liabilities</b>		<b>44,452,277</b>	<b>46,949,321</b>	<b>51,341,212</b>
<b>Equity:</b>				
Capital		24,000,000	24,000,000	25,528,372
Treasury shares		-	-	(300,655)
Share premium		3,046,592	3,046,592	3,046,592
Treasury shares reserve		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		326,114	343,800	316,233
Foreign currency translation adjustments		873,185	923,401	856,211
Fair value reserve		6,476,634	6,586,148	4,913,037
Retained earnings		5,008,844	3,890,746	1,963,366
Equity attributable to the shareholders of the Parent Company		56,909,499	55,968,817	53,498,234
Non-controlling interests		64,048	63,874	63,653
<b>Total equity</b>		<b>56,973,547</b>	<b>56,032,691</b>	<b>53,561,887</b>
<b>Total liabilities and equity</b>		<b>101,425,824</b>	<b>102,982,012</b>	<b>104,903,099</b>
Memorandum accounts off the consolidated statement of financial position	13	2,926,142,038	2,058,205,665	1,442,885,498

The accompanying notes (1) to (18) 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, 2019**  
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2019	2018
<b>Continuing operations:</b>			
<b>Revenues:</b>			
Net investment income	11	927,012	974,660
Fees and commission income		503,750	376,975
Interest income		2,036	17,088
Rental income		232,098	338,576
Group's share of results from associates	7	(3,710)	(62,187)
Foreign exchange gain (loss)		46,181	(88,628)
		<u>1,707,367</u>	<u>1,556,484</u>
<b>Expenses and other charges:</b>			
General and administrative expenses		(398,030)	(389,628)
Finance charges		(260,572)	(301,886)
Provision for expected credit losses		(36,086)	-
		<u>(694,688)</u>	<u>(691,514)</u>
Profit for the period from continuing operations		1,012,679	864,970
<b>Discontinued operations:</b>			
Profit for the period from discontinued operations	8	111,732	332,516
<b>Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)</b>		1,124,411	1,197,486
Contribution to KFAS		(8,139)	(7,948)
<b>Profit for the period</b>		<u>1,116,272</u>	<u>1,189,538</u>
Attributable to:			
Shareholders of the Parent Company		1,116,098	1,189,755
Non-controlling interests		174	(217)
<b>Profit for the period</b>		<u>1,116,272</u>	<u>1,189,538</u>
<b>Basic and diluted earnings per share:</b>			
		Fils	Fils
Basic and diluted earnings per share attributable to shareholders of the Parent Company	12	<u>4.65</u>	<u>4.71</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	12	<u>4.18</u>	<u>3.39</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	12	<u>0.47</u>	<u>1.32</u>

The accompanying notes (1) to (18) 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, 2019**  
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2019	2018
Profit for the period	<u>1,116,272</u>	<u>1,189,538</u>
<b>Net other comprehensive (loss) income:</b>		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Share of other comprehensive loss of associates	(43)	(1,221)
Exchange differences on translating foreign operations	<u>(50,173)</u>	<u>274,740</u>
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Changes in fair value of financial assets at FVOCI	<u>(109,514)</u>	<u>3,267,470</u>
<b>Net other comprehensive (loss) income for the period</b>	<u>(159,730)</u>	<u>3,540,989</u>
<b>Total comprehensive income for the period</b>	<u>956,542</u>	<u>4,730,527</u>
Attributable to:		
Shareholders of the Parent Company	956,368	4,730,744
Non-controlling interests	174	(217)
<b>Total comprehensive income for the period</b>	<u>956,542</u>	<u>4,730,527</u>

The accompanying notes (1) to (18) form an integral part of the interim condensed consolidated financial information.

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The accompanying notes (1) to (18) 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, 2019**  
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2019	2018
<b>Cash flow from operating activities:</b>			
Profit for the period from continuing operations		1,012,679	864,970
Profit for the period from discontinued operations		111,732	332,516
Profit for the period before contribution to KFAS		1,124,411	1,197,486
Adjustments for:			
Net investment income	11	(927,012)	(974,660)
Interest income		(2,036)	(17,088)
Group's share of results from associates	7	3,710	62,187
Foreign exchange (gain) loss		(46,181)	88,628
Finance charges		260,572	301,886
Provision for expected credit losses		36,086	-
Group's share of results from discontinued operations	8	(210,644)	(332,516)
Impairment loss recognized on the remeasurement to fair value less costs to sell of the investment in an associate classified as held for sale	8	98,912	-
		337,818	325,923
Changes in operating assets and liabilities:			
Financial assets at FVTPL		-	751,662
Accounts receivable and other debit balances		38,019	549,930
Accounts payable and other credit balances		(160,355)	(158,872)
Net cash flows generated from operating activities		215,482	1,468,643
<b>Cash flow from investing activities:</b>			
Purchase of additional investment in an associate	8	-	(141,009)
Proceeds from capital reduction of investment in an associate	8	338,600	-
Purchase of additional investment in unconsolidated subsidiary		-	(250,000)
Proceeds from redemptions of debt instruments at amortised cost		-	3,000,000
Paid for additions to investment properties		-	(1,030,125)
Interest income received		2,036	17,088
Dividends income received		1,170,031	903,374
Net cash flows generated from investing activities		1,510,667	2,499,328
<b>Cash flows from financing activities:</b>			
Loans		7,094,911	(3,361,779)
Loans from related party		(9,102,416)	(305,000)
Cash dividends paid		(702)	(62,842)
Capital reduction		(16,622)	-
Finance charges paid		(578,370)	(594,315)
Net cash flows used in financing activities		(2,603,199)	(4,323,936)
Net decrease in cash on hand and at banks		(877,050)	(355,965)
Cash on hand and at banks at the beginning of the period		13,327,703	13,065,304
Cash on hand and at banks at the end of the period		12,450,653	12,709,339

The accompanying notes (1) to (18) 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, 2019**  
(All amounts are in Kuwaiti Dinars)

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**1. Incorporation and principal activities**

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on August 15, 2018. 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.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on July 29, 2019.

**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, 2019, except for the changes in accounting policies due to adoption of new standard as mentioned in the Note 4. The management also has adopted accounting standards for non-current asset held for sale and discounted operations as mentioned in the Note 3.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

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, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2020. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended March 31, 2019.

3. Significant accounting policies

In preparation of the interim condensed consolidated financial information, the management made judgments and estimates that may affect the adoption of accounting policies and the reported amount of assets and liabilities, incomes and expenses. Actual result may differ from these estimates.

The adoption of the following accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ended March 31, 2020.

During the period ended June 30, 2019, the Group applied the accounting policy as per IFRS 5 due to the reclassification of the Group's investment in an associate as non-current asset held for sale based on the Group's intention to sell the associate (Note 8).

**Non-current assets held for sale**

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Non-current assets once classified as held for sale are not depreciated or amortized. Assets classified as held for sale are presented separately as current items in the interim condensed consolidated statement of financial position.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in consolidated statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Non-current assets that cease to be classified as held for sale (or cease to be included in a disposal group classified as held for sale) are measured at the lower of:

- a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and
- b) its recoverable amount at the date of the subsequent decision not to sell.

**Discontinued operations**

A discontinued operation is a component of the Group's business, the operational results and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations;
- or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as discontinued operations.

In interim condensed consolidated statement of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss is reported separately in interim condensed consolidated statement of profit or loss.

4. Changes in significant accounting policies due to adoption of new standard

IFRS 16 – Leases

The standard, effective for annual periods beginning on or after January 1, 2019, provides a comprehensive framework for the identification of lease arrangements and their treatment in the interim condensed consolidated financial information of both lessees and lessors. It replaces the following existing standards and interpretations upon its effective date:

- IAS 17 - Leases,
- IFRIC 4 - Determining whether an Arrangement contains a Lease,
- SIC 15 - Operating Leases-Incentives; and,
- SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out guidelines presented below in points A, B and C for determining whether any impact arises on the initial adoption of this standard and also describes the accounting treatment on the Group's interim condensed consolidated financial information with reference to the Group as a lessee or lessor:

**A. Definition of a lease**

The Group previously determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease as explained below. Under IFRS 16, the Group assessed a lease based on the following:

- Is there an identified asset that the customer has the right to use,
- Does the lessee obtain substantially all the economic benefits, and,
- Does the lessee have the right to direct use of the asset.

**B. The Group as a lessee**

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability (unless the lessee applies the fair value model in IAS 40 Investment Property to right-of-use assets that meet the definition of investment property in IAS 40 or applies the revaluation model in IAS 16 Property, plant and equipment).

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

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

**JUNE 30, 2019**

(All amounts are in Kuwaiti Dinars)

The Group's share of results of KSPI is classified as Group's share of results from discontinued operations for the period from April 1, 2019 to June 30, 2019 are presented below. The comparative period has been re-presented to include those operations that have been classified as discontinued in the current period presentation.

	Three months ended June 30,	
	2019	2018
Group's share of results from its investment in an associate classified as held for sale	210,644	332,516
Impairment loss recognized on the remeasurement to fair value less costs to sell (i)	(98,912)	-
<b>Profit for the period from discontinued operations</b>	<b>111,732</b>	<b>332,516</b>

- (i) Following the reclassification, a write-down of KD 98,912 was recognized to reduce the carrying amount of KSPI to its fair value less costs to sell. This was recognized in discontinued operations in the interim condensed consolidated statement of profit or loss.

Fair value measurement disclosures are provided in Note 17.

**9. Loans**

Revolving loans carry an annual interest rate ranging from 3% to 4% (March 31, 2019: ranging from 3% to 4%, June 30, 2018: ranging from 3% to 4%). Loan of KD 15,258,162 is secured by quoted securities classified as financial assets at FVOCI (Note 6) and other loans are secured by promissory notes. The loans of KD 15,258,162 and KD 20,118,258 are due for settlement on May 15, 2021.

**10. Loans from related party**

These represent loans obtained from a shareholder carrying an interest rate ranging from 2.5% to 3.25% per annum (March 31, 2019: ranging from 2.5% to 3.25%, June 30, 2018: ranging from 2.5% to 3.25%). The loans of KD 500,000 and KD 4,800,000 are due for settlement on June 3, 2019 and February 9, 2021 respectively.

**11. Net investment income**

	Three months ended June 30,	
	2019	2018
Unrealized (loss) gain from financial assets at FVTPL	(141,441)	5,024
Realized gain from sale of financial assets at FVTPL	-	155,344
Dividend income	1,068,453	814,292
	<b>927,012</b>	<b>974,660</b>

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2019**  
(All amounts are in Kuwaiti Dinars)

**12. 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,	
	2019	2018
Profit for the period attributable to shareholders of the Parent Company from continuing operations	1,004,366	857,239
Profit for the period attributable to shareholders of the Parent Company from discontinued operations	111,732	332,516
Profit for the period attributable to shareholders of the Parent Company	1,116,098	1,189,755
	<b>Shares</b>	<b>Shares</b>
Weighted average number of shares outstanding	240,000,000	252,586,236
	<b>Fils</b>	<b>Fils</b>
Basic and diluted earnings per share attributable to shareholders of the Parent Company	4.65	4.71
Basic and diluted earnings per share attributable to shareholders of the Parent Company from continuing operations	4.18	3.39
Basic and diluted earnings per share attributable to shareholders of the Parent Company from discontinued operations	0.47	1.32

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

**13. Memorandum accounts off the interim condensed consolidated statement of financial position**

The Parent Company manages investment portfolios for others amounting to KD 2,926,142,038 as at June 30, 2019 (March 31, 2019: KD 2,058,205,665; June 30, 2018: KD 1,442,885,498) to earn management fees. These investment portfolios are registered in the name of the Group and are not included in the accompanying interim consolidated financial information.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2019**  
(All amounts are in Kuwaiti Dinars)

**14. Related party transactions**

The Group has entered into various transactions with related parties concerning financing and other related services. Prices and terms of payment are to be approved by the Group's management. Significant balances and transactions with other related parties are as follows:

	<b>June 30, 2019</b>	<b>(Audited) March 31, 2019</b>	<b>June 30, 2018</b>
<b>(i) Interim condensed consolidated statement of financial position:</b>			
Cash on hand and at banks	<b>11,430,046</b>	12,365,720	11,599,572
Accounts receivable and other debit balances	-	-	320,560
Loans granted to others	-	-	56,527
Loans	<b>35,376,420</b>	28,281,509	34,168,554
Loans from related party	<b>5,300,000</b>	14,402,416	13,695,000
Accounts payable and other credit balances	<b>1,059,600</b>	1,465,068	1,041,090
		<b>Three months ended June 30,</b>	
		<b>2019</b>	<b>2018</b>
<b>(ii) Interim condensed consolidated statement of profit or loss:</b>			
Interest income		<b>35</b>	43
Finance charges		<b>(260,572)</b>	(301,886)
<b>(iii) Compensation to key management personnel:</b>			
Short-term benefits		<b>73,216</b>	138,091
Termination benefits		<b>6,406</b>	6,406

(All amounts are in Kuwaiti Dinars)

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.

15

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

**JUNE 30, 2019**

(All amounts are in Kuwaiti Dinars)

**16. General Assembly**

Subsequent to the date of interim condensed consolidated financial information, the Shareholders' Annual General Assembly held on July 1, 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.

Subsequent to the interim condensed consolidated financial information date, the Shareholders' Extraordinary General Assembly held on July 1, 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 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. The Parent Company will record this transaction in the books after obtaining regulatory approvals.

The Shareholders' Annual General Assembly held on July 26, 2018 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.

The Shareholders' Extraordinary General Assembly held on July 26, 2018 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 and distribute this reduction to the Shareholders.

**17. 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>June 30, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>Financial assets at FVTPL</b>	<b>3,846,361</b>	<b>-</b>	<b>3,846,361</b>
<b>Financial assets at FVOCI</b>	<b>22,370,694</b>	<b>6,878,421</b>	<b>29,249,115</b>
<b>Investment in an associate classified as held for sale</b>	<b>-</b>	<b>15,641,151</b>	<b>15,641,151</b>
	<b>26,217,055</b>	<b>22,519,572</b>	<b>48,736,627</b>
<b>March 31, 2019 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Financial assets at FVTPL	3,987,802	-	3,987,802
Financial assets at FVOCI	22,149,202	7,209,428	29,358,630
	26,137,004	7,209,428	33,346,432
<b>June 30, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Financial assets at FVTPL	1,324,610	-	1,324,610
Financial assets at FVOCI	19,652,383	8,307,779	27,960,162
	20,976,993	8,307,779	29,284,772

During the period ended June 30, 2019, there were no transfers between different levels of fair value measurement.



**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2019**  
(All amounts are in Kuwaiti Dinars)

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18. Prior period adjustment

The comparative interim condensed consolidated statement of financial position as at June 30, 2018 and the comparative Interim condensed consolidated statement of changes in equity for the period ended June 30, 2018 have been restated in accordance with IAS 8: "Accounting policies, changes in accounting estimates and errors" to correct the carrying value of the Group's investment in the associate, Kuwait Saudi Pharmaceutical Industries Company S.A.K. (Closed) ("KSPI").

The change in carrying value is due to reassessment of Expected Credit losses for the trade receivables of KSPI. This resulted in an increase in ECL and accordingly decrease in the carrying value of the Group's investment in KSPI as at June 30, 2018 by KD 954,403.

The effect of the restatement is as follows:

**Interim condensed consolidated statement of financial position:**

Category	Amounts as per 2018 interim condensed consolidated statement of financial information	Amount restated	Amounts as per 2019 interim condensed consolidated statement of financial information
Investment in associates	27,688,313	(954,403)	26,733,910
Retained earnings	2,917,769	(954,403)	1,963,366