

SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UNAUDITED)

WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

SECURITIES GROUP COMPANY K.S.C. (PUBLIC)
AND SUBSIDIARIES (THE GROUP)
STATE OF KUWAIT

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Securities Group Company K.S.C. (Public) (the Parent Company) and subsidiaries (the Group) as at September 30, 2015 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 six months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim 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 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 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.

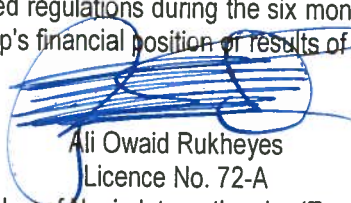
Conclusion

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

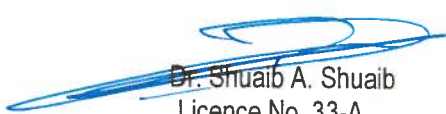
Report on other Legal and Regulatory Requirements

Furthermore, the interim 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. 25 of 2012, as amended and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended September 30, 2015 which might have materially affected on the Group's financial position or results of its operations.

We further report that, during the course of our review and 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, Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended September 30, 2015, which might have materially affected on the Group's financial position or results of its operations.


Ali Owaid Rukheyes
Licence No. 72-A

Member of Nexia International – (England)
ALWaha Auditing Office


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

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS AT SEPTEMBER 30, 2015
 (All amounts are in Kuwaiti Dinars)

| | Note | September 30, 2015 | (Audited) March 31, 2015 | (Restated) September 30, 2014 |
|---|------|-----------------------|--------------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash on hand and at banks | | 8,886,212 | 8,782,588 | 8,900,760 |
| Financial assets at fair value through profit or loss | | 61,014 | 61,830 | 64,425 |
| Accounts receivable and other debit balances | 3 | 1,511,356 | 6,916,912 | 18,783,080 |
| Loans granted to others | | 497,836 | 512,372 | 512,372 |
| Financial assets available for sale | 4 | 43,591,540 | 46,055,047 | 49,517,160 |
| Investment in associates | 5 | 33,965,297 | 30,713,688 | 25,033,608 |
| Investment in unconsolidated subsidiaries | | 1,067,862 | 1,067,862 | 1,075,405 |
| Investment held to maturity | | 3,000,000 | 3,000,000 | 3,000,000 |
| Investment properties | 6 | 35,818,269 | 29,682,426 | 18,962,167 |
| Total assets | | 128,399,386 | 126,792,725 | 125,848,977 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities: | | | | |
| Loans | 7 | 68,069,700 | 68,185,000 | 65,975,000 |
| Accounts payable and other credit balances | | 4,462,427 | 4,107,808 | 4,469,164 |
| Total liabilities | | 72,532,127 | 72,292,808 | 70,444,164 |
| Equity: | | | | |
| Capital | | 25,528,372 | 25,528,372 | 25,528,372 |
| Treasury shares | 8 | (87,765) | (87,765) | (87,765) |
| Share premium | | 3,046,592 | 3,046,592 | 3,046,592 |
| Statutory reserve | | 12,764,186 | 12,764,186 | 12,764,186 |
| Voluntary reserve | | 4,405,892 | 4,405,892 | 4,405,892 |
| Foreign currency translation adjustments | | 577,957 | 499,110 | 278,149 |
| Cumulative changes in fair value | | (10,301,108) | (11,668,683) | (9,215,693) |
| Retained earnings | | 19,867,598 | 19,946,542 | 18,619,210 |
| Equity attributable to the shareholders of the Parent Company | | 55,801,724 | 54,434,246 | 55,338,943 |
| Non-controlling interests | | 65,535 | 65,671 | 65,870 |
| Total equity | | 55,867,259 | 54,499,917 | 55,404,813 |
| Total liabilities and equity | | 128,399,386 | 126,792,725 | 125,848,977 |
| Memorandum accounts off the consolidated statement of financial position | 11 | 1,674,857,805 | 1,713,440,392 | 1,896,941,610 |

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information.

 Khaled S. Al - Ali
 Chairman

 Ali Y. Al - Awadi
 Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(All amounts are in Kuwaiti Dinars)

| | Note | Three months ended September 30, | | Six months ended September 30, | |
|---|------|-------------------------------------|--------------------|-----------------------------------|--------------------|
| | | 2015 | (Restated) 2014 | 2015 | (Restated) 2014 |
| Revenues: | | | | | |
| Net investment (loss) income | 9 | (1,277,878) | 281,542 | (353,280) | 1,477,595 |
| Fees and commission income | | 486,686 | 926,483 | 1,016,699 | 1,467,621 |
| Interest income | | 44,279 | 44,381 | 88,590 | 88,868 |
| Rental income | | 307,211 | 340,311 | 617,859 | 511,072 |
| Group's share of results from associates | | 3,181,049 | 311,936 | 3,553,188 | 690,453 |
| Other income | | 253,106 | 133,943 | 276,414 | 155,647 |
| | | <u>2,994,453</u> | <u>2,038,596</u> | <u>5,199,470</u> | <u>4,391,256</u> |
| Expenses and other charges: | | | | | |
| General and administrative expenses | | (579,802) | (369,196) | (940,407) | (969,836) |
| Finance charges | | (390,987) | (378,710) | (767,074) | (734,628) |
| Impairment loss on financial assets available for sale | | (1,371,306) | - | (1,371,306) | - |
| Foreign exchange gain (loss) | | 393,413 | (6,709) | 386,253 | (9,179) |
| | | <u>(1,948,682)</u> | <u>(754,615)</u> | <u>(2,692,534)</u> | <u>(1,713,643)</u> |
| Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat | | 1,045,771 | 1,283,981 | 2,506,936 | 2,677,613 |
| Contribution to KFAS | | 3,001 | (13,461) | - | (23,182) |
| NLST | | (18,295) | (36,121) | (36,692) | (63,055) |
| Zakat | | 3,000 | (11,621) | - | (18,862) |
| Net profit for the period | | <u>1,033,477</u> | <u>1,222,778</u> | <u>2,470,244</u> | <u>2,572,514</u> |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | 1,033,517 | 1,223,060 | 2,470,380 | 2,572,877 |
| Non-controlling interests | | (40) | (282) | (136) | (363) |
| Net profit for the period | | <u>1,033,477</u> | <u>1,222,778</u> | <u>2,470,244</u> | <u>2,572,514</u> |
| | | <u>Fils</u> | <u>Fils</u> | <u>Fils</u> | <u>Fils</u> |
| Earnings per share attributable to the shareholders of the Parent Company | 10 | <u>4.05</u> | <u>4.80</u> | <u>9.69</u> | <u>10.09</u> |

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME (UNAUDITED)
 FOR THE PERIOD ENDED SEPTEMBER 30, 2015
 (All amounts are in Kuwaiti Dinars)

| | Three months ended September 30, | | Six months ended September 30, | |
|--|-------------------------------------|-------------------------|-----------------------------------|-------------------------|
| | 2015 | (Restated) 2014 | 2015 | (Restated) 2014 |
| Net profit for the period | <u>1,033,477</u> | <u>1,222,778</u> | <u>2,470,244</u> | <u>2,572,514</u> |
| Other comprehensive income (loss): | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | |
| Related to financial assets available for sale: | | | | |
| Changes in fair value of financial assets available for sale | (847,124) | (106,414) | (586,791) | (633,161) |
| Reversal due to sale of financial assets available for sale | 1,063,469 | (42,453) | 1,022,472 | (113,683) |
| Reversal due to impairment of financial assets available for sale | 932,508 | - | 932,508 | - |
| | <u>1,148,853</u> | <u>(148,867)</u> | <u>1,368,189</u> | <u>(746,844)</u> |
| Share of other comprehensive income of associates | 138 | 540 | 1,787 | 303 |
| Exchange differences on translating foreign operations | (28,766) | 179,391 | 76,446 | 194,131 |
| Other comprehensive income (loss) for the period | <u>1,120,225</u> | <u>31,064</u> | <u>1,446,422</u> | <u>(552,410)</u> |
| Total comprehensive income for the period | <u>2,153,702</u> | <u>1,253,842</u> | <u>3,916,666</u> | <u>2,020,104</u> |
| Attributable to: | | | | |
| Shareholders of the Parent Company | 2,153,742 | 1,254,124 | 3,916,802 | 2,020,467 |
| Non-controlling interests | (40) | (282) | (136) | (363) |
| Total comprehensive income for the period | <u>2,153,702</u> | <u>1,253,842</u> | <u>3,916,666</u> | <u>2,020,104</u> |

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

(All amounts are in Kuwaiti Dinars)

| | Equity attributable to the Shareholders of the Parent Company | | | | | | | | | | |
|---|---|-----------------|------------------|-------------------|-------------------|--|----------------------------------|-------------------|-------------------|---------------------------|-------------------|
| | Capital | Treasury shares | Share premium | Statutory reserve | Voluntary reserve | Foreign currency translation adjustments | Cumulative changes in fair value | Retained earnings | Sub-total | Non-controlling interests | Total |
| Balance as at March 31, 2015 | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 499,110 | (11,668,683) | 19,946,542 | 54,434,246 | 65,671 | 54,499,917 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 78,847 | 1,367,575 | 2,470,380 | 3,916,802 | (136) | 3,916,666 |
| Cash dividends (Note 15) | - | - | - | - | - | - | - | (2,549,324) | (2,549,324) | - | (2,549,324) |
| Balance as at September 30, 2015 | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 577,957 | (10,301,108) | 19,867,598 | 55,801,724 | 65,535 | 55,867,259 |
| Balance as at March 31, 2014 (as previously reported) | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 83,715 | (8,371,934) | 22,607,922 | 59,976,980 | 66,233 | 60,043,213 |
| Adjustment on correction of errors (Note 13) | - | - | - | - | - | - | (96,915) | (4,012,265) | (4,109,180) | - | (4,109,180) |
| Balance as at March 31, 2014 (Restated) | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 83,715 | (8,468,849) | 18,595,657 | 55,867,800 | 66,233 | 55,934,033 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 194,434 | (746,844) | 2,572,877 | 2,020,467 | (363) | 2,020,104 |
| Cash dividends (Note 15) | - | - | - | - | - | - | - | (2,549,324) | (2,549,324) | - | (2,549,324) |
| Balance as at September 30, 2014 (Restated) | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 278,149 | (9,215,693) | 18,619,210 | 55,338,943 | 65,870 | 55,404,813 |

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE PERIOD ENDED SEPTEMBER 30, 2015
 (All amounts are in Kuwaiti Dinars)

| | Six months ended September 30, | |
|---|-----------------------------------|--------------------|
| | 2015 | (Restated) 2014 |
| Cash flow from operating activities: | | |
| Profit for the period before contribution to KFAS, NLST and Zakat | 2,506,936 | 2,677,613 |
| Adjustments for: | | |
| Net investment loss (income) | 353,280 | (1,477,595) |
| Interest income | (88,590) | (88,868) |
| Group's share of results from associates | (3,553,188) | (690,453) |
| Finance charges | 767,074 | 734,628 |
| Impairment loss on financial assets available for sale | 1,371,306 | - |
| Foreign exchange (gain) loss | (386,253) | 9,179 |
| | <u>970,565</u> | <u>1,164,504</u> |
| Changes in operating assets and liabilities: | | |
| Accounts receivable and other debit balances | 302,542 | 1,516,709 |
| Loans granted to others | 14,536 | - |
| Accounts payable and other credit balances | 29,036 | (219,794) |
| Net cash generated from operating activities | <u>1,316,679</u> | <u>2,461,419</u> |
| Cash flow from investing activities: | | |
| Purchase of financial assets available for sale | (2,749,386) | (825,910) |
| Proceeds from sale of financial assets available for sale | 3,753,390 | 1,033,128 |
| Paid for investment properties | (672,316) | (5,625,000) |
| Interest received | 132,840 | 88,868 |
| Dividends received | 1,490,653 | 1,022,263 |
| Net cash generated from (used in) investing activities | <u>1,955,181</u> | <u>(4,306,651)</u> |
| Cash flows from financing activities: | | |
| Loans | (115,300) | 6,825,000 |
| Cash dividends paid | (2,544,635) | (2,490,560) |
| Finance charges paid | (508,301) | (475,771) |
| Net cash (used in) generated from financing activities | <u>(3,168,236)</u> | <u>3,858,669</u> |
| Net increase in cash on hand and at banks | 103,624 | 2,013,437 |
| Cash on hand and at banks at the beginning of the period | <u>8,782,588</u> | <u>6,887,323</u> |
| Cash on hand and at banks at the end of the period | <u>8,886,212</u> | <u>8,900,760</u> |

The accompanying notes (1) to (17) form an integral part of the interim consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2015

(All amounts are in Kuwaiti Dinars)

1. Incorporation and principal activities

Securities Group Company K.S.C. (Public) (the Parent Company) is a Kuwaiti Public Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on September 1, 2013. The Parent Company is listed in the Kuwait Stock Exchange. 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 according to Law No. 7/2010 for investment companies.

The interim consolidated financial information was authorized for issue by the Board of Directors on November 11, 2015.

2. Basis of presentation

The interim 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 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, 2015.

The interim consolidated financial information do not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. 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 consolidated financial information. Operating results for the six months period ended September 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2016. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2015.

The policy of the Group for calculation of the impairment provisions for loans granted to others complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In addition and in accordance with Central Bank of Kuwait instructions, the Group provides a minimum general provision of 1% on cash credit facilities not subject to specific provision and net of certain categories of collateral and 0.5% on non-cash credit facilities.

3. Accounts receivable and other debit balances

During the period, the remaining receivable from the sale of an investment property located in the Kingdom of Saudi Arabia through a public auction amounting to KD 5,410,746 was settled through the acquisition of investment properties (Note 6). The Group has completed all the legal procedures pertaining with the governmental authorities in the Kingdom of Saudi Arabia.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2015

(All amounts are in Kuwaiti Dinars)

4. Financial assets available for sale

| | September 30, 2015 | (Audited) March 31, 2015 | September 30, 2014 |
|---------------------|-----------------------|--------------------------------|-----------------------|
| Quoted securities | 32,428,725 | 34,879,871 | 37,815,900 |
| Unquoted securities | 11,132,244 | 11,144,605 | 11,670,689 |
| Funds | 30,571 | 30,571 | 30,571 |
| | <u>43,591,540</u> | <u>46,055,047</u> | <u>49,517,160</u> |

Quoted securities with a carrying value of KD 17,192,790 were pledged with a local bank against a loan (Note 7) (March 31, 2015 – KD 18,052,430; September 30, 2014 – KD 19,198,616).

5. Investment in associates

| Name of the associate | Country of incorporation | Percentage of holding | September 30, 2015 | (Audited) March 31, 2015 | (Restated) September 30, 2014 |
|--|-----------------------------|--------------------------|-----------------------|--------------------------------|-------------------------------------|
| Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) | Kuwait | 50% | 14,902,194 | 14,170,617 | 14,292,010 |
| Future Communication Co. K.S.C.P. | Kuwait | 28.19% | 7,736,474 | 7,924,334 | 7,818,954 |
| Kuwait Qatari Co. for Real Estate Development K.S.C.C. (Note 13) | Kuwait | 40.72% | 3,373,838 | 738,116 | 721,580 |
| Al Madar Al Thahabia Co. W.L.L. | KSA | 24% | 5,675,149 | 5,686,920 | - |
| Al-Jazeera Real Estate Development Co. K.S.C. (Closed) | Kuwait | 20% | 1,496,688 | 1,452,000 | 1,377,533 |
| Alpha Atlantique Du Sahara S.A. | Morocco | 22.52% | 774,724 | 735,471 | 817,301 |
| Mena Equities Ltd. | British Virgin Islands | 44.15% | 6,230 | 6,230 | 6,230 |
| | | | <u>33,965,297</u> | <u>30,713,688</u> | <u>25,033,608</u> |

6. Investment properties

During the period, the Group acquired investment properties located in the Kingdom of Saudi Arabia for KD 6,083,062 (SAR 75,345,569).

7. Loans

| | September 30, 2015 | (Audited) March 31, 2015 | September 30, 2014 |
|--|-----------------------|--------------------------------|-----------------------|
| Loans maturing within 3 months | 42,254,700 | - | 40,160,000 |
| Loans maturing from 3 months to one year | 25,815,000 | 68,185,000 | 25,815,000 |
| | <u>68,069,700</u> | <u>68,185,000</u> | <u>65,975,000</u> |

Loans carry an annual interest rate ranging from 2% to 3% (March 31, 2015 – 2% to 3%; September 30, 2014 – 2% to 3%). Loan of KD 25,815,000 is secured by quoted securities (Note 4) and other loans are secured by promissory notes (March 31, 2015 – KD 25,815,000; September 30, 2014 – KD 25,815,000).

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2015
 (All amounts are in Kuwaiti Dinars)

8. Treasury shares

| | September 30, 2015 | (Audited) March 31, 2015 | September 30, 2014 |
|---------------------------|-----------------------|--------------------------------|-----------------------|
| Number of treasury shares | 351,342 | 351,342 | 351,342 |
| Percentage of ownership | 0.14% | 0.14% | 0.14% |
| Market value (KD) | 39,350 | 38,648 | 45,674 |
| Cost (KD) | 87,765 | 87,765 | 87,765 |

Based on Capital Markets Authority resolution dated December 30, 2013, the Parent Company's management has allotted an amount equal to treasury shares balance from the available retained earnings as of the date of the interim consolidated financial information. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

9. Net investment (loss) income

| | Three months ended September 30, | | Six months ended September 30, | |
|---|-------------------------------------|----------------|-----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Unrealized (loss) gain from financial assets at fair value through profit or loss | (1,011) | 2,887 | (816) | 2,755 |
| Realized (loss) gain on sale of financial assets available for sale | (1,545,798) | 6,568 | (1,456,386) | 817,527 |
| Dividend income | 268,931 | 272,087 | 1,103,922 | 657,313 |
| | <u>(1,277,878)</u> | <u>281,542</u> | <u>(353,280)</u> | <u>1,477,595</u> |

10. Earnings per share

There are no potential dilutive ordinary shares. Earnings per share is computed by dividing the net 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 September 30, | | Six months ended September 30, | |
|--|-------------------------------------|--------------------|-----------------------------------|--------------------|
| | 2015 | (Restated) 2014 | 2015 | (Restated) 2014 |
| Net profit for the period attributable to shareholders of the Parent Company | <u>1,033,517</u> | <u>1,223,060</u> | <u>2,470,380</u> | <u>2,572,877</u> |
| Weighted average number of shares outstanding | <u>254,932,376</u> | <u>254,932,376</u> | <u>254,932,376</u> | <u>254,932,376</u> |
| Earnings per share attributable to shareholders of the Parent Company | <u>4.05</u> | <u>4.80</u> | <u>9.69</u> | <u>10.09</u> |

11. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios and funds for others amounting to KD 1,674,857,805 as at September 30, 2015 (March 31, 2015 – KD 1,713,440,392; September 30, 2014 – KD 1,896,941,610) 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. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 SEPTEMBER 30, 2015
 (All amounts are in Kuwaiti Dinars)

12. Related party disclosures

The Group has entered into transactions with related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant balances and transactions with other related parties are as follows:

| | September 30, 2015 | (Audited) March 31, 2015 | September 30, 2014 |
|--|-------------------------------------|-----------------------------------|-----------------------|
| (i) Interim condensed consolidated statement of financial position: | | | |
| Cash on hand and at banks | 7,895,187 | 8,656,296 | 8,695,218 |
| Accounts receivable and other debit balances | 475,875 | 428,741 | 398,290 |
| Loans granted to others | 497,836 | 512,372 | 512,372 |
| Loans | 68,069,700 | 68,185,000 | 65,975,000 |
| Accounts payable and other credit balances | 828,316 | 841,504 | 831,943 |
| | Three months ended September 30, | Six months ended September 30, | |
| | 2015 | 2014 | 2015 |
| (ii) Interim condensed consolidated statement of profit or loss: | | | |
| Interest income | 29 | 24 | 87 |
| Finance charges | (390,987) | (378,710) | (767,074) |
| (iii) Compensation to key management personnel: | | | |
| Short-term benefits | 77,507 | 88,754 | 155,015 |
| Termination benefits | 6,797 | 6,992 | 13,594 |

13. Correction of errors

The comparative interim consolidated statements of financial position as at September 30, 2014 and the comparative interim condensed consolidated statement of profit or loss, changes in equity and cash flows for the period ended September 30, 2014 have been restated in accordance with IAS 8: "Accounting policies, changes in accounting estimates and errors" to correct the overstatement of the Group's investment in the associate, Kuwait Qatari Company for Real Estate Development K.S.C.C. ("KQRE"), arising from:

- a) Non-application of uniform accounting policy by the Group with respect to its investment properties wherein the associate followed the fair value model for its investment properties, while the Parent Company followed the cost method. Accordingly, appropriate adjustments were not done by the Group at the consolidated level and during the period, the Group identified the inconsistency in the application of the accounting policy for investment properties resulting in the overstatement of the Group's associate balance as at September 30, 2014 by KD 2,878,157.
- b) Not eliminating the gain on sale of investment property by KQRE to its associate – KQ for Leasing and Investment Co. K.S.C.C. to the extent of KQRE's share resulting in the overstatement of the Group's associate balance by KD 429,820 as at September 30, 2014.
- c) Unrecorded penalties in the books of account of KQLI due to non-compliance with the delivery terms in the contracts with the master developer regarding two projects located in State of Qatar, resulting in the overstatement of the Group's associate balance as at September 30, 2014 by KD 1,101,671.

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- d) Other period specific adjustments on account of receipt of the audited financial statements of the associate for the years ended December 31, 2012 and December 31, 2013 resulting in the understatement of the Group's associate balance as at September 30, 2014 by KD 7,707.

The effect of the restatements is as follows:

Interim condensed consolidated statement of financial position:

| <u>Category</u> | <u>September 30, 2014</u> |
|--|-------------------------------|
| Decrease in investment in associates | (4,401,941) |
| Increase in cumulative changes in fair value | 2,595 |
| Decrease in retained earnings | (4,404,536) |

Interim condensed consolidated statement of profit or loss:

| <u>Category</u> | <u>Three months ended September 30, 2014</u> | <u>Six months ended September 30, 2014</u> |
|--|--|--|
| Increase in Group's share of results from associates | 230,745 | 238,975 |
| Decrease in net provisions no longer required | (631,246) | (631,246) |

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14. 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 September 30,

| | 2015 | | | | | (Restated) 2014 | | | | |
|--|-----------------------|---------------------------|--------------------|------------------------|-------------|-----------------------|---------------------------|--------------------|------------------------|-----------|
| | Investment activities | Asset management services | Lending activities | Real estate activities | Total | Investment activities | Asset management services | Lending activities | Real estate activities | Total |
| Segment operating (loss) revenue | (264,690) | 1,016,699 | - | 617,859 | 1,369,868 | 1,566,463 | 1,467,621 | - | 511,072 | 3,545,156 |
| Segment operating expenses | (767,074) | - | - | (64,437) | (831,511) | (734,628) | - | - | (51,162) | (785,790) |
| Unallocated operating expense | | | | | (875,970) | | | | | (918,674) |
| Operating (loss) profit | | | | | (337,613) | | | | | 1,840,692 |
| Group's share of results from associates | | | | | 3,553,188 | | | | | 690,453 |
| Other income | | | | | 276,414 | | | | | 155,647 |
| Impairment loss on financial assets available for sale | | | | | (1,371,306) | | | | | - |
| Foreign exchange gain (loss) | | | | | 386,253 | | | | | (9,179) |
| Contribution to KFAS | | | | | - | | | | | (23,182) |
| NLST | | | | | - | | | | | (63,055) |
| Zakat | | | | | (36,692) | | | | | (18,862) |
| Net profit for the period | | | | | 2,470,244 | | | | | 2,572,514 |

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15. General Assembly

The Shareholders' Annual General Assembly held on June 24, 2015 approved the distribution of cash dividends of 10 fils per share amounting to KD 2,549,324 for the financial year ended March 31, 2015.

The Shareholders' Annual General Assembly held on June 25, 2014 approved the distribution of cash dividends of 10 fils per share amounting to KD 2,549,324 for the financial year ended March 31, 2014.

16. Capital commitments and contingent liabilities

| | September 30, 2015 | (Audited) March 31, 2015 | September 30, 2014 |
|----------------------|-----------------------|--------------------------------|-----------------------|
| Letters of guarantee | 200,000 | 200,000 | 200,000 |
| Capital commitments | 13,796 | 13,796 | 8,599,031 |
| | <u>213,796</u> | <u>213,796</u> | <u>8,799,031</u> |

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:

| <u>September 30, 2015</u> | Level 1 | Level 2 | Total |
|---|-------------------|------------------|-------------------|
| Financial assets at fair value through profit or loss | 61,014 | - | 61,014 |
| Financial assets available for sale | 32,428,725 | 2,361,498 | 34,790,223 |
| | <u>32,489,739</u> | <u>2,361,498</u> | <u>34,851,237</u> |
| | | | |
| <u>March 31, 2015 (Audited)</u> | Level 1 | Level 2 | Total |
| Financial assets at fair value through profit or loss | 61,830 | - | 61,830 |
| Financial assets available for sale | 34,879,871 | 2,361,498 | 37,241,369 |
| | <u>34,941,701</u> | <u>2,361,498</u> | <u>37,303,199</u> |
| | | | |
| <u>September 30, 2014</u> | Level 1 | Level 2 | Total |
| Financial assets at fair value through profit or loss | 64,425 | - | 64,425 |
| Financial assets available for sale | 37,815,900 | 2,367,456 | 40,183,356 |
| | <u>37,880,325</u> | <u>2,367,456</u> | <u>40,247,781</u> |

During the period ended September 30, 2015, there were no transfers between different levels of fair value measurement.