

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2017
(UNAUDITED)**

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

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

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FOR THE PERIOD ENDED DECEMBER 31, 2017
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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REPORT ON REVIEW OF INTERIM 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 subsidiaries (the Group) as at December 31, 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim 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 International Accounting Standard 34 and 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. 1 of 2016 and its Executive Regulations, as amended or of the Memorandum of Incorporation and Articles of Association of the Parent Company during the nine months period ended December 31, 2017 that might have had a material effect 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 nine months period ended December 31, 2017, which might have materially affected on the Group's financial position or results of its operations.


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


Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
January 31, 2018

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT DECEMBER 31, 2017
 (All amounts are in Kuwaiti Dinars)

	Note	December 31, 2017	(Audited) March 31, 2017	December 31, 2016
ASSETS				
Cash on hand and at banks		13,111,131	12,683,971	9,826,254
Financial assets at fair value through profit or loss		-	20,151	21,360
Accounts receivable and other debit balances		1,117,335	1,196,503	1,150,508
Loans granted to others		190,899	190,899	190,899
Financial assets available for sale	3	26,621,733	30,712,563	35,145,796
Investment in associates	4	27,618,323	28,989,894	28,241,911
Investment in unconsolidated subsidiaries		820,521	833,946	848,462
Investment held to maturity		3,000,000	3,000,000	3,000,000
Investment properties	5	33,539,464	29,663,774	35,319,649
Total assets		106,019,406	107,291,701	113,744,839
LIABILITIES AND EQUITY				
Liabilities:				
Loans	6	51,309,700	52,716,573	60,624,073
Accounts payable and other credit balances		4,167,405	4,084,591	4,051,320
Total liabilities		55,477,105	56,801,164	64,675,393
Equity:				
Capital		25,528,372	25,528,372	25,528,372
Treasury shares	7	(300,655)	(297,374)	(260,776)
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
Other reserve		316,233	316,137	86,617
Foreign currency translation adjustments		787,950	622,479	640,105
Cumulative changes in fair value		1,199,930	1,066,022	(1,253,105)
Retained earnings		2,729,784	2,973,725	4,046,869
Equity attributable to the shareholders of the Parent Company		50,478,284	50,426,031	49,004,752
Non-controlling interests		64,017	64,506	64,694
Total equity		50,542,301	50,490,537	49,069,446
Total liabilities and equity		106,019,406	107,291,701	113,744,839
Memorandum accounts off the consolidated statement of financial position	10	1,443,324,338	1,514,947,223	1,501,396,012

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. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2017
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2017	2016	2017	2016
Revenues:					
Net investment income (loss)	8	24,484	61,327	(596,241)	1,075,565
Fees and commission income		324,066	615,831	2,401,471	1,675,198
Interest income		52,082	46,660	151,523	141,334
Rental income		329,519	346,804	859,570	961,488
Group's share of results from associate		208,491	329,124	988,800	1,139,798
Loss on sale of investment properties	5	-	-	(636,019)	(23,630)
Provisions no longer required		5,976	499,321	5,976	499,321
Other income		1,902	452,711	3,874	453,140
		<u>946,520</u>	<u>2,351,778</u>	<u>3,178,954</u>	<u>5,922,214</u>
Expenses and other charges:					
General and administrative expenses		(390,361)	(492,485)	(1,019,712)	(1,215,744)
Finance charges		(339,366)	(401,015)	(1,000,384)	(1,210,949)
Impairment losses on financial assets available for sale		-	-	-	(530,304)
Foreign exchange loss		(15,483)	(57,452)	(137,598)	(295,100)
		<u>(745,210)</u>	<u>(950,952)</u>	<u>(2,157,694)</u>	<u>(3,252,097)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		201,310	1,400,826	1,021,260	2,670,117
Contribution to KFAS		-	(10,484)	-	(14,681)
NLST		(2,765)	(23,031)	(2,765)	(50,807)
Zakat		-	(6,016)	-	(8,609)
Profit for the period		<u>198,545</u>	<u>1,361,295</u>	<u>1,018,495</u>	<u>2,596,020</u>
Attributable to:					
Shareholders of the Parent Company		198,814	1,361,342	1,018,984	2,596,417
Non-controlling interests		(269)	(47)	(489)	(397)
Profit for the period		<u>198,545</u>	<u>1,361,295</u>	<u>1,018,495</u>	<u>2,596,020</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to the shareholders of the Parent Company	9	<u>0.79</u>	<u>5.38</u>	<u>4.03</u>	<u>10.26</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2017
(All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Profit for the period	<u>198,545</u>	<u>1,361,295</u>	<u>1,018,495</u>	<u>2,596,020</u>
Other comprehensive (loss) income:				
<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	(382,226)	180,666	250,016	564,919
Reversal due to sale of financial assets available for sale	-	-	(116,108)	(795,804)
	<u>(382,226)</u>	<u>180,666</u>	<u>133,908</u>	<u>(230,885)</u>
Share of other comprehensive income (loss) of associate	87,380	(184)	212,764	(583)
Exchange differences on translating foreign operations	(7,338)	108,507	(47,293)	71,705
Other comprehensive (loss) income for the period	<u>(302,184)</u>	<u>288,989</u>	<u>299,379</u>	<u>(159,763)</u>
Total comprehensive (loss) income for the period	<u>(103,639)</u>	<u>1,650,284</u>	<u>1,317,874</u>	<u>2,436,257</u>
Attributable to:				
Shareholders of the Parent Company	(103,370)	1,650,331	1,318,363	2,436,654
Non-controlling interests	(269)	(47)	(489)	(397)
Total comprehensive (loss) income for the period	<u>(103,639)</u>	<u>1,650,284</u>	<u>1,317,874</u>	<u>2,436,257</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2017
 (All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company											
	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Other reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	1,066,022	2,973,725	50,426,031	64,506	50,490,537
Purchase of treasury shares	-	(3,281)	-	-	-	-	-	-	-	(3,281)	-	(3,281)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	165,471	133,908	1,018,984	1,318,363	(489)	1,317,874
Cash dividends (Note 13)	-	-	-	-	-	-	-	-	(1,262,925)	(1,262,925)	-	(1,262,925)
Effect of ownership change in an associate	-	-	-	-	-	96	-	-	-	96	-	96
Balance as at December 31, 2017	25,528,372	(300,655)	3,046,592	12,764,186	4,405,892	316,233	787,950	1,199,930	2,729,784	50,478,284	64,017	50,542,301
Balance as at March 31, 2016	25,528,372	(260,776)	3,046,592	12,764,186	4,405,892	-	568,983	(1,022,220)	2,715,513	47,746,542	65,091	47,811,633
Total comprehensive income (loss) for the period	-	-	-	-	-	-	71,122	(230,885)	2,596,417	2,436,654	(397)	2,436,257
Cash dividends (Note 13)	-	-	-	-	-	-	-	-	(1,265,061)	(1,265,061)	-	(1,265,061)
Effect of ownership change in an associate	-	-	-	-	-	86,617	-	-	-	86,617	-	86,617
Balance as at December 31, 2016	25,528,372	(260,776)	3,046,592	12,764,186	4,405,892	86,617	640,105	(1,253,105)	4,046,869	49,004,752	64,694	49,069,446

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2017
(All amounts are in Kuwaiti Dinars)

	Nine months ended December 31,	
	2017	2016
Cash flow from operating activities:		
Profit for the period before contribution to KFAS, NLST and Zakat	1,021,260	2,670,117
Adjustments for:		
Net investment loss (income)	596,241	(1,075,565)
Interest income	(151,523)	(141,334)
Group's share of results from associates	(988,800)	(1,139,798)
Loss on sale of investment properties	636,019	23,630
Provision no longer required	(5,976)	(499,321)
Gain from sale of unconsolidated subsidiaries	(1,972)	(2,902)
Finance charges	1,000,384	1,210,949
Impairment losses on financial assets available for sale	-	530,304
Foreign exchange loss	137,598	295,100
	<u>2,243,231</u>	<u>1,871,180</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	14,230	38,929
Accounts receivable and other debit balances	(66,457)	128,593
Loans granted to others	-	41,303
Accounts payable and other credit balances	(230,822)	(12,587)
Net cash generated from operating activities	<u>1,960,182</u>	<u>2,067,418</u>
Cash flow from investing activities:		
Purchase of financial assets available for sale	(421,224)	(153,142)
Proceeds from sale of financial assets available for sale	3,471,887	3,426,546
Purchase of additional investment in associates	(287,851)	(151,602)
Proceeds from capital reduction of investment in associates	2,289,919	-
Proceeds from sale of unconsolidated subsidiaries	29,400	25,000
Purchase of investment properties	(6,500,000)	-
Proceeds from sale of investment properties	1,902,322	433,089
Interest received	151,523	185,584
Dividends received	1,194,601	1,246,328
Net cash generated from investing activities	<u>1,830,577</u>	<u>5,011,803</u>
Cash flows from financing activities:		
Loans	(1,406,873)	(3,952,127)
Cash dividends paid	(1,244,989)	(1,238,351)
Finance charges paid	(708,456)	(921,194)
Purchase of treasury shares	(3,281)	-
Net cash used in financing activities	<u>(3,363,599)</u>	<u>(6,111,672)</u>
Net increase in cash on hand and at banks	427,160	967,549
Cash on hand and at banks at the beginning of the period	12,683,971	8,858,705
Cash on hand and at banks at the end of the period	<u>13,111,131</u>	<u>9,826,254</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2017
(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 July 22, 2015. 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 Shareholders' Ordinary General Assembly held on July 25, 2016 approved to delist the Parent Company's shares from Bursa Kuwait pursuant to Article No. 2-9 of the Capital Markets Authority's Executive Regulations on the system for the inclusion of shareholding companies in the stock exchange. On December 11, 2016, the Capital Markets Authority approved to delist the Parent Company's shares from Bursa Kuwait on June 15, 2017.

The interim consolidated financial information was authorized for issue by the Board of Directors on January 31, 2018.

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, 2017.

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 nine months period ended December 31, 2017 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2018. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2017.

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.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2017
 (All amounts are in Kuwaiti Dinars)

3. Financial assets available for sale

	December 31, 2017	(Audited) March 31, 2017	December 31, 2016
Quoted securities	16,428,898	20,511,632	24,090,098
Unquoted securities	10,192,835	10,200,931	11,055,698
	<u>26,621,733</u>	<u>30,712,563</u>	<u>35,145,796</u>

Quoted securities with a carrying value of KD 14,639,700 were pledged with a local bank against a loan (Note 6) (March 31, 2017 – KD 14,306,980; December 31, 2016 – KD 13,641,539).

4. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding	December 31, 2017	(Audited) March 31, 2017	December 31, 2016
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	16,184,695	15,674,040	15,565,144
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	6,132,294	5,884,803	5,618,226
Future Communication Co. K.S.C.C.	Kuwait	33.70%	2,784,114	4,282,753	3,889,963
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,562,130	1,583,761	1,556,385
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	825,880	786,246	820,118
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	122,980	772,061	785,845
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>27,618,323</u>	<u>28,989,894</u>	<u>28,241,911</u>

5. Investment properties

During the period, the Group purchased investment properties amounting to KD 6,500,000 from a related party (Note 11) and also the Group sold investment properties with a carrying value of 2,538,341 for an amount of KD 1,902,322 that resulted in a loss of KD 636,019.

6. Loans

Revolving loans carry an annual interest rate ranging from 2.75% to 3.75% (March 31, 2017 – 2.75% to 3.75%, December 31, 2016 – 2.5% to 3.5%). Loan of KD 15,815,000 is secured by quoted securities (Note 3) and other loans are secured by promissory notes. The loan of KD 15,815,000 and KD 35,494,700 are due for settlement on March 15, 2020 and May 15, 2018 respectively.

7. Treasury shares

	December 31, 2017	(Audited) March 31, 2017	December 31, 2016
Number of treasury shares	2,697,482	2,663,123	2,271,615
Percentage of ownership	1.06%	1.04%	0.89%
Market value (KD)	269,748	252,997	202,174
Cost (KD)	300,655	297,374	260,776

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2017
(All amounts are in Kuwaiti Dinars)

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.

8. Net investment income (loss)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Unrealized loss from financial assets at fair value through profit or loss	-	(1,531)	-	(240)
Realized gain (loss) on sale of financial assets at fair value through profit or loss	-	1,940	(5,921)	1,940
Realized gain (loss) on sale of financial assets available for sale	24,484	60,918	(1,174,075)	936,475
Dividend income	-	-	583,755	137,390
	24,484	61,327	(596,241)	1,075,565

9. Earnings per share

There are no potential dilutive ordinary shares. Earnings per share is computed by dividing the profit for the period attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the period:

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Profit for the period attributable to shareholders of the Parent Company	198,814	1,361,342	1,018,984	2,596,417
Weighted average number of shares outstanding	252,586,236	253,012,103	252,586,236	253,012,103
Earnings per share attributable to shareholders of the Parent Company	0.79	5.38	4.03	10.26

10. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 1,443,324,338 as at December 31, 2017 (March 31, 2017 – KD 1,514,947,223; December 31, 2016 – KD 1,501,396,012) 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 CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2017
 (All amounts are in Kuwaiti Dinars)

11. Related party disclosures

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

	<u>December 31,</u> <u>2017</u>	<u>(Audited)</u> <u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	11,582,463	11,357,247	8,472,458
Accounts receivable and other debit balances	586,071	508,331	693,803
Loans granted to others	190,899	190,899	190,899
Loans	51,309,700	52,716,573	60,624,073
Accounts payable and other credit balances	928,971	1,030,135	640,752
	<u>Three months ended</u> <u>December 31,</u>	<u>Nine months ended</u> <u>December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>
			<u>2016</u>
(ii) Interim condensed consolidated statement of profit or loss:			
Interest income	40	50	120
Finance charges	(339,366)	(401,015)	(1,210,949)
(iii) Compensation to key management personnel:			
Short-term benefits	68,927	69,791	206,777
Termination benefits	6,016	5,625	18,047

During the period, the Group purchased investment properties amounting to KD 6,500,000 from a related party (Note 5).

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2017
 (All amounts are in Kuwaiti Dinars)

12. Segment information

The Group is divided into operating segments for managing its business activities based on internal reporting provided to the chief operating decision maker as follows:

- Investment activities: Direct investment for the Group's benefit in securities, portfolios and funds.
- Asset management services: Portfolio and Fund management services for clients.
- Lending activities: Direct lending to others and acting as a broker in lending and borrowing activities.
- Real estate activities: Investment in real estate and managing real estate portfolios.

	For the period ended December 31,					Total				
	2017		2016							
	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	(444,718)	2,401,471	-	859,570	2,816,323	1,216,899	1,675,198	-	961,488	3,853,585
Segment operating expenses	(1,000,384)	-	-	(79,956)	(1,080,340)	(1,210,949)	-	-	(99,371)	(1,310,320)
Unallocated operating expense					(939,756)					(1,116,373)
Operating profit					796,227					1,426,892
Group's share of results from associates					988,800					1,139,798
Loss on sale of investment properties					(636,019)					(23,630)
Provisions no longer required					5,976					499,321
Other income					3,874					453,140
Impairment losses on financial assets available for sale					-					(530,304)
Foreign exchange loss					(137,598)					(295,100)
Contribution to KFAS					-					(14,681)
NLST					(2,765)					(50,807)
Zakat					-					(8,609)
Profit for the period					1,018,495					2,596,020
Other information										
Segment assets	42,732,864	64,580	190,899	33,539,464	76,527,807	47,993,410	56,859	190,899	35,319,649	83,560,817
Investment in associates					27,618,323					28,241,911
Investment in unconsolidated subsidiaries					820,521					848,462
Unallocated assets					1,052,755					1,093,649
Total assets					106,019,406					113,744,839
Segment liabilities	51,309,700	-	-	-	51,309,700	60,624,073	-	-	-	60,624,073
Unallocated liabilities					4,167,405					4,051,320
Total liabilities					55,477,105					64,675,393

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13. General Assembly

The Shareholders' Annual General Assembly held on July 24, 2017 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,262,925 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2017.

The Shareholders' Annual General Assembly held on July 25, 2016 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,265,061 and not to distribute Board of Directors' remuneration for the financial year ended March 31, 2016.

14. Capital commitments

	December 31, 2017	(Audited) March 31, 2017	December 31, 2016
Capital commitments	-	13,796	13,796

15. Maturity profile of assets and liabilities

The maturity profile of assets and liabilities as at December 31, 2017 was as follows:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	13,111,131	-	-	-	-	13,111,131
Accounts receivable and other debit balances	-	-	1,117,335	-	-	1,117,335
Loans granted to others	-	-	190,899	-	-	190,899
Financial assets available for sale	16,428,898	-	-	10,192,835	-	26,621,733
Investment in associates	-	-	-	27,618,323	-	27,618,323
Investment in unconsolidated subsidiaries	-	-	-	820,521	-	820,521
Investment held to maturity	-	-	-	3,000,000	-	3,000,000
Investment properties	-	-	-	33,539,464	-	33,539,464
	<u>29,540,029</u>	<u>-</u>	<u>1,308,234</u>	<u>75,171,143</u>	<u>-</u>	<u>106,019,406</u>
Liabilities						
Loans	-	-	35,494,700	15,815,000	-	51,309,700
Accounts payable and other credit balances	3,750	115,172	826,358	3,222,125	-	4,167,405
	<u>3,750</u>	<u>115,172</u>	<u>36,321,058</u>	<u>19,037,125</u>	<u>-</u>	<u>55,477,105</u>

16. 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.

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The following table presents the Group's financial instruments that are measured at fair value:

<u>December 31, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets available for sale	<u>16,428,898</u>	<u>2,535,305</u>	<u>18,964,203</u>
<u>March 31, 2017 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at fair value through profit or loss	20,151	-	20,151
Financial assets available for sale	<u>20,511,632</u>	<u>2,535,305</u>	<u>23,046,937</u>
	<u>20,531,783</u>	<u>2,535,305</u>	<u>23,067,088</u>
<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at fair value through profit or loss	21,360	-	21,360
Financial assets available for sale	<u>24,090,098</u>	<u>2,334,057</u>	<u>26,424,155</u>
	<u>24,111,458</u>	<u>2,334,057</u>	<u>26,445,515</u>

During the period ended December 31, 2017, there were no transfers between different levels of fair value measurement.

17. Working capital

As at December 31, 2017, the Group's current liabilities exceeded its current assets by KD 5,591,717. The interim consolidated financial information have been prepared assuming the Group will continue as a going concern which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The Group's ability to continue as a going concern depends on its ability to improve profitability and enhance its future cash flows.

During the period ended December 31, 2017, the bank facilities increased by the amount of KD 5,461,189 and also the Group paid KD 6,868,062 out of its outstanding bank facilities.

The management is confident that the Group has the ability to realize its assets and meet its obligations on time and is of the opinion that the Group's lenders will continue to renew the outstanding borrowings on their respective due dates considering the Group's ability to generate cash inflows, realizing profits each financial year in addition to the Group's ability to distribute annual cash dividends to the shareholders.