



- Stock Code : **211**

Interim Financial Statements

{ True Copy Of The Original }

Third Quarter Report

First Quarter
30/06/2014

Second Quarter
30/09/2014

Third Quarter
31/12/2014

Fourth Quarter
31/03/2014

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2014
(UNAUDITED)**

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

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2014
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim consolidated financial information	
	<u>Pages</u>
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 consolidated financial information (Unaudited)	7 – 14



AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 - State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417



RSM Albazie & Co.

Public Accountants

Kuwait Airways Building, 7th floor, Shuhada Street,
P.O. Box 2115, Safat - 13022, State of Kuwait
T +965 22961000 F +965 22412761
E mail@albazie.com W www.albazie.com

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 December 31, 2014 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 the basis of presentation set out in Note 2.

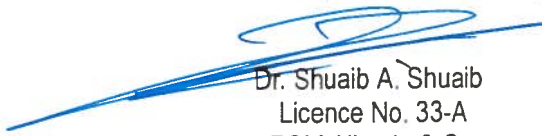
Report on other Legal and Regulatory Requirements

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 nine months period ended December 31, 2014 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, we have not become aware of any material 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, 2014 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 the International Group of
Accounting Firms


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


State of Kuwait
February 12, 2015

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS AT DECEMBER 31, 2014
 (All amounts are in Kuwaiti Dinars)

	Note	December 31, 2014	(Audited) March 31, 2014 (Restated)	December 31, 2013 (Restated)
ASSETS				
Cash on hand and at banks		8,073,780	6,887,323	8,261,503
Investments at fair value through profit or loss		60,293	61,670	4,733,550
Accounts receivable and other debit balances	3	6,743,247	21,760,244	22,442,874
Loans granted to others		512,372	512,372	512,372
Investments available for sale	4	46,436,579	49,613,400	47,996,490
Investment in associates	5	31,619,973	24,367,433	24,116,373
Investment in unconsolidated subsidiaries		1,067,862	1,075,405	1,069,405
Investment held to maturity		3,000,000	3,000,000	3,000,000
Investment properties	6	29,470,466	13,160,095	13,170,756
Total assets		126,984,572	120,437,942	125,303,323
LIABILITIES AND EQUITY				
Liabilities:				
Loans	7	67,385,000	59,150,000	66,100,000
Accounts payable and other credit balances		4,441,160	4,252,238	3,987,542
Total liabilities		71,826,160	63,402,238	70,087,542
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		423,249	83,715	86,274
Cumulative changes in fair value		(11,460,926)	(8,468,849)	(11,021,438)
Retained earnings		20,473,020	19,697,328	20,426,692
Equity attributable to the shareholders of the Parent Company		55,092,620	56,969,471	55,148,805
Non-controlling interests		65,792	66,233	66,976
Total equity		55,158,412	57,035,704	55,215,781
Total liabilities and equity		126,984,572	120,437,942	125,303,323
Memorandum accounts off the consolidated statement of financial position	11	1,745,992,109	1,673,449,135	1,638,130,241

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 DECEMBER 31, 2014
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2014	(Restated) 2013	2014	(Restated) 2013
Revenues:					
Net investment income (loss)	9	160,133	(98,480)	1,637,728	229,489
Fees and commission income		567,411	727,192	2,035,032	1,979,162
Interest income		44,362	42,487	133,230	172,272
Rental income		309,447	149,583	820,519	446,925
Group's share of results from associates		337,810	409,961	1,028,263	1,021,731
Gain on sale of investment property		16,655	3,050,293	16,655	3,050,293
Other income		31,161	6,456	186,808	133,916
Foreign exchange gain (loss)		405,105	(42,430)	395,926	(41,878)
		<u>1,872,084</u>	<u>4,245,062</u>	<u>6,254,161</u>	<u>6,991,910</u>
Expenses and other charges:					
General and administrative expenses		(362,167)	(655,114)	(1,332,003)	(1,304,520)
Finance charges		(400,305)	(384,549)	(1,134,933)	(1,155,630)
Impairment loss on investments available for sale		(347,327)	-	(347,327)	(161,196)
Provision charge		-	-	-	(1,509)
		<u>(1,109,799)</u>	<u>(1,039,663)</u>	<u>(2,814,263)</u>	<u>(2,622,855)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		762,285	3,205,399	3,439,898	4,369,055
Contribution to KFAS		(928)	(27,954)	(24,110)	(29,500)
NLST		(8,105)	(92,189)	(71,160)	(118,728)
Zakat		(1,191)	(33,414)	(20,053)	(35,004)
Net profit for the period		<u>752,061</u>	<u>3,051,842</u>	<u>3,324,575</u>	<u>4,185,823</u>
Attributable to:					
Shareholders of the Parent Company		752,139	3,052,387	3,325,016	4,186,533
Non-controlling interests		(78)	(545)	(441)	(710)
Net profit for the period		<u>752,061</u>	<u>3,051,842</u>	<u>3,324,575</u>	<u>4,185,823</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>2.95</u>	<u>11.97</u>	<u>13.04</u>	<u>16.42</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 DECEMBER 31, 2014
 (All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Net profit for the period	<u>752,061</u>	<u>3,051,842</u>	<u>3,324,575</u>	<u>4,185,823</u>
Other comprehensive (loss) income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Related to investments available for sale:				
Changes in fair value of investments available for sale	(2,245,233)	1,247,711	(2,878,394)	454,370
Reversal due to sale of investments available for sale	-	-	(113,683)	(99,744)
	<u>(2,245,233)</u>	<u>1,247,711</u>	<u>(2,992,077)</u>	<u>354,626</u>
Share of other comprehensive income of associates	1,416	-	1,719	440
Exchange differences on translating foreign operations	143,684	(19,567)	337,815	(65,730)
Other comprehensive (loss) income for the period	<u>(2,100,133)</u>	<u>1,228,144</u>	<u>(2,652,543)</u>	<u>289,336</u>
Total comprehensive (loss) income for the period	<u>(1,348,072)</u>	<u>4,279,986</u>	<u>672,032</u>	<u>4,475,159</u>
Attributable to:				
Shareholders of the Parent Company	(1,347,994)	4,280,531	672,473	4,475,869
Non-controlling interests	(78)	(545)	(441)	(710)
Total comprehensive (loss) income for the period	<u>(1,348,072)</u>	<u>4,279,986</u>	<u>672,032</u>	<u>4,475,159</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 DECEMBER 31, 2014

(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, 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)	(2,910,594)	(3,007,509)	-	(3,007,509)
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)	19,697,328	56,969,471	66,233	57,035,704
Total comprehensive income (loss) for the period	-	-	-	-	-	339,534	(2,992,077)	3,325,016	672,473	(441)	672,032
Cash dividends (Note 15)	-	-	-	-	-	-	-	(2,549,324)	(2,549,324)	-	(2,549,324)
Balance as at December 31, 2014	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	423,249	(11,460,926)	20,473,020	55,092,620	65,792	55,158,412
Balance as at March 31, 2013 (as previously reported)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	151,564	(11,279,149)	20,489,621	55,019,313	67,686	55,086,999
Adjustment on correction of errors (Note 13)	-	-	-	-	-	-	(96,915)	(2,974,800)	(3,071,715)	-	(3,071,715)
Balance as at March 31, 2013 (Restated)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	151,564	(11,376,064)	17,514,821	51,947,598	67,686	52,015,284
Total comprehensive (loss) income for the period	-	-	-	-	-	(65,290)	354,626	4,186,533	4,475,869	(710)	4,475,159
Cash dividends (Note 15)	-	-	-	-	-	-	-	(1,274,662)	(1,274,662)	-	(1,274,662)
Balance as at December 31, 2013 (Restated)	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	86,274	(11,021,438)	20,426,692	55,148,805	66,976	55,215,781

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 DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

	Nine months ended December 31,	
	2014	(Restated) 2013
Cash flow from operating activities:		
Profit for the period before contribution to KFAS, NLST and Zakat	3,439,898	4,369,055
Adjustments for:		
Net investment income	(1,637,728)	(229,489)
Interest income	(133,230)	(172,272)
Group's share of results from associates	(1,028,263)	(1,021,731)
Gain on sale of investment property	(16,655)	(3,050,293)
Finance charges	1,134,933	1,155,630
Impairment loss on investments available for sale	347,327	161,196
Provision charge	-	1,509
	<u>2,106,282</u>	<u>1,213,605</u>
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	-	64,091
Accounts receivable and other debit balances	13,556,542	(2,653,089)
Loans granted to others	-	(150,946)
Accounts payable and other credit balances	(371,914)	748,178
Net cash generated from (used in) operating activities	<u>15,290,910</u>	<u>(778,161)</u>
Cash flow from investing activities:		
Purchase of investments available for sale	(825,910)	(82,297)
Proceeds from sale of investments available for sale	1,559,696	3,989,449
Paid for investment in an associate	(5,686,920)	-
Paid for investment in unconsolidated subsidiaries	-	(480,000)
Paid for investment properties	(16,559,165)	(3,408,238)
Proceeds from sale of investment properties	570,000	-
Interest received	133,230	172,272
Dividends received	1,719,435	999,048
Net cash (used in) generated from investing activities	<u>(19,089,634)</u>	<u>1,190,234</u>
Cash flows from financing activities:		
Loans	8,235,000	2,785,000
Cash dividends paid	(2,503,900)	(1,220,654)
Finance charges paid	(745,919)	(766,637)
Net cash generated from financing activities	<u>4,985,181</u>	<u>797,709</u>
Net increase in cash on hand and at banks	1,186,457	1,209,782
Cash on hand and at banks at the beginning of the period	6,887,323	7,051,721
Cash on hand and at banks at the end of the period	<u>8,073,780</u>	<u>8,261,503</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)
DECEMBER 31, 2014

(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 Shareholders' Extraordinary General Assembly meeting held on August 18, 2013 approved the amendments to the Parent Company's Articles of Association to be in compliance with the requirements of the Companies' Law No. 25 of 2012 and its subsequent amendments and Executive Regulations.

The interim consolidated financial information was authorized for issue by the Board of Directors on February 12, 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, 2014 except for the changes due to implementation of the following amended International Financial Reporting Standards as of January 1, 2014:

Amendments to IAS 32 - Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the meaning of "currently has a legally enforceable right of set off" and "simultaneous realization and settlement".

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or CGU is measured at fair value less costs of disposal. These new disclosures include fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements.

The above mentioned amendments are not expected to have any material impact on the interim consolidated financial information.

Standards issued but not effective

The following new and amended IASB Standards have been issued but are not yet effective, and have not been adopted by the Group:

IFRS 9 - Financial Instruments

The standard, effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 specifies how an entity should classify and measure its financial instruments and includes a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 - Revenue from contracts with customers

The standard, effective for annual periods beginning on or after 1 January 2017, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the following existing standards and interpretations upon its effective date:

- IAS 18 – Revenue,
- IAS 11 – Construction Contracts,
- IFRIC 13 – Customer Loyalty Programs,
- IFRIC 15 – Agreements for the Construction of Real Estate,
- IFRIC 18 – Transfers of Assets from Customers, and,
- SIC 31 – Revenue-Barter Transactions Involving Advertising Services

Amendments to IAS 27 – Equity method in separate financial statements

The amendment, effective for annual periods beginning on or after January 1, 2016, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

The application of the above standards and amendments are not expected to have a material impact on the interim consolidated financial information.

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, 2014 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2015. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2014.

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**

Accounts receivable and other debit balances include an amount of KD 5,410,746 (SAR 71,923,692) (March 31, 2014 – KD 17,706,385 (SAR 235,366,537); December 31, 2013 – KD 17,730,397 (SAR 235,366,537)) that represents the remaining receivable from sale of an investment property located in the Kingdom of Saudi Arabia through a public auction. The Group is in the process of completing the legal procedures with the governmental authorities in the Kingdom of Saudi Arabia and collecting its remaining share in the public auction proceeds.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

4. Investments available for sale

	December 31, 2014	(Audited) March 31, 2014	December 31, 2013
Quoted securities	35,255,446	37,939,925	36,326,507
Unquoted securities	11,150,562	11,642,904	11,639,412
Funds	30,571	30,571	30,571
	<u>46,436,579</u>	<u>49,613,400</u>	<u>47,996,490</u>

Quoted securities with a carrying value of KD 18,052,430 were pledged with a local bank against a loan (Note 7) (March 31, 2014 – KD 19,103,100; December 31, 2013 – KD 18,844,950).

5. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding	December 31, 2014	(Audited) March 31, 2014 (Restated)	December 31, 2013 (Restated)
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	14,018,353	13,656,556	13,496,150
Kuwait Qatari Co. for Real Estate Development K.S.C.C.(Note 13)	Kuwait	40.72%	1,859,373	1,823,251	1,759,045
Future Communication Co. K.S.C.P.	Kuwait	28.19%	7,883,368	8,045,680	7,987,434
Al Madar Al Thahabia Co. W.L.L.(a)	KSA	24%	5,694,463	-	-
Al-Jazeera Real Estate Development Co. K.S.C. (Closed) (b)	Kuwait	20%	1,350,529	-	-
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	807,657	835,716	867,514
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>31,619,973</u>	<u>24,367,433</u>	<u>24,116,373</u>

a) During the period, Al Madar Al Thahabia Co. W.L.L ("Al Madar") restructured its capital and business operations resulting in the dilution of the Group's equity interest from 100% to 24%. Accordingly the Group achieved significant influence in Al Madar and the investment balance was reclassified from "Investment in unconsolidated subsidiaries". The associate has commenced its operations, primarily in real estate activities, through funding obtained by the Group and other third party investors.

b) During the period, the Group obtained significant influence for its 20% equity interest in the associate amounting to KD 1,438,124 and accordingly the investment balance was transferred from advance payments included in "Accounts receivable and other debit balances". The Group is in the process of finalizing the purchase price allocation exercise of the associate.

6. Investment properties

During the period, the Group acquired investment properties located in State of Kuwait and Kingdom of Saudi Arabia for KD 16,559,165.

7. Loans

	December 31, 2014	(Audited) March 31, 2014	December 31, 2013
Loans maturing within 3 months	25,815,000	-	25,815,000
Loans maturing from 3 months to one year	41,570,000	59,150,000	40,285,000
	<u>67,385,000</u>	<u>59,150,000</u>	<u>66,100,000</u>

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

Loans carry an annual interest rate ranging from 2% to 3% (March 31, 2014 – 2% to 3%; December 31, 2013 – 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, 2014 – KD 25,815,000; December 31, 2013 – KD 25,815,000).

8. Treasury shares

	December 31, 2014	(Audited) March 31, 2014	December 31, 2013
Number of treasury shares	351,342	351,342	351,342
Percentage of ownership	0.14%	0.14%	0.14%
Market value (KD)	38,648	41,458	40,053
Cost (KD)	87,765	87,765	87,765

9. Net investment income (loss)

	Three months ended December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Unrealized loss from investments at fair value through profit or loss	(4,132)	(98,480)	(1,377)	(40,050)
Realized gain on sale of investments at fair value through profit or loss	-	-	-	2,491
Realized gain on sale of investments available for sale	6,443	-	823,970	92,866
Dividend income	157,822	-	815,135	174,182
	<u>160,133</u>	<u>(98,480)</u>	<u>1,637,728</u>	<u>229,489</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 December 31,		Nine months ended December 31,	
	2014	2013	2014	2013
Net profit for the period attributable to shareholders of the Parent Company	<u>752,139</u>	<u>3,052,387</u>	<u>3,325,016</u>	<u>4,186,533</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>2.95</u>	<u>11.97</u>	<u>13.04</u>	<u>16.42</u>

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2014
 (All amounts are in Kuwaiti Dinars)

11. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios and funds for related parties and others amounting to KD 1,745,992,109 as at December 31, 2014 (March 31, 2014 – KD 1,673,449,135; December 31, 2013 – KD 1,638,130,241) 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.

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:

	December 31, 2014	(Audited) March 31, 2014	December 31, 2013
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	7,948,430	6,642,901	8,034,701
Accounts receivable and other debit balances	407,714	1,446,114	1,597,826
Loans granted to others	512,372	512,372	512,372
Loans	67,385,000	59,150,000	66,100,000
Accounts payable and other credit balances	834,850	834,033	757,033
	Three months ended December 31,	Nine months ended December 31,	
	2014	2013	2014
			2013
(ii) Interim condensed consolidated statement of profit or loss:			
Interest income	102	296	363
Finance charges	(400,305)	(384,549)	(1,134,933)
			2,020
			(1,155,630)
(iii) Compensation to key management personnel:			
Short-term benefits	70,642	71,458	244,650
Termination benefits	6,172	5,728	20,156
			214,374
			17,184

13. Correction of errors

The comparative consolidated statements of financial position as at March 31, 2014 and December 31, 2013 and the comparative interim condensed consolidated statement of profit or loss, changes in equity and cash flows for the period ended December 31, 2013 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 of March 31, 2014 and December 31, 2013 by KD 2,878,157 and KD 2,233,436 respectively.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

- 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 of March 31, 2014 and December 31, 2013.
- c) 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 of March 31, 2014 by KD 300,468 and overstatement of Group's associate balance as of December 31, 2013 by KD 408,459.

The effect of the restatements is as follows:

Interim condensed consolidated statement of financial position:

Category	(Audited) March 31, 2014	December 31, 2013
Decrease in investment in associates	(3,007,509)	(3,071,715)
Decrease in cumulative changes in fair value	(96,915)	(96,915)
Decrease in retained earnings	(2,910,594)	(2,974,800)

Interim condensed consolidated statement of profit or loss:

Category	Three months ended December 31, 2013	Nine months ended December 31, 2013
Decrease in share of results from associates	233,925	631,246
Decrease in provision charge	233,925	631,246

The above mentioned restatements did not have any impact on the net profit and earnings per share for the three months and nine months period ended December 31, 2013.

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

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 December 31,

	2014				(Restated) 2013					
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	1,770,958	-	-	820,519	4,626,509	401,761	1,646,500	-	446,925	2,827,848
Segment operating expenses	(1,134,933)	2,035,032	-	(55,059)	(1,189,992)	(1,155,630)	-	-	(89,773)	(1,245,403)
Unallocated operating expense	-	-	-	-	(1,276,944)	-	-	-	-	(1,276,944)
Operating income	-	-	-	-	2,159,573	-	-	-	-	367,698
Group's share of results from associates	-	-	-	-	1,028,263	-	-	-	-	1,021,731
Gain on sale of investment property	-	-	-	-	16,655	-	-	-	-	3,050,293
Other income	-	-	-	-	186,808	-	-	-	-	133,916
Foreign exchange gain (loss)	-	-	-	-	395,926	-	-	-	-	(41,878)
Impairment loss on investments available for sale	-	-	-	-	(347,327)	-	-	-	-	(161,196)
Provision charge	-	-	-	-	-	-	-	-	-	(1,509)
Contribution to KFAS	-	-	-	-	(24,110)	-	-	-	-	(29,500)
NLST	-	-	-	-	(71,160)	-	-	-	-	(118,728)
Zakat	-	-	-	-	(20,053)	-	-	-	-	(35,004)
Net profit for the period	-	-	-	-	3,324,575	-	-	-	-	4,185,823

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2014

(All amounts are in Kuwaiti Dinars)

15. General Assembly

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

The Shareholders' Annual General Assembly held on August 18, 2013 approved the distribution of cash dividends of 5 fils per share for the financial year ended March 31, 2013 amounting to KD 1,274,662.

16. Capital commitments and contingent liabilities

	December 31, 2014	(Audited) March 31, 2014	December 31, 2013
Letters of guarantee	200,000	200,000	200,000
Capital commitments	13,796	8,409,945	8,416,679
	<u>213,796</u>	<u>8,609,945</u>	<u>8,616,679</u>

The Group's capital commitment to acquire investment properties located in Kingdom of Saudi Arabia had been settled during the period.

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:

December 31, 2014	Level 1	Level 2	Total
Investments at fair value through profit or loss	60,293	-	60,293
Investments available for sale	35,255,446	2,367,456	37,622,902
	<u>35,315,739</u>	<u>2,367,456</u>	<u>37,683,195</u>
March 31, 2014 (Audited)	Level 1	Level 2	Total
Investments at fair value through profit or loss	61,670	-	61,670
Investments available for sale	37,939,925	2,367,456	40,307,381
	<u>38,001,595</u>	<u>2,367,456</u>	<u>40,369,051</u>
December 31, 2013	Level 1	Level 2	Total
Investments at fair value through profit or loss	4,733,550	-	4,733,550
Investments available for sale	36,326,507	2,363,963	38,690,470
	<u>41,060,057</u>	<u>2,363,963</u>	<u>43,424,020</u>

During the period ended December 31, 2014, there were no transfers between different levels of fair value measurement.