

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 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

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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. (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 its subsidiaries (the Group) as at June 30, 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 three 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.

Basis for Qualified Conclusion

The Group's investment in Kuwait Qatari Co. for Real Estate Development K.S.C.C. (associate) was accounted based on management accounts as at March 31, 2014 (Note 5). Furthermore we had not obtained the audited financial statements of the associate since December 31, 2012 and our opinion was qualified on the consolidated financial statements of the Group since the year ended March 31, 2013 in this regard. Consequently, we were unable to ascertain whether any further adjustments to the carrying amount of the investment were necessary.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the Basis for Qualified Conclusion paragraph, 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 three months period ended June 30, 2014 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, 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 three months period ended June 30, 2014.

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RSM Albazie & Co.

State of Kuwait
August 14, 2014

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS AT JUNE 30, 2014
 (All amounts are in Kuwaiti Dinars)

| | Note | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|--|------|--------------------|--------------------------------|--------------------|
| ASSETS | | | | |
| Cash on hand and at banks | | 8,004,236 | 6,887,323 | 7,724,211 |
| Investments at fair value through profit or loss | | 61,538 | 61,670 | 4,932,150 |
| Accounts receivable and other debit balances | 3 | 20,506,388 | 21,760,244 | 5,254,103 |
| Loans granted to others | | 512,372 | 512,372 | 362,935 |
| Investments available for sale | 4 | 49,656,733 | 49,613,400 | 48,941,388 |
| Investment in associates | 5 | 28,844,131 | 27,374,942 | 26,934,047 |
| Investment in unconsolidated subsidiaries | | 1,075,405 | 1,075,405 | 909,405 |
| Investment held to maturity | | 3,000,000 | 3,000,000 | 3,000,000 |
| Investment properties | 6 | 18,788,785 | 13,160,095 | 24,663,199 |
| Total assets | | 130,449,588 | 123,445,451 | 122,721,438 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities: | | | | |
| Loans | 7 | 64,975,000 | 59,150,000 | 65,215,000 |
| Accounts payable and other credit balances | 14 | 7,222,667 | 4,252,238 | 2,398,924 |
| Total liabilities | | 72,197,667 | 63,402,238 | 67,613,924 |
| 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 | | 98,218 | 83,715 | 173,228 |
| Cumulative changes in fair value | | (8,969,911) | (8,371,934) | (11,435,489) |
| Retained earnings | | 21,400,185 | 22,607,922 | 20,644,866 |
| Equity attributable to the shareholders of Parent Company | | 58,185,769 | 59,976,980 | 55,039,882 |
| Non-controlling interests | | 66,152 | 66,233 | 67,632 |
| Total equity | | 58,251,921 | 60,043,213 | 55,107,514 |
| Total liabilities and equity | | 130,449,588 | 123,445,451 | 122,721,438 |
| Memorandum accounts off the consolidated statement of financial position | 11 | 1,743,958,722 | 1,673,449,135 | 1,647,619,731 |

The accompanying notes (1) to (16) 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 JUNE 30, 2014
 (All amounts are in Kuwaiti Dinars)

| | Note | Three months ended June 30, | |
|--|------|--------------------------------|--------------------|
| | | 2014 | 2013 |
| Revenues: | | | |
| Net investment income | 9 | 1,196,053 | 251,780 |
| Fees and commission income | | 541,138 | 225,500 |
| Interest income | | 44,487 | 46,064 |
| Rental income | | 170,761 | 180,953 |
| Group's share of results from associates | | 370,287 | 670,426 |
| Other income | | 19,234 | 72,222 |
| | | <u>2,341,960</u> | <u>1,446,945</u> |
| Expenses and other charges: | | | |
| General and administrative expenses | | (600,640) | (332,320) |
| Finance charges | | (355,918) | (381,565) |
| Impairment loss on investments available for sale | | - | (161,196) |
| Net provisions charged | | - | (414,603) |
| | | <u>(956,558)</u> | <u>(1,289,684)</u> |
| Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat | | 1,385,402 | 157,261 |
| Contribution to KFAS | | (9,721) | - |
| NLST | | (26,934) | (2,070) |
| Zakat | | (7,241) | - |
| Net profit for the period | | <u>1,341,506</u> | <u>155,191</u> |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 1,341,587 | 155,245 |
| Non-controlling interests | | (81) | (54) |
| Net profit for the period | | <u>1,341,506</u> | <u>155,191</u> |
| | | <u>Fils</u> | <u>Fils</u> |
| Earnings per share attributable to the shareholders of the Parent Company | 10 | <u>5.26</u> | <u>0.61</u> |

The accompanying notes (1) to (16) 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 JUNE 30, 2014
 (All amounts are in Kuwaiti Dinars)

| | Three months ended June 30 | |
|--|-------------------------------|------------------|
| | 2014 | 2013 |
| Net profit for the period | 1,341,506 | 155,191 |
| Other comprehensive loss: | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | |
| Investments available for sale: | | |
| Change in fair value of investments available for sale | (526,747) | (66,926) |
| Reversal on sale of investments available for sale | (71,230) | (89,414) |
| | (597,977) | (156,340) |
| Share of other comprehensive (loss) income of associates | (237) | 440 |
| Foreign currency translation adjustments | 14,740 | 21,224 |
| Other comprehensive loss for the period | (583,474) | (134,676) |
| Total comprehensive income for the period | 758,032 | 20,515 |
| Attributable to: | | |
| Shareholders of the Parent Company | 758,113 | 20,569 |
| Non-controlling interests | (81) | (54) |
| | 758,032 | 20,515 |

The accompanying notes (1) to (16) 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 JUNE 30, 2014
 (All amounts are in Kuwaiti Dinars)

| | Equity attributable to the Shareholders of the Parent Company | | | | | | | | Non-controlling interests | Total |
|--|---|-----------------|---------------|-------------------|-------------------|--|----------------------------------|-------------------|---------------------------|-------------|
| | Capital | Treasury shares | Share premium | Statutory reserve | Voluntary reserve | Foreign currency translation adjustments | Cumulative changes in fair value | Retained earnings | | |
| Balance as at March 31, 2014 | 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 | 60,043,213 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 14,503 | (597,977) | 1,341,587 | 758,113 | 758,032 |
| Cash dividends (Note 14) | - | - | - | - | - | - | - | (2,549,324) | (2,549,324) | (2,549,324) |
| Balance as at June 30, 2014 | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 98,218 | (8,969,911) | 21,400,185 | 58,185,769 | 58,251,921 |
| Balance as at March 31, 2013 | 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 | 55,086,999 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 21,664 | (156,340) | 155,245 | 20,569 | 20,515 |
| Balance as at June 30, 2013 | 25,528,372 | (87,765) | 3,046,592 | 12,764,186 | 4,405,892 | 173,228 | (11,435,489) | 20,644,866 | 55,039,882 | 55,107,514 |

The accompanying notes (1) to (16) 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 JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

| | Three months ended June 30, | |
|--|--------------------------------|-------------------------|
| | 2014 | 2013 |
| Cash flow from operating activities: | | |
| Net profit for the period before KFAS, NLST and Zakat | 1,385,402 | 157,261 |
| Adjustments to: | | |
| Net Investment income | (1,196,053) | (251,780) |
| Interest income | (44,487) | (46,064) |
| Group's share of results from associates | (370,287) | (670,426) |
| Finance charges | 355,918 | 381,565 |
| Impairment loss on investments available for sale | - | 161,196 |
| Net provisions charged | - | 414,603 |
| | <u>130,493</u> | <u>146,355</u> |
| Changes in operating assets and liabilities: | | |
| Investments at fair value through profit or loss | - | 64,091 |
| Accounts receivable and other debit balances | (250,848) | (3,194,715) |
| Accounts payable and other credit balances | 287,234 | 170,471 |
| Net cash generated from (used in) operating activities | <u>166,879</u> | <u>(2,813,798)</u> |
| Cash flow from investing activities: | | |
| Purchase of investments available for sale | (825,910) | (33,841) |
| Proceeds from sale of investments available for sale | 995,559 | 2,445,297 |
| Paid for investment in unconsolidated subsidiaries | - | (320,000) |
| Paid for investment properties | (5,625,000) | (608,233) |
| Interest received | 88,737 | 46,064 |
| Dividends received | 750,176 | 323,220 |
| Net cash (used in) generated from investing activities | <u>(4,616,438)</u> | <u>1,852,507</u> |
| Cash flows from financing activities: | | |
| Loans | 5,825,000 | 1,900,000 |
| Cash dividends paid | (31,331) | (13,375) |
| Finance charges paid | (227,197) | (252,844) |
| Net cash generated from financing activities | <u>5,566,472</u> | <u>1,633,781</u> |
| Net increase in cash on hand and at banks | <u>1,116,913</u> | <u>672,490</u> |
| Cash on hand and at banks at the beginning of the period | <u>6,887,323</u> | <u>7,051,721</u> |
| Cash on hand and at banks at the end of the period | <u><u>8,004,236</u></u> | <u><u>7,724,211</u></u> |

The accompanying notes (1) to (16) 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)**

JUNE 30, 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 Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on June 9, 2007. 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 Companies Law issued on November 26, 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), and had cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended Law No. 97 of 2013. The Executive Regulations of the new amended law was issued on September 29, 2013 and was published in the official Gazette on October 6, 2013. As stated in Article No. (3) of the Executive Regulations, all companies have a grace period of one year from the Executive Regulation's publication date to comply with the requirement of new amended law.

The interim consolidated financial information was authorized for issue by the Board of Directors on August 14, 2014.

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.

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 three months period ended June 30, 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

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

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

3. Accounts receivable and other debit balances

Accounts receivable and other debit balances include an amount of KD 17,714,698 (SAR 235,366,537) that represents receivable from sale of an investment property located in the Kingdom of Saudi Arabia through a public auction. During the period, the auction manager collected 33.5% from the total public auction value. The Group is in the process of completing the legal procedures with the governmental authorities in the Kingdom of Saudi Arabia and collecting its share in the public auction proceeds.

4. Investments available for sale

| | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|---------------------|-------------------|--------------------------------|-------------------|
| Quoted securities | 37,955,473 | 37,939,925 | 35,783,576 |
| Unquoted securities | 11,670,689 | 11,642,904 | 11,639,412 |
| Funds | 30,571 | 30,571 | 1,518,400 |
| | <u>49,656,733</u> | <u>49,613,400</u> | <u>48,941,388</u> |

Quoted securities with a carrying value of KD 19,198,616 were pledged with a local bank against a loan (Note 7) (March 31, 2014 – KD 19,103,100; June 30, 2013 – KD 18,328,650).

5. Investment in associates

| Name of the associate | Country of incorporation | Percentage of holding | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|--|-----------------------------|--------------------------|-------------------|--------------------------------|-------------------|
| Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed) | Kuwait | 50% | 14,009,881 | 13,656,556 | 13,385,398 |
| Kuwait Qatari Co. for Real Estate Development K.S.C.C. | Kuwait | 40.72% | 4,822,530 | 4,830,760 | 4,830,760 |
| Future Communication Co. K.S.C.P. | Kuwait | 28.19% | 7,762,907 | 8,045,680 | 7,871,629 |
| Al-Jazeera Real Estate Development Co. K.S.C. (Closed) (a) | Kuwait | 20% | 1,403,232 | - | - |
| Alpha Atlantique Du Sahara S.A. | Morocco | 22.52% | 839,351 | 835,716 | 840,030 |
| Mena Equities Ltd. | British Virgin Islands | 44.15% | 6,230 | 6,230 | 6,230 |
| | | | <u>28,844,131</u> | <u>27,374,942</u> | <u>26,934,047</u> |

a) During the period, the Group achieved significant influence for its 20% equity interest in Al-Jazeera Real Estate Development Co. K.S.C. (Closed) 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 an investment property located in State of Kuwait for KD 5,625,000.

7. Loans

| | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|--|-------------------|--------------------------------|-------------------|
| Loans maturing from 3 months to one year | <u>64,975,000</u> | <u>59,150,000</u> | <u>65,215,000</u> |

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

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

Loans carry an annual interest rate ranging from 2% to 3% (March 31, 2014 – 2% to 3%, June 30, 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, June 30, 2013 – KD 25,815,000).

8. Treasury shares

| | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|---------------------------|------------------|--------------------------------|------------------|
| Number of treasury shares | 351,342 | 351,342 | 351,342 |
| Percentage of ownership | 0.14% | 0.14% | 0.14% |
| Market value (KD) | 42,161 | 41,458 | 40,053 |
| Cost (KD) | 87,765 | 87,765 | 87,765 |

9. Net investment income

| | Three months ended June 30, | |
|--|--------------------------------|----------------|
| | 2014 | 2013 |
| Unrealized (loss) gain from investments at fair value through profit or loss | (132) | 158,550 |
| Realized gain on sale of investments at fair value through profit or loss | - | 2,491 |
| Realized gain on sale of investments available for sale | 810,959 | 53,034 |
| Dividend income | 385,226 | 37,705 |
| | <u>1,196,053</u> | <u>251,780</u> |

10. Earnings per share

There are no potential dilutive ordinary shares. Earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period:

| | Three months ended June 30, | |
|--|--------------------------------|-------------------------------|
| | 2014 | 2013 |
| Net profit for the period attributable to shareholders of the Parent Company | <u>1,341,587</u> | <u>155,245</u> |
| Weighted average number of shares outstanding | <u>Shares 254,932,376</u> | <u>Shares 254,932,376</u> |
| Earnings per share attributable to shareholders of the Parent Company | <u>Fils 5.26</u> | <u>Fils 0.61</u> |

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 1,743,958,722 as at June 30, 2014 (March 31, 2014 – KD 1,673,449,135, June 30, 2013 – KD 1,647,619,731) 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)

JUNE 30, 2014

(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:

| | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|--|------------------|--------------------------------|------------------|
| (i) Interim condensed consolidated statement of financial position: | | | |
| Cash on hand and at banks | 7,696,680 | 6,642,901 | 7,466,270 |
| Accounts receivable and other debit balances | 1,446,333 | 1,446,114 | 1,517,054 |
| Loan granted to others | 512,372 | 512,372 | 362,935 |
| Loans | 64,975,000 | 59,150,000 | 65,215,000 |
| Accounts payable and other credit balances | 833,703 | 834,033 | 446,173 |
| | | Three months ended June 30, | |
| | | 2014 | 2013 |
| (ii) Interim condensed consolidated statement of profit or loss | | | |
| Interest income | | 237 | 1,081 |
| Finance charges | | (355,918) | (381,565) |
| (iii) Compensation to key management personnel: | | | |
| Short-term benefits | | 85,254 | 71,500 |
| Termination benefits | | 6,992 | 5,728 |

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

JUNE 30, 2014

(All amounts are in Kuwaiti Dinars)

14. 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 and is recorded under "Accounts payable and other credit balances".

15. Capital commitments and contingent liabilities

| | June 30, 2014 | (Audited) March 31, 2014 | June 30, 2013 |
|----------------------|------------------|--------------------------------|------------------|
| Letters of guarantee | 200,000 | 200,000 | 200,000 |
| Capital commitments | 8,413,886 | 8,409,945 | 13,796 |
| | <u>8,613,886</u> | <u>8,609,945</u> | <u>213,796</u> |

Capital commitments as at June 30, 2014 mainly represent the Group's contractual obligation to acquire investment properties located in Kingdom of Saudi Arabia amounting to KD 8,400,090 (SAR 111,607,906).

16. Fair value of financial instruments

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 at:

| June 30, 2014 | Level 1 | Level 2 | Total |
|--|-------------------|------------------|-------------------|
| Investments at fair value through profit or loss | 61,538 | - | 61,538 |
| Investments available for sale | 37,955,473 | 2,367,456 | 40,322,929 |
| | <u>38,017,011</u> | <u>2,367,456</u> | <u>40,384,467</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> |
| June 30, 2013 | Level 1 | Level 2 | Total |
| Investments at fair value through profit or loss | 4,932,150 | - | 4,932,150 |
| Investments available for sale | 35,783,576 | 3,851,792 | 39,635,368 |
| | <u>40,715,726</u> | <u>3,851,792</u> | <u>44,567,518</u> |

During the period ended June 30, 2014, there were no transfers between different levels of fair value measurement.