

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED DECEMBER 31, 2016  
(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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Member of Nexia International

P.O. Box 27387 Safat  
13134 – State of Kuwait  
Telephone: (965) 2423415/7  
(965) 22424919  
Facsimile : (965) 22422026

## 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, 2016 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.

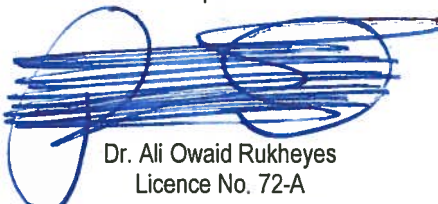
### Conclusion


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. 1 of 2016 and its Executive Regulations or of the Memorandum of Incorporation and Articles of Association of the Parent Company during the nine months period ended December 31, 2016 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, 2016, which might have materially affected on the Group's financial position or results of its operations.

  
Dr. Ali Owaid Rukheyes  
Licence No. 72-A  
Member of Nexia International –  
(England)  
ALWaha Auditing Office

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

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
 AS AT DECEMBER 31, 2016  
 (All amounts are in Kuwaiti Dinars)

	Note	December 31, 2016	(Audited) March 31, 2016	December 31, 2015
<b>ASSETS</b>				
Cash on hand and at banks		9,826,254	8,858,705	9,023,671
Financial assets at fair value through profit or loss		21,360	58,589	59,549
Accounts receivable and other debit balances		1,150,508	1,383,370	1,283,936
Loans granted to others		190,899	231,789	358,009
Financial assets available for sale	3	35,145,796	38,243,914	40,453,664
Investment in associates	4	28,241,911	28,003,585	31,742,469
Investment in unconsolidated subsidiaries		848,462	907,862	907,862
Investment held to maturity		3,000,000	3,000,000	3,000,000
Investment properties		35,319,649	35,662,852	35,704,773
<b>Total assets</b>		<b>113,744,839</b>	<b>116,350,666</b>	<b>122,533,933</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Loans	5	60,624,073	64,576,200	64,923,700
Accounts payable and other credit balances		4,051,320	3,962,833	4,372,624
<b>Total liabilities</b>		<b>64,675,393</b>	<b>68,539,033</b>	<b>69,296,324</b>
<b>Equity:</b>				
Capital		25,528,372	25,528,372	25,528,372
Treasury shares	6	(260,776)	(260,776)	(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
Other reserve		86,617	-	-
Foreign currency translation adjustments		640,105	568,983	597,124
Cumulative changes in fair value		(1,253,105)	(1,022,220)	(2,572,093)
Retained earnings		4,046,869	2,715,513	9,489,798
Equity attributable to the shareholders of the Parent Company		49,004,752	47,746,542	53,172,106
Non-controlling interests		64,694	65,091	65,503
<b>Total equity</b>		<b>49,069,446</b>	<b>47,811,633</b>	<b>53,237,609</b>
<b>Total liabilities and equity</b>		<b>113,744,839</b>	<b>116,350,666</b>	<b>122,533,933</b>
Memorandum accounts off the consolidated statement of financial position	10	1,501,396,012	1,607,625,467	1,696,842,684

The accompanying notes (1) to (15) 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, 2016  
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2016	2015	2016	2015
<b>Revenues:</b>					
Net investment income (loss)	7	61,327	45,352	1,075,565	(307,928)
Fees and commission income		615,831	389,839	1,675,198	1,406,538
Interest income		46,660	47,750	141,334	136,340
Rental income		346,804	319,668	961,488	937,527
Group's share of results from associates		329,124	309,025	1,139,798	3,862,213
Gain (loss) on sale of investment properties		-	37,975	(23,630)	37,975
Provisions no longer required	8	499,321	-	499,321	-
Other income		452,711	1,597	453,140	278,011
		<u>2,351,778</u>	<u>1,151,206</u>	<u>5,922,214</u>	<u>6,350,676</u>
<b>Expenses and other charges:</b>					
General and administrative expenses		(492,485)	(308,636)	(1,215,744)	(1,249,043)
Finance charges		(401,015)	(373,555)	(1,210,949)	(1,140,629)
Impairment losses on financial assets available for sale	3	-	(10,876,857)	(530,304)	(12,248,163)
Foreign exchange (loss) gain		(57,452)	(6,682)	(295,100)	379,571
		<u>(950,952)</u>	<u>(11,565,730)</u>	<u>(3,252,097)</u>	<u>(14,258,264)</u>
Profit (loss) for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		1,400,826	(10,414,524)	2,670,117	(7,907,588)
Contribution to KFAS		(10,484)	-	(14,681)	-
NLST		(23,031)	36,692	(50,807)	-
Zakat		(6,016)	-	(8,609)	-
<b>Net profit (loss) for the period</b>		<u>1,361,295</u>	<u>(10,377,832)</u>	<u>2,596,020</u>	<u>(7,907,588)</u>
Attributable to:					
Shareholders of the Parent Company		1,361,342	(10,377,800)	2,596,417	(7,907,420)
Non-controlling interests		(47)	(32)	(397)	(168)
<b>Net profit (loss) for the period</b>		<u>1,361,295</u>	<u>(10,377,832)</u>	<u>2,596,020</u>	<u>(7,907,588)</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings (loss) per share attributable to the shareholders of the Parent Company	9	<u>5.38</u>	<u>(40.71)</u>	<u>10.26</u>	<u>(31.02)</u>

The accompanying notes (1) to (15) 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, 2016  
 (All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Net profit (loss) for the period	<u>1,361,295</u>	<u>(10,377,832)</u>	<u>2,596,020</u>	<u>(7,907,588)</u>
<b>Other comprehensive income (loss):</b>				
<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	180,666	157,463	564,919	(429,328)
Reversal due to sale of financial assets available for sale	-	-	(795,804)	1,022,472
Reversal due to impairment of financial assets available for sale	-	7,571,552	-	8,504,060
	<u>180,666</u>	<u>7,729,015</u>	<u>(230,885)</u>	<u>9,097,204</u>
Share of other comprehensive (loss) income of associates	(184)	-	(583)	1,787
Exchange differences on translating foreign operations	108,507	19,167	71,705	95,613
<b>Other comprehensive income (loss) for the period</b>	<u>288,989</u>	<u>7,748,182</u>	<u>(159,763)</u>	<u>9,194,604</u>
<b>Total comprehensive income (loss) for the period</b>	<u>1,650,284</u>	<u>(2,629,650)</u>	<u>2,436,257</u>	<u>1,287,016</u>
Attributable to:				
Shareholders of the Parent Company	1,650,331	(2,629,618)	2,436,654	1,287,184
Non-controlling interests	(47)	(32)	(397)	(168)
<b>Total comprehensive income (loss) for the period</b>	<u>1,650,284</u>	<u>(2,629,650)</u>	<u>2,436,257</u>	<u>1,287,016</u>

The accompanying notes (1) to (15) 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, 2016**  
 (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, 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
<b>Balance as at December 31, 2016</b>	<b>25,528,372</b>	<b>(260,776)</b>	<b>3,046,592</b>	<b>12,764,186</b>	<b>4,405,892</b>	<b>86,617</b>	<b>640,105</b>	<b>(1,253,105)</b>	<b>4,045,869</b>	<b>49,004,752</b>	<b>64,594</b>	<b>49,069,346</b>
Balance as at March 31, 2015	25,528,372	(87,765)	3,046,592	12,764,186	4,405,892	-	499,110	(11,668,683)	19,946,542	54,434,246	65,671	54,499,917
Total comprehensive income (loss) for the period	-	-	-	-	-	-	98,014	9,096,590	(7,907,420)	1,287,184	(168)	1,287,016
Cash dividends (Note 13)	-	-	-	-	-	-	-	-	(2,549,324)	(2,549,324)	-	(2,549,324)
<b>Balance as at December 31, 2015</b>	<b>25,528,372</b>	<b>(87,765)</b>	<b>3,046,592</b>	<b>12,764,186</b>	<b>4,405,892</b>	<b>-</b>	<b>597,124</b>	<b>(2,572,093)</b>	<b>9,489,798</b>	<b>53,172,106</b>	<b>65,503</b>	<b>53,237,609</b>

The accompanying notes (1) to (15) 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, 2016  
 (All amounts are in Kuwaiti Dinars)

	Nine months ended December 31,	
	2016	2015
<b>Cash flow from operating activities:</b>		
Profit (loss) for the period before contribution to KFAS, NLST and Zakat	2,670,117	(7,907,588)
Adjustments for:		
Net investment (income) loss	(1,075,565)	307,928
Interest income	(141,334)	(136,340)
Group's share of results from associates	(1,139,798)	(3,862,213)
Loss (gain) on sale of investment properties	23,630	(37,975)
Provisions no longer required	(499,321)	-
Gain on sale of investment in unconsolidated subsidiaries	(2,902)	(6,429)
Finance charges	1,210,949	1,140,629
Impairment losses on financial assets available for sale	530,304	12,248,163
Foreign exchange loss (gain)	295,100	(379,571)
	<u>1,871,180</u>	<u>1,366,604</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	38,929	-
Accounts receivable and other debit balances	128,593	618,324
Loans granted to others	41,303	154,363
Accounts payable and other credit balances	(12,587)	(131,735)
Net cash generated from operating activities	<u>2,067,418</u>	<u>2,007,556</u>
<b>Cash flow from investing activities:</b>		
Purchase of financial assets available for sale	(153,142)	(2,759,352)
Proceeds from sale of financial assets available for sale	3,426,546	3,790,696
Paid for investment in associates	(151,602)	-
Proceeds from capital reduction of investment in an associate	-	2,508,147
Proceeds from sale of investment in unconsolidated subsidiaries	25,000	166,429
Paid for investment properties	-	(672,316)
Proceed from sale of investment properties	433,089	186,095
Interest received	185,584	136,340
Dividends received	1,246,328	1,456,053
Net cash generated from investing activities	<u>5,011,803</u>	<u>4,812,092</u>
<b>Cash flows from financing activities:</b>		
Loans	(3,952,127)	(3,261,300)
Cash dividends paid	(1,238,351)	(2,568,222)
Finance charges paid	(921,194)	(749,043)
Net cash used in financing activities	<u>(6,111,672)</u>	<u>(6,578,565)</u>
Net increase in cash on hand and at banks	967,549	241,083
Cash on hand and at banks at the beginning of the period	<u>8,858,705</u>	<u>8,782,588</u>
Cash on hand and at banks at the end of the period	<u>9,826,254</u>	<u>9,023,671</u>

The accompanying notes (1) to (15) 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, 2016  
(All amounts are in Kuwaiti Dinars)

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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 July 22, 2015. The Parent Company is listed on Bursa Kuwait. 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 new Companies Law No. 1 of 2016 was issued on January 24, 2016 and it was published in the Official Gazette on February 1, 2016, which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective retrospectively from November 26, 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on July 12, 2016 and was published in the Official Gazette on July 17, 2016 which cancelled the Executive Regulations of Law No. 25 of 2012. The adoption of the new Companies Law and its executive regulations is not expected to have any effect on the reporting entity.

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 effective June 15, 2017.

The interim consolidated financial information was authorized for issue by the Board of Directors on February 15, 2017.

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, 2016.

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, 2016 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2017. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2016.

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)  
 DECEMBER 31, 2016  
 (All amounts are in Kuwaiti Dinars)

3. Financial assets available for sale

	December 31, 2016	(Audited) March 31, 2016	December 31, 2015
Quoted securities	24,090,098	27,188,216	29,290,747
Unquoted securities	11,055,698	11,055,698	11,132,346
Funds	-	-	30,571
	<u>35,145,796</u>	<u>38,243,914</u>	<u>40,453,664</u>

Quoted securities with a carrying value of KD 13,641,539 were pledged with a local bank against a loan (Note 5) (March 31, 2016 – KD 12,608,046; December 31, 2015 – KD 14,327,325).

Impairment loss recognized on financial assets available for sale for the period ended December 31, 2016 amounted to KD 530,304 (December 31, 2015 - KD 12,248,163)

4. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding	December 31, 2016	(Audited) March 31, 2016	December 31, 2015
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	15,565,144	15,373,551	15,172,819
Al Madar Al Thahabia Co. W.L.L. Future Communication Co. K.S.C.P.	KSA	24%	5,618,226	5,676,082	5,672,879
	Kuwait	32.28%	3,889,963	3,786,972	7,790,749
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,556,385	1,519,840	1,515,030
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	820,118	850,294	751,018
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	785,845	790,616	833,744
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>28,241,911</u>	<u>28,003,585</u>	<u>31,742,469</u>

5. Loans

Revolving loans carry an annual interest rate ranging from 2.5% to 3.5% (March 31, 2016 – 2.25% to 3.25%, December 31, 2015 – 2.25% to 3.25%). Loan of KD 15,815,000 is secured by quoted securities (Note 3) and other loans are secured by promissory notes (March 31, 2016 – KD 25,815,000; December 31, 2015 – KD 25,815,000). The loan of KD 15,815,000 and KD 44,809,073 are due for settlement on March 15, 2020 and May 15, 2018 respectively.

6. Treasury shares

	December 31, 2016	(Audited) March 31, 2016	December 31, 2015
Number of treasury shares	2,271,615	2,271,615	351,342
Percentage of ownership	0.89%	0.89%	0.14%
Market value (KD)	202,174	188,544	35,837
Cost (KD)	260,776	260,776	87,765

SECURITIES GROUP COMPANY K.S.C. (PUBLIC) AND SUBSIDIARIES (THE GROUP)  
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
 DECEMBER 31, 2016  
 (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 won't be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

7. Net investment income (loss)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Unrealized loss from financial assets at fair value through profit or loss	(1,531)	(1,465)	(240)	(2,281)
Realized gain on sale of financial assets at fair value through profit or loss	1,940	-	1,940	-
Realized gain (loss) on sale of financial assets available for sale	60,918	37,306	936,475	(1,419,080)
Dividend income	-	9,511	137,390	1,113,433
	<u>61,327</u>	<u>45,352</u>	<u>1,075,565</u>	<u>(307,928)</u>

8. Provisions no longer required

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Provision for legal cases no longer required	321,279	-	321,279	-
Provision for doubtful debts no longer required	178,042	-	178,042	-
	<u>499,321</u>	<u>-</u>	<u>499,321</u>	<u>-</u>

9. Earnings (loss) per share

There are no potential dilutive ordinary shares. Earnings (loss) per share is computed by dividing the net profit (loss) 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,	
	2016	2015	2016	2015
Net profit (loss) for the period attributable to shareholders of the Parent Company	<u>1,361,342</u>	<u>(10,377,800)</u>	<u>2,596,417</u>	<u>(7,907,420)</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>253,012,103</u>	<u>254,932,376</u>	<u>253,012,103</u>	<u>254,932,376</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings (loss) per share attributable to shareholders of the Parent Company	<u>5.38</u>	<u>(40.71)</u>	<u>10.26</u>	<u>(31.02)</u>

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10. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 1,501,396,012 as at December 31, 2016 (March 31, 2016 – KD 1,607,625,467; December 31, 2015 – KD 1,696,842,684) 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.

11. 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:

	<u>December 31, 2016</u>	<u>(Audited) March 31, 2016</u>	<u>December 31, 2015</u>
<b>(i) Interim condensed consolidated statement of financial position:</b>			
Cash on hand and at banks	8,472,458	8,687,574	8,663,448
Accounts receivable and other debit balances	693,803	539,726	455,362
Loans granted to others	190,899	231,789	358,009
Loans	60,624,073	64,576,200	64,923,700
Accounts payable and other credit balances	640,752	671,518	673,915
	<u>Three months ended December 31,</u>	<u>Nine months ended December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>
<b>(ii) Interim condensed consolidated statement of profit or loss:</b>			
Interest income	50	29	215
Finance charges	(401,015)	(373,555)	(1,210,949)
	<u>2016</u>	<u>2015</u>	<u>2016</u>
<b>(iii) Compensation to key management personnel:</b>			
Short-term benefits	69,791	77,507	211,933
Termination benefits	5,625	6,797	232,522
	18,047	20,391	

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**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	
	2016		2015			
	Investment activities	Asset management services	Lending activities	Real estate activities		
Segment operating revenue	1,216,899			961,488	3,853,585	
Segment operating expenses	(1,210,949)	1,675,198		(99,371)	(1,310,320)	
Unallocated operating expense					(1,116,373)	
Operating profit (loss)					1,426,892	
Group's share of results from associates					1,139,798	
(Loss) gain on sale of investment properties					(23,630)	
Provisions no longer required					499,321	
Other income					453,140	
Impairment losses on financial assets available for sale					(530,304)	
Foreign exchange (loss) gain					(295,100)	
Contribution to KFAS					(14,681)	
NLST					(50,807)	
Zakat					(8,609)	
Net profit (loss) for the period					2,596,020	
Other information						
Segment assets	47,993,410	56,859	190,899	35,319,649	83,560,817	
Investment in associates					28,241,911	
Investment in unconsolidated subsidiaries					848,462	
Unallocated assets					1,093,649	
Total assets					113,744,839	
Segment liabilities	60,624,073				60,624,073	
Unallocated liabilities					4,051,320	
Total liabilities					64,675,393	
		Investment activities	Asset management services	Lending activities	Real estate activities	Total
		(171,588)	1,406,538		937,527	2,172,477
		(1,140,629)			(98,495)	(1,239,124)
						(1,150,548)
						(217,195)
						3,862,213
						37,975
						-
						278,011
						(12,248,163)
						379,571
						-
						-
						(7,907,588)
		52,536,884	43,020	358,009	35,704,773	88,642,686
						31,742,469
						907,862
						1,240,916
						122,533,933
		64,923,700				64,923,700
						4,372,624
						69,296,324

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13. General Assembly

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.

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

14. Capital commitments and contingent liabilities

	December 31, 2016	(Audited) March 31, 2016	December 31, 2015
Letters of guarantee	-	100,000	100,000
Capital commitments	<u>13,796</u>	<u>13,796</u>	<u>13,796</u>
	<u>13,796</u>	<u>113,796</u>	<u>113,796</u>

15. 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, 2016	Level 1	Level 2	Total
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>
March 31, 2016 (Audited)	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	58,589	-	58,589
Financial assets available for sale	<u>27,188,216</u>	<u>2,334,057</u>	<u>29,522,273</u>
	<u>27,246,805</u>	<u>2,334,057</u>	<u>29,580,862</u>
December 31, 2015	Level 1	Level 2	Total
Financial assets at fair value through profit or loss	59,549	-	59,549
Financial assets available for sale	<u>29,290,747</u>	<u>2,361,498</u>	<u>31,652,245</u>
	<u>29,350,296</u>	<u>2,361,498</u>	<u>31,711,794</u>

During the period ended December 31, 2016, there were no transfers between different levels of fair value measurement.