

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2018
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED DECEMBER 31, 2018
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

	<u>Pages</u>
Report on review of interim consolidated financial information	1
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

Baneid Al Gar – Al Darwaza Tower – 10
Floor
T el : 2246 4282 – 2246 0020
Fax : 2246 0032
P.O.Box : 240 Aldasma – 35151 –
Kuwait
www.alikouhari.com

RSM Albazie & Co.
Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait
T +965 22961000
F +965 22412761
www.rsm.global/kuwait

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Securities Group Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as at December 31, 2018 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 preparation 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 preparation set out in Note 2.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended December 31, 2018 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, 2018, which might have materially affected on the Group's financial position or results of its operations.



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


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

State of Kuwait
January 27, 2019

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT DECEMBER 31, 2018

(All amounts are in Kuwaiti Dinars)

	Note	December 31, 2018	(Audited) March 31, 2018	(Restated) December 31, 2017
ASSETS				
Cash on hand and at banks		12,535,659	13,065,304	13,111,131
Financial assets at fair value through profit or loss ("FVTPL")	3	5,618,569	1,915,904	1,784,797
Accounts receivable and other debit balances		556,641	1,427,697	1,117,335
Loans granted to others		-	56,527	190,899
Financial assets at fair value through other comprehensive income ("FVOCI")	4	27,528,012	24,684,458	22,890,584
Investment in associates	5	27,249,754	27,238,287	27,203,933
Investment in unconsolidated subsidiaries		902,526	820,525	820,521
Debt instruments at amortised cost	6	-	3,000,000	3,000,000
Investment properties		27,720,455	33,091,259	33,539,464
Total assets		102,111,616	105,299,961	103,658,664
LIABILITIES AND EQUITY				
Liabilities:				
Loans	7	30,871,807	37,530,333	51,309,700
Loans from a related party	8	12,922,416	14,000,000	-
Accounts payable and other credit balances		3,847,307	3,983,865	4,167,405
Total liabilities		47,641,530	55,514,198	55,477,105
Equity:				
Capital	9	24,000,000	25,528,372	25,528,372
Treasury shares	10	(282,654)	(300,655)	(300,655)
Share premium		3,046,592	3,046,592	3,046,592
Statutory reserve		12,769,186	12,769,186	12,764,186
Voluntary reserve		4,405,892	4,405,892	4,405,892
Other reserves		316,244	316,233	316,233
Foreign currency translation adjustments		850,977	582,692	787,950
Fair value reserve		4,755,533	1,645,567	(148,836)
Retained earnings		4,544,730	1,728,014	1,717,808
Equity attributable to the shareholders of the Parent Company		54,406,500	49,721,893	48,117,542
Non-controlling interests		63,586	63,870	64,017
Total equity		54,470,086	49,785,763	48,181,559
Total liabilities and equity		102,111,616	105,299,961	103,658,664
Memorandum accounts off the consolidated statement of financial position	13	2,010,798,479	1,433,807,907	1,443,324,338

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

Khaled S. Al - Ali
Chairman


Ali Y. Al - Awadi
Vice Chairman and CEO

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2018	(Restated) 2017	2018	(Restated) 2017
Revenues:					
Net investment income	11	651,821	8,362	2,026,553	536,258
Fees and commission income		753,361	324,066	1,777,952	2,401,471
Interest income		31	52,082	17,190	151,523
Rental income		227,989	329,519	810,391	859,570
Group's share of results from associates		37,500	208,491	408,598	988,800
Loss on sale of investment properties		-	-	-	(636,019)
Gain from sale of unconsolidated subsidiary		-	-	1,058	1,972
Other Income		22,930	1,902	22,930	1,902
		<u>1,693,632</u>	<u>924,422</u>	<u>5,064,672</u>	<u>4,305,477</u>
Expenses and other charges:					
General and administrative expenses		(440,814)	(390,361)	(1,252,062)	(1,019,712)
Finance charges		(269,651)	(339,366)	(814,192)	(1,000,384)
Net provisions no longer required (charged)		31,674	5,976	(73,390)	5,976
Foreign exchange loss		(58,225)	(15,483)	(217,010)	(137,598)
		<u>(737,016)</u>	<u>(739,234)</u>	<u>(2,356,654)</u>	<u>(2,151,718)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		956,616	185,188	2,708,018	2,153,759
Contribution to KFAS		(6,981)	-	(17,938)	-
NLST		-	(2,765)	-	(2,765)
Zakat		(5,166)	-	(6,629)	-
Profit for the period		<u>944,469</u>	<u>182,423</u>	<u>2,683,451</u>	<u>2,150,994</u>
Attributable to:					
Shareholders of the Parent Company		944,544	182,692	2,683,735	2,151,483
Non-controlling interests		(75)	(269)	(284)	(489)
Profit for the period		<u>944,469</u>	<u>182,423</u>	<u>2,683,451</u>	<u>2,150,994</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to the shareholders of the Parent Company	12	<u>3.98</u>	<u>0.72</u>	<u>11.01</u>	<u>8.52</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018
(All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2018	(Restated) 2017	2018	(Restated) 2017
Profit for the period	<u>944,469</u>	<u>182,423</u>	<u>2,683,451</u>	<u>2,150,994</u>
Net other comprehensive (loss) income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Share of other comprehensive income of associates	94	87,380	141	212,764
Exchange differences on translating foreign operations	(2,667)	(7,338)	268,144	(47,293)
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Reversal due to sale of financial assets at FVOCI	1,453	-	1,453	-
Changes in fair value of financial assets at FVOCI	(895,979)	(366,105)	3,108,513	(815,501)
Net comprehensive (loss) income for the period	<u>(897,099)</u>	<u>(286,063)</u>	<u>3,378,251</u>	<u>(650,030)</u>
Total comprehensive income (loss) for the period	<u>47,370</u>	<u>(103,640)</u>	<u>6,061,702</u>	<u>1,500,964</u>
Attributable to:				
Shareholders of the Parent Company	47,445	(103,501)	6,061,986	1,501,453
Non-controlling interests	(75)	(139)	(284)	(489)
Total comprehensive income (loss) for the period	<u>47,370</u>	<u>(103,640)</u>	<u>6,061,702</u>	<u>1,500,964</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2018
 (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	Other reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings	Sub-total		
Balance as at March 31, 2018	25,528,372	(300,655)	3,046,592	12,764,186	4,405,892	316,233	582,692	1,645,567	1,728,014	49,721,893	63,870	49,785,763
Capital reduction (Note 9)	(1,528,372)	-	-	-	-	-	-	-	(1,870)	(1,512,241)	-	(1,512,241)
Effect of ownership change in an associate	-	-	-	-	-	11	-	-	-	11	-	11
Transfer of gain on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	134,851	134,851	-	134,851
Total comprehensive income (loss) for the period	-	-	-	-	-	-	268,285	3,109,966	2,683,735	6,061,986	(284)	6,061,702
Balance as at December 31, 2018	24,000,000	(282,654)	3,046,592	12,769,186	4,405,892	316,244	850,977	4,755,533	4,544,730	54,406,500	63,586	54,470,086
Balance as at March 31, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	1,066,022	2,973,725	50,426,031	64,506	50,490,537
Transition adjustment on early adoption of IFRS 9 at April 1, 2017	-	-	-	-	-	-	-	(399,357)	(812,524)	(1,211,881)	-	(1,211,881)
Balance as at April 1, 2017 (Restated)	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	666,665	2,161,201	49,214,150	64,506	49,278,656
Purchase of treasury shares	-	(3,281)	-	-	-	-	-	-	-	(3,281)	-	(3,281)
Transfer of loss on disposal of financial assets at FVOCI to retained earnings	-	-	-	-	-	-	-	-	(1,331,951)	(1,331,951)	-	(1,331,951)
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(1,262,925)	(1,262,925)	-	(1,262,925)
Effect of ownership change in an associate	-	-	-	-	-	96	-	-	-	96	-	96
Total comprehensive income (loss) for the period	-	-	-	-	-	-	165,471	(815,501)	2,151,483	1,501,453	(489)	1,500,964
Balance as at December 31, 2017 (Restated)	25,528,372	(300,655)	3,046,592	12,764,186	4,405,892	316,233	787,950	(148,836)	1,717,808	48,117,542	64,017	48,181,559

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
DECEMBER 31, 2018

(All amounts are in Kuwaiti Dinars)

	Nine months ended December 31,	
	2018	(Restated) 2017
Cash flow from operating activities:		
Profit for the period before contribution to KFAS, NLST and ZAKAT	2,708,018	2,153,759
Adjustments for:		
Net investment income	(2,026,553)	(536,258)
Interest income	(17,190)	(151,523)
Group's share of results from associates	(408,598)	(988,800)
Loss on sale of investment properties	-	636,019
Gain from sale of unconsolidated subsidiary	(1,058)	(1,972)
Finance charges	814,192	1,000,384
Net provisions charged (no longer required)	73,390	(5,976)
Foreign exchange loss	217,010	137,598
	<u>1,359,211</u>	<u>2,243,231</u>
Changes in operating assets and liabilities:		
Financial assets at FVTPL	(2,711,564)	(175,208)
Accounts receivable and other debit balances	636,946	(66,457)
Accounts payable and other credit balances	(57,891)	(230,822)
Net cash (used in) generated from operating activities	<u>(773,298)</u>	<u>1,770,744</u>
Cash flow from investing activities:		
Proceeds from sale of financial assets at FVOCI	409,495	3,208,997
Purchase of additional investment in an associate	(218,806)	(287,851)
Proceeds from capital reduction of an associate	98,500	2,289,919
Paid for investment in unconsolidated subsidiary	(250,000)	-
Proceeds from sale of investment in unconsolidated subsidiary	7,000	29,400
Proceeds from redemptions of debt instruments at amortised cost	3,000,000	-
Paid for additions to investment properties	(1,030,125)	(6,500,000)
Proceeds from sale of investment properties	6,500,000	1,902,322
Interest income received	17,190	151,523
Dividend income received	1,724,500	1,225,705
Net cash generated from investing activities	<u>10,257,754</u>	<u>2,020,015</u>
Cash flows from financing activities:		
Loans	(6,658,526)	(1,406,873)
Loans from a related party	(1,077,584)	-
Cash dividends paid	(76,856)	(1,244,989)
Capital reduction	(1,448,781)	-
Finance charges paid	(752,354)	(708,456)
Purchase of treasury shares	-	(3,281)
Net cash used in financing activities	<u>(10,014,101)</u>	<u>(3,363,599)</u>
Net (decrease) increase in cash on hand and at banks	<u>(529,645)</u>	<u>427,160</u>
Cash on hand and at banks at the beginning of the period	<u>13,065,304</u>	<u>12,683,971</u>
Cash on hand and at banks at the end of the period	<u>12,535,659</u>	<u>13,111,131</u>

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

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018
(All amounts are in Kuwaiti Dinars)

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on August 15, 2018 (Note 9). 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 and by the Central Bank of Kuwait ("CBK") for financing activities.

The interim consolidated financial information was authorized for issue by the Board of Directors on January 27, 2019.

2. Basis of preparation, restatement and changes to the Group's accounting policies

(a) Basis of preparation

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, 2018 except for the change in accounting policies due to adoption of new standard as mentioned in the Note 2(c).

The Group has early adopted IFRS 9 on the audited consolidated financial statements for the year ended March 31, 2018, with a date of initial application of April 1, 2017. The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim consolidated financial information of the Group.

The interim consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting ("IFRS") as issued by International Accounting Standards Board ('IASB') and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities. 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, 2018 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2019. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2018.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018
 (All amounts are in Kuwaiti Dinars)

(b) Restatement of the interim comparative figures due to early adoption of IFRS 9

The comparative figures in the interim condensed consolidated statement of financial position, 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 ended on December 31, 2017, have been restated since the Group has early adopted IFRS 9 on the audited consolidated financial statements for the year ended March 31, 2018, with a date of initial application of April 1, 2017.

The early adoption on April 1, 2017 required that the information of the interim periods of 2017 to be restated.

The information relating to restatement is set out below:

	Amounts as per December 31, 2017 interim condensed consolidated financial information	Restatement	Amounts as per December 31, 2018 interim condensed consolidated financial information
Interim condensed consolidated statement of financial position:			
Financial assets at FVTPL	-	1,784,797	1,784,797
Financial assets at fair FVOCI	-	22,890,584	22,890,584
Financial assets available for sale	26,621,733	(26,621,733)	-
Investment in associates	27,618,323	(414,390)	27,203,933
Debt instruments at amortised cost	-	3,000,000	3,000,000
Investment held to maturity	3,000,000	(3,000,000)	-
Fair value reserve	1,199,930	(1,348,766)	(148,836)
Retained earnings	2,729,784	(1,011,976)	1,717,808
Equity attributable to the shareholders of the Parent Company	50,478,284	(2,360,742)	48,117,542
Interim condensed consolidated statement of profit or loss:			
Net investment (loss) income	(596,241)	1,132,499	536,258
Profit for the period	1,018,495	1,132,499	2,150,994
Interim condensed consolidated statement of profit or loss and other comprehensive income:			
Changes in fair value of financial assets available for sale	250,016	(250,016)	-
Reversal due to sale of financial assets available for sale	(116,108)	116,108	-
Changes in fair value of financial assets at FVOCI	-	(815,501)	(815,501)
Interim condensed consolidated statement of cash flows:			
Net cash generated from operating activities	1,960,182	(189,438)	1,770,744
Net cash generated from investing activities	1,830,577	189,438	2,020,015

(c) Changes in accounting policies due to adoption of new standard

The key changes to the Group's accounting policies resulting from its adoption of IFRS 15 are summarized below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15, effective for annual periods beginning on or after January 1, 2018, establishes a single and comprehensive framework for determining whether, how much and when revenue is recognized. The standard replaces IAS 18 "Revenues", IAS 11 "Construction Contracts" and several revenue – related Interpretations and provides a new control-based revenue recognition model using five-step approach to all contracts with customers.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018

(All amounts are in Kuwaiti Dinars)

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Upon adoption of IFRS 15, the Group has applied the cumulative effect approach by retrospectively adjusting opening retained earnings as of April 1, 2018 and will not restate prior periods. Based on the current available information and assessment, management has concluded that the adoption of this standard will not have a material impact on the Group's interim consolidated financial information.

3. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss represent quoted securities held by the Group primarily for the purpose of trading and short-term profit making.

The net change in financial assets at FVTPL is mainly represented by addition of investments of KD 8,814,320 and disposal of investments with carrying value of KD 5,047,470.

4. Financial assets at fair value through other comprehensive income ("FVOCI")

	December 31, 2018	(Audited) March 31, 2018	(Restated) December 31, 2017
Quoted securities	20,135,638	16,438,003	14,644,100
Unquoted securities	7,392,374	8,246,455	8,246,484
	<u>27,528,012</u>	<u>24,684,458</u>	<u>22,890,584</u>

Quoted securities with a carrying value of KD 20,135,638 were pledged with a local bank against a loan (Note 7)

5. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding	December 31, 2018	(Audited) March 31, 2018	(Restated) December 31, 2017
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	16,193,400	15,983,186	15,888,471
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	5,979,071	6,048,941	6,132,294
Future Communication Co. K.S.C.C.	Kuwait	34.29%	2,568,853	2,631,608	2,599,034
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,574,866	1,577,783	1,562,130
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	786,124	807,488	825,880
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	141,210	183,051	189,894
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>27,249,754</u>	<u>27,238,287</u>	<u>27,203,933</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018

(All amounts are in Kuwaiti Dinars)

6. Debt instruments at amortised cost

On April 24, 2018, the local bank (issuer of the bonds) elected to early redeem the outstanding bonds, in whole by their principal amount plus the accrued interest.

7. Loans

Revolving loans carry an annual interest rate ranging from 3% to 4% (March 31, 2018: ranging from 2.75% to 3.75%, December 31, 2017: ranging from 2.75% to 3.75%) per annum. Loan of KD 15,595,500 is secured by quoted securities classified as ("FVOCI") (Note 4) and other loans are secured by promissory notes. The loans of KD 15,595,500 and KD 15,276,307 are due for settlement on May 15, 2020.

8. Loans from a related party

These represent loans obtained from a shareholder carrying an interest rate ranging from 2.5% to 3.25% (March 31, 2018: 2.5%, December 31, 2017: Nil) per annum. Loans from related party are due for settlement within a period from one to two years.

9. Capital

As at December 31, 2018, the authorized, issued and paid-up capital amounting to KD 24,000,000 allocated on 240,000,000 shares (March 31, 2018: KD 25,528,372 allocated on 255,283,720 shares, December 31, 2017: KD 25,528,372 allocated on 255,283,720 shares) with a par value of 100 fils each and all shares are paid in cash.

The Group has reduced its issued and paid up share capital by KD 1,528,372 through distribution of cash and the cancellation of treasury share proportionality. The amendment in the share capital was approved by the Extraordinary General Assembly held on July 26, 2018 and was notarized in the Parent Company's Commercial Registry on August 15, 2018.

10. Treasury shares

	December 31, 2018	(Audited) March 31, 2018	December 31, 2017
Number of treasury shares	2,535,984	2,697,482	2,697,482
Percentage of ownership	1.06%	1.06%	1.06%
Market value (KD)	-	269,748	269,748
Cost (KD)	282,654	300,655	300,655

The Parent Company's management has allotted an amount, equal to treasury shares balance, from the available retained earnings as of the date of the interim consolidated financial information. Such amount will not be available for distribution during the treasury shares holding period. Treasury shares are not pledged.

11. Net investment income

	Three months ended December 31,		Nine months ended December 31,	
	2018	(Restated) 2017	2018	(Restated) 2017
Unrealized loss from financial assets at fair value through profit or loss	(311,438)	(16,124)	(64,184)	(82,804)
Realized gain on sale of financial assets at fair value through profit or loss	823,361	-	1,055,285	4,200
Dividend income	139,898	24,486	1,035,452	614,862
	<u>651,821</u>	<u>8,362</u>	<u>2,026,553</u>	<u>536,258</u>

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018
 (All amounts are in Kuwaiti Dinars)

12. Earnings per share

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

	Three months ended December 31,		Nine months ended December 31,	
	2018	(Restated) 2017	2018	(Restated) 2017
Profit for the period attributable to shareholders of the Parent Company	<u>944,544</u>	<u>182,692</u>	<u>2,683,735</u>	<u>2,151,483</u>
Weighted average number of shares outstanding	<u>Shares</u> <u>237,464,016</u>	<u>Shares</u> <u>252,586,236</u>	<u>Shares</u> <u>243,823,464</u>	<u>Shares</u> <u>252,586,236</u>
Earnings per share attributable to shareholders of the Parent Company	<u>Fils</u> <u>3.98</u>	<u>Fils</u> <u>0.72</u>	<u>Fils</u> <u>11.01</u>	<u>Fils</u> <u>8.52</u>

13. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 2,010,798,479 as at December 31, 2018 (March 31, 2018: KD 1,433,807,907; December 31, 2017: KD 1,443,324,338) 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.

14. Related party transactions

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

	December 31, 2018	(Audited) March 31, 2018	December 31, 2017
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	11,160,739	11,876,510	11,582,463
Accounts receivable and other debit balances	516	596,314	586,071
Loans granted to others	-	56,527	190,899
Loans	30,871,807	37,530,333	51,309,700
Loans from a related party	12,922,416	14,000,000	-
Accounts payable and other credit balances	925,993	1,098,684	928,971

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018

(All amounts are in Kuwaiti Dinars)

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
(ii) Interim condensed consolidated statement of profit or loss:				
Interest income	29	40	142	120
Finance charges	(269,651)	(339,366)	(814,192)	(1,000,384)
(iii) Compensation to key management personnel:				
Short-term benefits	73,217	68,927	284,524	206,777
Termination benefits	6,407	6,016	19,219	18,047

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018
 (All amounts are in Kuwaiti Dinars)

15. 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.

	2018				(Restated) 2017					
	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	2,043,743	1,777,952	-	810,391	4,632,086	687,781	2,401,471	-	859,570	3,948,822
Segment operating expenses	(814,192)	-	-	(45,922)	(860,114)	(1,000,384)	-	-	(79,956)	(1,080,340)
Unallocated operating expense					(1,206,140)					(939,756)
Operating profit					2,565,832					1,928,726
Group's share of results from associates					408,598					988,800
Loss on sale of investment properties					-					(636,019)
Gain from sale of unconsolidated subsidiary					1,058					1,972
Other income					22,930					1,902
Net provisions (charged) no longer required					(73,390)					5,976
Foreign exchange loss					(217,010)					(137,598)
Contribution to KFAS					(17,938)					-
NLST					-					(2,765)
Zakat					(6,629)					-
Profit for the period					2,683,451					2,150,994
Other information										
Segment assets	45,682,240	186,650	-	27,720,455	73,589,345	40,786,512	64,580	190,899	33,539,464	74,581,455
Investment in associates					27,249,754					27,203,933
Investment in unconsolidated subsidiaries					902,526					820,521
Unallocated assets					369,991					1,052,755
Total assets					102,111,616					103,658,664
Segment liabilities	43,794,223	-	-	-	43,794,223	51,309,700	-	-	-	51,309,700
Unallocated liabilities					3,847,307					4,167,405
Total liabilities					47,641,530					55,477,105

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
DECEMBER 31, 2018
 (All amounts are in Kuwaiti Dinars)

16. General Assembly

The Shareholders' Annual General Assembly held on July 26, 2018 approved the Board of Directors' proposal not to distribute cash dividends and approved Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2018.

The Shareholders' Extraordinary General Assembly held on July 26, 2018 approved the Board of Directors' proposal to reduce the share capital by 5.9% amounting to KD 1,528,372 that will be KD 24,000,000 and distribute this reduction to the Shareholders.

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

17. Fair value measurement

The details of fair value measurement hierarchy are as follow:

Level 1: Quoted (unadjusted) market price in active markets for identical assets or liabilities.

Level 2: Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

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

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVTPL	5,618,569	-	5,618,569
Financial assets at FVOCI	20,135,638	7,392,374	27,528,012
	<u>25,754,207</u>	<u>7,392,374</u>	<u>33,146,581</u>
<u>March 31, 2018 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVTPL	1,915,904	-	1,915,904
Financial assets at FVOCI	16,438,003	8,246,455	24,684,458
	<u>18,353,907</u>	<u>8,246,455</u>	<u>26,600,362</u>
<u>December 31, 2017 (Restated)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at FVTPL	1,784,797	-	1,784,797
Financial assets at FVOCI	14,644,100	8,246,484	22,890,584
	<u>16,428,897</u>	<u>8,246,484</u>	<u>24,675,381</u>

During the period ended December 31, 2018, there were no transfers between different levels of fair value measurement.