

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2017
(UNAUDITED)**

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

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

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CONTENTS

	<u>Pages</u>
Report on review of interim consolidated financial information	1 - 2
Interim condensed consolidated statement of financial position (Unaudited)	3
Interim condensed consolidated statement of profit or loss (Unaudited)	4
Interim condensed consolidated statement of profit or loss and other comprehensive income (Unaudited)	5
Interim condensed consolidated statement of changes in equity (Unaudited)	6
Interim condensed consolidated statement of cash flows (Unaudited)	7
Notes to interim consolidated financial information (Unaudited)	8 - 14



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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Securities Group Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as at June 30, 2017 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the 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

During the quarter ended June 30, 2017, the Group had not accounted additional impairment loss of KD 2,406,288 for a quoted financial asset available for sale where there was a further significant decline in fair value below cost. Had the Group recognized the additional impairment loss, retained earnings and net profit would have decreased by KD 2,406,288 and cumulative changes in fair value would have increased by the same amount.

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 International Accounting Standard 34.



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 three months period ended June 30, 2017 that might have had a material effect on the Group's financial position or results of its operations.

We further report that, during the course of our review and to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business, Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended June 30, 2017, which might have materially affected on the Group's financial position or results of its operations.

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

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

State of Kuwait
August 8, 2017

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2017
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
ASSETS				
Cash on hand and at banks		13,202,895	12,683,971	9,096,621
Financial assets at fair value through profit or loss		-	20,151	61,178
Accounts receivable and other debit balances		1,161,928	1,196,503	1,199,339
Loans granted to others		190,899	190,899	231,789
Financial assets available for sale	3	22,952,905	30,712,563	35,700,897
Investment in associates	4	27,654,910	28,989,894	28,106,934
Investment in unconsolidated subsidiaries		827,946	833,946	907,862
Investment held to maturity		3,000,000	3,000,000	3,000,000
Investment properties		28,523,890	29,663,774	35,659,392
Total assets		97,515,373	107,291,701	113,964,012
LIABILITIES AND EQUITY				
Liabilities:				
Loans	5	45,848,511	52,716,573	61,858,073
Accounts payable and other credit balances		3,892,653	4,084,591	4,203,755
Total liabilities		49,741,164	56,801,164	66,061,828
Equity:				
Capital		25,528,372	25,528,372	25,528,372
Treasury shares	6	(300,655)	(297,374)	(260,776)
Share premium		3,046,592	3,046,592	3,046,592
Statutory reserve		12,764,186	12,764,186	12,764,186
Voluntary reserve		4,405,892	4,405,892	4,405,892
Other reserve		155,068	316,137	(61,924)
Foreign currency translation adjustments		589,136	622,479	549,237
Cumulative changes in fair value		(2,144,274)	1,066,022	(1,409,870)
Retained earnings		3,665,471	2,973,725	3,275,459
Equity attributable to the shareholders of the Parent Company		47,709,788	50,426,031	47,837,168
Non-controlling interests		64,421	64,506	65,016
Total equity		47,774,209	50,490,537	47,902,184
Total liabilities and equity		97,515,373	107,291,701	113,964,012
Memorandum accounts off the consolidated statement of financial position	9	1,375,276,593	1,514,947,223	1,521,740,308

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. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
 FOR THE PERIOD ENDED JUNE 30, 2017
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,	
		2017	2016
Revenues:			
Net investment (loss) income	7	(738,819)	656,799
Fees and commission income		1,776,909	659,399
Interest income		49,520	48,479
Rental income		205,758	302,617
Group's share of results from associates		427,364	476,398
Loss on sale of investment properties		(258,048)	-
Gain from sale of unconsolidated subsidiary		1,972	-
		<u>1,464,656</u>	<u>2,143,692</u>
Expenses and other charges:			
General and administrative expenses		(336,246)	(411,959)
Finance charges		(324,640)	(403,221)
Impairment losses on financial assets available for sale	3	-	(530,304)
Foreign exchange loss		(109,838)	(225,510)
		<u>(770,724)</u>	<u>(1,570,994)</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		693,932	572,698
Contribution to KFAS		(2,271)	(844)
NLST		-	(11,673)
Zakat		-	(310)
Profit for the period		<u>691,661</u>	<u>559,871</u>
Attributable to:			
Shareholders of the Parent Company		691,746	559,946
Non-controlling interests		(85)	(75)
Profit for the period		<u>691,661</u>	<u>559,871</u>
		<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to the shareholders of the Parent Company	8	<u>2.74</u>	<u>2.21</u>

The accompanying notes (1) to (16) 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 JUNE 30, 2017
 (All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	<u>2017</u>	<u>2016</u>
Profit for the period	<u>691,661</u>	<u>559,871</u>
Other comprehensive (loss) income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Related to financial assets available for sale:		
Changes in fair value of financial assets available for sale	(3,191,542)	265,502
Reversal due to sale of financial assets available for sale	<u>(18,754)</u>	<u>(653,152)</u>
	(3,210,296)	(387,650)
Share of other comprehensive loss of associate	(530)	(427)
Exchange differences on translating foreign operations	<u>(32,813)</u>	<u>(19,319)</u>
Other comprehensive loss for the period	<u>(3,243,639)</u>	<u>(407,396)</u>
Total comprehensive (loss) income for the period	<u>(2,551,978)</u>	<u>152,475</u>
Attributable to:		
Shareholders of the Parent Company	(2,551,893)	152,550
Non-controlling interests	<u>(85)</u>	<u>(75)</u>
Total comprehensive (loss) income for the period	<u>(2,551,978)</u>	<u>152,475</u>

The accompanying notes (1) to (16) 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 JUNE 30, 2017
 (All amounts are in Kuwaiti Dinars)

	Equity attributable to the Shareholders of the Parent Company											
	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Other reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Sub-total	Non-controlling interests	Total
Balance as at March 31, 2017	25,528,372	(297,374)	3,046,592	12,764,186	4,405,892	316,137	622,479	1,066,022	2,973,725	50,426,031	64,506	50,490,537
Purchase of treasury shares	-	(3,281)	-	-	-	-	-	-	-	(3,281)	-	(3,281)
Total comprehensive (loss) income for the period	-	-	-	-	-	(161,069)	(33,343)	(3,210,296)	691,746	(2,551,893)	(85)	(2,551,978)
Effect of ownership change in an associate	-	-	-	-	-	155,068	-	-	-	(161,069)	-	(161,069)
Balance as at June 30, 2017	25,528,372	(300,655)	3,046,592	12,764,186	4,405,892	155,068	589,136	(2,144,274)	3,665,471	47,709,788	64,421	47,774,209
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 (loss) income for the period	-	-	-	-	-	-	(19,746)	(387,650)	559,946	152,550	(75)	152,475
Effect of ownership change in an associate	-	-	-	-	-	(61,924)	-	-	-	(61,924)	-	(61,924)
Balance as at June 30, 2016	25,528,372	(260,776)	3,046,592	12,764,186	4,405,892	(61,924)	549,237	(1,409,870)	3,275,459	47,837,168	65,016	47,902,184

The accompanying notes (1) to (16) form an integral part of the interim consolidated financial information.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2017
(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2017	2016
Cash flow from operating activities:		
Profit for the period before contribution to KFAS, NLST and Zakat	693,932	572,698
Adjustments for:		
Net investment loss (income)	738,819	(656,799)
Interest income	(49,520)	(48,479)
Group's share of results from associates	(427,364)	(476,398)
Loss on sale of investment properties	258,048	-
Gain from sale of unconsolidated subsidiary	(1,972)	-
Finance charges	324,640	403,221
Impairment losses on financial assets available for sale	-	530,304
Foreign exchange loss	109,838	225,510
	<u>1,646,421</u>	<u>550,057</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	14,230	-
Accounts receivable and other debit balances	(32,737)	55,968
Accounts payable and other credit balances	(243,364)	(41,013)
Net cash generated from operating activities	<u>1,384,550</u>	<u>565,012</u>
Cash flow from investing activities:		
Purchase of financial assets available for sale	-	(153,142)
Proceeds from sale of financial assets available for sale	3,238,419	2,356,446
Purchase of additional investment in an associate	(67,023)	-
Proceeds from capital reduction of investment in an associate	1,616,985	-
Proceeds from sale of investment in unconsolidated subsidiary	11,000	-
Proceeds from sale of investment properties	830,756	-
Interest received	1,520	92,729
Dividends received	649,545	403,242
Net cash generated from investing activities	<u>6,281,202</u>	<u>2,699,275</u>
Cash flows from financing activities:		
Loans	(6,868,062)	(2,718,127)
Cash dividends paid	(23,529)	(13,465)
Finance charges paid	(251,956)	(294,779)
Purchase of treasury shares	(3,281)	-
Net cash used in financing activities	<u>(7,146,828)</u>	<u>(3,026,371)</u>
Net increase in cash on hand and at banks	518,924	237,916
Cash on hand and at banks at the beginning of the period	<u>12,683,971</u>	<u>8,858,705</u>
Cash on hand and at banks at the end of the period	<u>13,202,895</u>	<u>9,096,621</u>

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

JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

1. Incorporation and principal activities

Securities Group Company K.S.C. (Closed) (the Parent Company) is a Kuwaiti Closed Shareholding Company incorporated by agreement no. 786 / Vol. 2 dated October 24, 1981 and the latest amendment on July 22, 2015. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The principal activities of the Parent Company include:

- Trading in securities listed in Kuwait and the GCC
- Acting as custodian and managers of funds
- Conducting research and studies
- Providing financial and investment services
- Obtaining loans from the financial market, granting to others and acting as an intermediary in the lending and borrowing process
- Establishing and managing real estate portfolios for its clients inside and outside Kuwait
- Investment in real estate.

The Parent Company is under the supervision of the Capital Markets Authority according to Law No. 7/2010 for investment companies.

The Shareholders' Ordinary General Assembly held on July 25, 2016 approved to delist the Parent Company's shares from Bursa Kuwait pursuant to Article No. 2-9 of the Capital Markets Authority's Executive Regulations on the system for the inclusion of shareholding companies in the stock exchange. On December 11, 2016, the Capital Markets Authority approved to delist the Parent Company's shares from Bursa Kuwait on June 15, 2017.

The interim consolidated financial information was authorized for issue by the Board of Directors on August 8, 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, 2017.

The interim consolidated financial information do not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim consolidated financial information. Operating results for the three months period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2018. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended March 31, 2017.

The policy of the Group for calculation of the impairment provisions for loans granted to others complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In addition and in accordance with Central Bank of Kuwait instructions, the Group provides a minimum general provision of 1% on cash credit facilities not subject to specific provision and net of certain categories of collateral and 0.5% on non-cash credit facilities.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

3. Financial assets available for sale

	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
Quoted securities	12,751,974	20,511,632	24,645,199
Unquoted securities	10,200,931	10,200,931	11,055,698
	<u>22,952,905</u>	<u>30,712,563</u>	<u>35,700,897</u>

Quoted securities with a carrying value of KD 11,235,970 were pledged with a local bank against a loan (Note 5) (June 30, 2016 – KD 13,641,539).

No impairment loss has been recognized on financial assets available for sale for the period ended June 30, 2017 (June 30, 2016 - KD 530,304)

4. Investment in associates

Name of the associate	Country of incorporation	Percentage of holding	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
Kuwait Saudi Pharmaceutical Industries Co. S.A.K. (Closed)	Kuwait	50%	16,059,275	15,674,040	15,753,732
Future Communication Co. K.S.C.C.	Kuwait	33.60%	2,576,129	4,282,753	3,549,929
Kuwait Qatari Co. for Real Estate Development K.S.C.C.	Kuwait	40.72%	768,585	772,061	797,497
Al Madar Al Thahabia Co. W.L.L.	KSA	24%	5,871,699	5,884,803	5,664,130
Al-Jazeera Real Estate Development Co. K.S.C. (Closed)	Kuwait	20%	1,566,033	1,583,761	1,495,929
Alpha Atlantique Du Sahara S.A.	Morocco	22.52%	806,959	786,246	839,487
Mena Equities Ltd.	British Virgin Islands	44.15%	6,230	6,230	6,230
			<u>27,654,910</u>	<u>28,989,894</u>	<u>28,106,934</u>

5. Loans

Revolving loans carry an annual interest rate ranging from 2.75% to 3.75% (March 31, 2017 – 2.75% to 3.75%, June 30, 2016 – 2.25% to 3.25%). Loan of KD 15,815,000 is secured by quoted securities (Note 4) and other loans are secured by promissory notes. The loan of KD 15,815,000 and KD 30,033,511 are due for settlement on March 15, 2020 and May 15, 2018 respectively.

6. Treasury shares

	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
Number of treasury shares	2,697,482	2,663,123	2,271,615
Percentage of ownership	1.06%	1.04%	0.89%
Market value (KD)	261,656	252,997	186,272
Cost (KD)	300,655	297,374	260,776

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

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

7. Net investment (loss) income

	Three months ended June 30,	
	<u>2017</u>	<u>2016</u>
Unrealized gain from financial assets at fair value through profit or loss	-	2,589
Realized loss on sale of financial assets at fair value through profit or loss	(5,921)	-
Realized (loss) gain on sale of financial assets available for sale	(1,310,943)	578,241
Dividend income	578,045	75,969
	<u>(738,819)</u>	<u>656,799</u>

8. 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 June 30,	
	<u>2017</u>	<u>2016</u>
Profit for the period attributable to shareholders of the Parent Company	<u>691,746</u>	<u>559,946</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>252,602,289</u>	<u>253,012,103</u>
	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to shareholders of the Parent Company	<u>2.74</u>	<u>2.21</u>

9. Memorandum accounts off the consolidated statement of financial position

The Parent Company manages investment portfolios for others amounting to KD 1,375,276,593 as at June 30, 2017 (March 31, 2017 – KD 1,514,947,223; June 30, 2016 – KD 1,521,740,308) to earn management fees. These investment portfolios are registered in the name of the Group and are not included in the accompanying interim consolidated financial information.

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

JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

10. Related party disclosures

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

	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
(i) Interim condensed consolidated statement of financial position:			
Cash on hand and at banks	11,462,477	11,357,247	7,738,138
Accounts receivable and other debit balances	508,536	508,331	561,665
Loans granted to others	190,899	190,899	231,789
Loans	45,848,511	52,716,573	61,858,073
Accounts payable and other credit balances	710,279	1,030,135	677,835
		Three months ended June 30,	
		2017	2016
(ii) Interim condensed consolidated statement of profit or loss:			
Interest income		38	98
Finance charges		(324,640)	(403,221)
(iii) Compensation to key management personnel:			
Short-term benefits		68,926	77,507
Termination benefits		6,016	6,797

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

JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

11. 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.

	2017					2016				
	Investment activities	Asset management services	Lending activities	Real estate activities	Total	Investment activities	Asset management services	Lending activities	Real estate activities	Total
Segment operating revenue	(689,299)	1,776,909	-	205,758	1,293,368	705,278	659,399	-	302,617	1,667,294
Segment operating expenses	(324,640)	-	-	(17,631)	(342,271)	(403,221)	-	-	(49,936)	(453,157)
Unallocated operating expense					(318,615)					(362,023)
Operating profit					632,482					852,114
Group's share of results from associates					427,364					476,398
Loss on sale of investment properties					(258,048)					-
Gain from sale of unconsolidated subsidiary					1,972					-
Impairment losses on financial assets available for sale					-					(530,304)
Foreign exchange loss					(109,838)					(225,510)
Contribution to KFAS					(2,271)					(844)
NLST					-					(11,673)
Zakat					-					(310)
Net profit for the period					691,661					559,871
Other information										
Segment assets	39,155,800	62,043	190,899	28,523,890	67,932,632	47,858,699	62,043	231,789	35,659,392	83,811,923
Investment in associates					27,654,910					28,106,934
Investment in unconsolidated subsidiaries					827,946					907,862
Unallocated assets					1,099,885					1,137,293
Total assets					97,515,373					113,964,012
Segment liabilities	45,848,511	-	-	-	45,848,511	61,858,073	-	-	-	61,858,073
Unallocated liabilities					3,892,653					4,203,755
Total liabilities					49,741,164					66,061,828

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

12. General Assembly

Subsequent to the date of interim condensed consolidated statement of financial position, the Shareholders' Annual General Assembly held on July 24, 2017 approved the distribution of cash dividends of 5 fils per share amounting to KD 1,263,103 and to distribute Board of Directors' remuneration amounting to KD 25,000 for the financial year ended March 31, 2017.

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

13. Capital commitments and contingent liabilities

	June 30, 2017	(Audited) March 31, 2017	June 30, 2016
Capital commitments	<u>13,796</u>	<u>13,796</u>	<u>13,796</u>

14. Maturity profile of assets and liabilities

The maturity profile of assets and liabilities as at June 30, 2017 was as follows:

	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets						
Cash on hand and at banks	13,202,895	-	-	-	-	13,202,895
Accounts receivable and other debit balances	-	-	1,161,928	-	-	1,161,928
Loans granted to others	-	190,899	-	-	-	190,899
Financial assets available for sale	12,751,974	-	-	10,200,931	-	22,952,905
Investment in associates	-	-	-	27,654,910	-	27,654,910
Investment in unconsolidated subsidiaries	-	-	-	827,946	-	827,946
Investment held to maturity	-	-	-	-	3,000,000	3,000,000
Investment properties	-	-	-	27,120,336	1,403,554	28,523,890
	<u>25,954,869</u>	<u>190,899</u>	<u>1,161,928</u>	<u>65,804,123</u>	<u>4,403,554</u>	<u>97,515,373</u>
Liabilities						
Loans	-	-	30,033,511	15,815,000	-	45,848,511
Accounts payable and other credit balances	288,000	166,000	589,572	2,849,081	-	3,892,653
	<u>288,000</u>	<u>166,000</u>	<u>30,623,083</u>	<u>18,664,081</u>	<u>-</u>	<u>49,741,164</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.

SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)
 NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 JUNE 30, 2017

(All amounts are in Kuwaiti Dinars)

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

<u>June 30, 2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets available for sale	<u>12,751,974</u>	<u>2,535,305</u>	<u>15,287,279</u>
<u>March 31, 2017 (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at fair value through profit or loss	20,151	-	20,151
Financial assets available for sale	<u>20,511,632</u>	<u>2,535,305</u>	<u>23,046,937</u>
	<u>20,531,783</u>	<u>2,535,305</u>	<u>23,067,088</u>
<u>June 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets at fair value through profit or loss	61,178	-	61,178
Financial assets available for sale	<u>24,645,199</u>	<u>2,334,057</u>	<u>26,979,256</u>
	<u>24,706,377</u>	<u>2,334,057</u>	<u>27,040,434</u>

During the period ended June 30, 2017, there were no transfers between different levels of fair value measurement.

16. Working capital

As at June 30, 2017, the Group's current liabilities exceeded its current assets by KD 3,769,387. The interim consolidated financial information have been prepared assuming the Group will continue as a going concern which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The Group's ability to continue as a going concern depends on its ability to improve profitability and enhance its future cash flows.

During the period ended June 30, 2017, the Group repaid KD 6,868,062 from its outstanding loans.

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