

**THE SECURITIES HOUSE K.S.C.P.  
AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

**30 JUNE 2016**

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**The Securities House K.S.C.P.  
Kuwait**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

**Report on Review of Interim Condensed Consolidated Financial Information**

*Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C.P (the Parent Company) and its subsidiaries (together called "the Group") as at 30 June 2016 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed 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 condensed 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of presentation set out in Note 2.

**Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the accompanying interim condensed 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 Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

The Securities House K.S.C.P.  
Kuwait

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS (Continued)

We further report that, during the course of our review, 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, and its related regulations, and the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2016 that might have had a material effect on the business of the Parent Company or on its financial position.



**Bader A. Al-Wazzan**  
Licence No. 62A  
Deloitte & Touche  
Al-Wazzan & Co.

Kuwait  
16 August 2016

Interim Condensed Consolidated Statement of Income (Unaudited)  
For the period ended 30 June 2016

	Note	Kuwaiti Dinars			
		Three months ended		Six months ended	
		2016	2015	2016	2015
<b>Continuing operations</b>					
<b>INCOME</b>					
<b>From investment activities</b>					
Realised gain on sale of financial assets at fair value through income statement		15,156	-	9,675	10,571
Realised (loss)/gain on sale of financial assets available for sale		(121,559)	-	(1,069)	179,950
Dividend income and return on murabaha receivable		38,415	4,786	126,899	4,786
Realised loss on sale of investment in associates		-	(960,104)	-	(901,268)
Unrealised gain/(loss) on financial assets at fair value through income statement		17,475	(765,767)	29,307	(713,047)
Reclassification of impairment/Impairment loss on financial assets		137,676	(519,325)	-	(654,502)
Management fee income		17,857	7,613	25,286	15,738
<b>Total income/(loss) from investment activities</b>		<b>105,020</b>	<b>(2,232,797)</b>	<b>190,098</b>	<b>(2,057,772)</b>
Other (loss)/income		(64,221)	167,275	(57,040)	142,619
<b>Total income/(loss)</b>		<b>40,799</b>	<b>(2,065,522)</b>	<b>133,058</b>	<b>(1,915,153)</b>
<b>EXPENSES</b>					
Staff costs		127,582	618,979	305,804	693,663
General and administration expenses		146,023	137,273	211,501	201,522
<b>Total expenses</b>		<b>273,605</b>	<b>756,252</b>	<b>517,305</b>	<b>895,185</b>
<b>Loss before share of results, murabaha payable costs and Taxation</b>		<b>(232,806)</b>	<b>(2,821,774)</b>	<b>(384,247)</b>	<b>(2,810,338)</b>
Share of results of associates	6	62,669	563,359	62,550	295,945
Recognition of negative goodwill of / (Impairment loss on investment in associates	6	92,630	(3,830,110)	196,847	(3,830,110)
Murabaha payable costs		-	(263,467)	-	(296,755)
National Labour Support Tax		-	(99,827)	-	(99,827)
Zakat		-	(39,899)	-	(39,899)
<b>Loss for the period</b>		<b>(77,507)</b>	<b>(6,491,718)</b>	<b>(124,850)</b>	<b>(6,780,984)</b>
<b>Profit from discontinued operations</b>	3	-	11,169,447	-	11,169,447
<b>(Loss)/profit for the period</b>		<b>(77,507)</b>	<b>4,677,729</b>	<b>(124,850)</b>	<b>4,388,463</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		(76,990)	4,663,242	(123,572)	4,374,187
Non-controlling interests		(517)	14,487	(1,278)	14,276
		<b>(77,507)</b>	<b>4,677,729</b>	<b>(124,850)</b>	<b>4,388,463</b>
<b>Basic and diluted (loss)/earnings per share attributable to equity holders of the Parent Company</b>	4	<b>(0.1)</b>	<b>7.3</b>	<b>(0.2)</b>	<b>6.9</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)  
For the period ended 30 June 2016

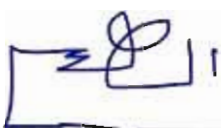
		Kuwaiti Dinars			
		Three months ended 30 June		Six months ended 30 June	
Note		2016	2015	2016	2015
	<b>(Loss)/profit for the period</b>	<b>(77,507)</b>	<b>4,677,729</b>	<b>(124,850)</b>	<b>4,388,463</b>
	<b>Other comprehensive (loss)/income:</b>				
	<i>Other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
	Foreign currency translation adjustment	<b>(2,303,083)</b>	2,771,366	<b>(3,831,463)</b>	1,158,124
	Share of other comprehensive income of associates	<b>(17,809)</b>	(880,231)	<b>68,757</b>	(337,629)
6	Reclassified to income statement on sale of investment in associates	-	(86,871)	-	(228,413)
	<b>Other comprehensive (loss)/income for the period</b>	<b>(2,320,892)</b>	<b>1,804,264</b>	<b>(3,762,706)</b>	<b>592,082</b>
	<b>Total comprehensive (loss)/income for the period</b>	<b>(2,398,399)</b>	<b>6,481,993</b>	<b>(3,887,556)</b>	<b>4,980,545</b>
	<b>Attributable to:</b>				
	Equity holders of the Parent Company	<b>(2,397,882)</b>	6,472,257	<b>(3,886,085)</b>	4,965,149
	Non-controlling interests	<b>(517)</b>	9,736	<b>(1,471)</b>	15,396
		<b>(2,398,399)</b>	<b>6,481,993</b>	<b>(3,887,556)</b>	<b>4,980,545</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)  
As at 30 June 2016

	Notes	Kuwaiti Dinars		
		(Audited)		
		30 June 2016	31 December 2015	30 June 2015
<b>ASSETS</b>				
Bank balances and cash	5	5,703,537	2,505,256	5,936,789
Short-term murabaha investments	5	700,000	4,014,871	1,906,478
Accounts receivable and prepayments		2,887,835	1,915,427	2,753,811
Murabaha receivable		810,420	-	-
Financial assets at fair value through income statement		2,387,057	1,870,338	2,975,543
Financial assets available for sale		487,548	2,897,724	1,166,404
Investment in associates	6	42,737,724	46,454,710	70,077,195
<b>TOTAL ASSETS</b>		<b>55,714,121</b>	<b>59,658,326</b>	<b>84,816,220</b>
<b>EQUITY</b>				
Share capital	7	68,000,000	68,000,000	68,000,000
Foreign currency translation reserve		(3,204,112)	627,158	4,504,433
Employee share purchase plan reserve		-	-	545,456
Treasury shares reserve		4,340,801	4,340,801	10,787,821
Treasury shares	7	(11,982,322)	(11,982,322)	(19,171,671)
Cumulative changes in equity of associates		(441,783)	(510,540)	(224,018)
Accumulated losses		(8,227,801)	(8,104,229)	(5,462,094)
Equity attributable to equity holders of the Parent Company		48,484,783	52,370,868	58,979,927
Non-controlling interests		187,979	189,450	196,763
<b>TOTAL EQUITY</b>		<b>48,672,762</b>	<b>52,560,318</b>	<b>59,176,690</b>
<b>LIABILITIES</b>				
Murabaha payables	8	4,808,900	4,808,900	23,285,495
Accounts payable and accruals		2,185,251	2,263,260	2,340,745
Employees' end of service benefits		47,208	25,848	13,290
<b>TOTAL LIABILITIES</b>		<b>7,041,359</b>	<b>7,098,008</b>	<b>25,639,530</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,714,121</b>	<b>59,658,326</b>	<b>84,816,220</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.



Ibrahim Yousef Al Chanim  
Chairman



Fahad Faisal Boodai  
Vice Chairman and Chief Executive officer

**The Securities House K.S.C.P. and Subsidiaries  
Kuwait**

**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)  
For the period ended 30 June 2016**

	Notes	Kuwaiti Dinars	
		Six months ended 30 June	
		2016	2015
<b>OPERATING ACTIVITIES</b>			
Loss for the period from continuing operations		(124,850)	(6,780,984)
Profit for the period from discontinued operations		-	11,169,447
Adjustments for:			
Realised gain on sale of financial assets at fair value through income statement		(9,675)	(10,571)
Realised loss/(gain) on sale of financial assets available for sale		1,069	(179,950)
Dividend income and return on murabaha receivable		(126,899)	(4,786)
Share of results of associates	6	(62,550)	(295,945)
Realised loss on sale of investment in associates		-	901,268
Realised gain on sale of investment in subsidiaries	3	-	(11,169,447)
Unrealised (gain)/loss on financial assets at fair value through income statement		(29,307)	713,047
Impairment loss on financial assets available for sale		-	654,502
(Negative goodwill)/Impairment of value of associates	6	(196,847)	3,830,110
Provision for employees' end of service benefits		21,360	1,700
Murabaha payables costs		-	296,755
		<u>(527,699)</u>	<u>(874,854)</u>
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		(974,890)	(1,919,269)
Financial assets at fair value through income statement		(477,737)	416,821
Accounts payable and accruals		(75,527)	(393,648)
Cash used in operations		<u>(2,055,853)</u>	<u>(2,770,950)</u>
Employees' end of service benefits paid		-	(3,324)
Net cash flows used in operating activities		<u>(2,055,853)</u>	<u>(2,774,274)</u>
<b>INVESTING ACTIVITIES</b>			
Investment in a murabaha receivable		(810,420)	-
Proceeds from sale of financial assets available for sale		2,409,107	179,950
Purchase of an interest in an associate	6	(201,130)	-
Proceeds from sale of investment in associates		-	3,625,896
Proceeds from sale of a subsidiary	3	-	8,219,577
Dividend income and return on murabaha receivable received		126,899	4,786
Dividends received from an associate	6	415,000	400,000
Net cash flows from investing activities		<u>1,939,456</u>	<u>12,430,209</u>
<b>FINANCING ACTIVITIES</b>			
Sale of treasury shares		-	83,847
Repayment of murabaha payables		-	(3,067,225)
Murabaha payable costs paid		-	(296,755)
Net cash flows used in financing activities		<u>-</u>	<u>(3,280,133)</u>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(116,397)</b>	<b>6,375,802</b>
Net foreign exchange difference		(193)	1,120
Cash and cash equivalents at 1 January		6,520,127	1,466,345
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	5	<b><u>6,403,537</u></b>	<b><u>7,843,267</u></b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.



The Securities House K.S.C.P. and Subsidiaries  
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)  
For the period ended 30 June 2016

Kuwaiti Dinars

	Attributable to equity holders of the Parent Company							
	Share capital	Foreign currency translation reserve	Employee share purchase plan reserve	Treasury shares reserve	Treasury shares	Cumulative changes in equity of associates	Accumulated losses	Sub total
As at 1 January 2016	68,000,000	627,158	-	4,340,801	(11,982,322)	(510,540)	(8,104,229)	52,370,1
Loss for the period	-	-	-	-	-	-	(123,572)	(123,5
Other comprehensive (loss)/income	-	(3,831,270)	-	-	-	68,757	-	(3,762,5
Total comprehensive (loss)/income for the period	-	(3,831,270)	-	-	-	68,757	(123,572)	(3,886,0
<b>As at 30 June 2016</b>	<b>68,000,000</b>	<b>(3,204,112)</b>	-	<b>4,340,801</b>	<b>(11,982,322)</b>	<b>(441,783)</b>	<b>(8,227,801)</b>	<b>48,484,7</b>
As at 1 January 2015	68,000,000	3,496,334	545,456	11,267,842	(19,735,539)	193,119	(9,836,281)	53,930,9
Profit for the period	-	-	-	-	-	-	4,374,187	4,374,1
Other comprehensive income/(loss)	-	1,008,099	-	-	-	(417,137)	-	590,9
Total comprehensive income/(loss) for the period	-	1,008,099	-	-	-	(417,137)	4,374,187	4,965,1
Sale of treasury shares	-	-	-	(480,021)	563,868	-	-	83,8
Non-controlling interests on sale of subsidiaries (Note 3)	-	-	-	-	-	-	-	-
<b>As at 30 June 2015</b>	<b>68,000,000</b>	<b>4,504,433</b>	<b>545,456</b>	<b>10,787,821</b>	<b>(19,171,671)</b>	<b>(224,018)</b>	<b>(5,462,094)</b>	<b>58,979,9</b>

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

**1. CORPORATE INFORMATION AND ACTIVITIES**

The interim condensed consolidated financial information of The Securities House K.S.C.P. (the "Parent Company") and subsidiaries (collectively the "Group") were authorised for issue by the Board of Directors on 16 August 2016.

The Parent Company is a Kuwaiti public shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in dealing and brokerage in securities on its behalf and on behalf of third parties, underwriting and sale of third party-issued securities, investment trust and investment monitoring, providing financial advisory and research services, establishing financial, real estate, industrial and multipurpose investment funds and companies, fund management on behalf of third parties, investment in real estate and other economic sectors, finance activities and mediation in borrowing and international trade activities. The Parent Company performs all of its activities in accordance with Islamic Shariah principles and is regulated by the Central Bank of Kuwait (CBK) and the Capital Markets Authority (CMA) as an investment company.

On 1 February 2016, the new Companies Law No.1 of 2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the Companies Law No. 25 of 2012 and its amendments have been cancelled. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016, which cancelled the Executive Regulations of Law No. 25 of 2012.

The Parent Company's principal place of business and registered address is 18<sup>th</sup> floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P.O.Box 26972 Safat, 13130, Kuwait.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The annual consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all International Financial Reporting Standards ("IFRS") except for the IAS 39 requirement for a collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the group which are effective for annual periods starting from 1 January 2016 and did not result in any material impact on the accounting policies, financial position or performance of the group.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2016

3. DISCONTINUED OPERATIONS

During 2014, the Parent Company entered into:

- (a) legally binding settlement agreement with its major creditor to settle murabaha payables in exchange for cash payment and the sale of specific assets including interests in subsidiaries, New Technology Bottling Company K.S.C. (Closed) and Kuwait Boxes Carton Manufacturing Company K.S.C. (Closed) to the creditor.
- (b) an agreement with Gatehouse Bank plc (an associate), to sell its entire interest in its subsidiary, Gatehouse Capital - Economic and Financial Consultancy K.S.C. (Closed).

The sale of these subsidiaries was completed during the previous year.

The results of the discontinued operations are as follows:

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
<b>Profit for the period from discontinued operations</b>	-	11,169,447	-	11,169,447
<b>Attributable to:</b>				
Equity holders of the Parent Company (Note 4)	-	11,169,447	-	11,169,447
Non-controlling interests	-	-	-	-
Profit for the period from discontinued operations	-	11,169,447	-	11,169,447

Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the Parent Company

- 17.5 fils - 17.5 fils

The net assets of the subsidiaries on the date of disposal and classification as held for sale were as follows:

	Kuwaiti Dinars		
	30 June 2016	(Audited) 31 December 2015 Disposed off	30 June 2015 Classified as held for sale and Disposed off
Total assets	-	23,539,163	23,539,163
Total liabilities	-	(4,040,109)	(4,040,109)
Non-controlling interests	-	(4,970,544)	(4,970,544)
<b>Net assets disposed off or classified as held for sale</b>	-	14,528,510	14,528,510
Total consideration			26,449,436
Realised gain before elimination of gain on downstream transaction			11,920,926
Eliminated gain			(751,479)
<b>Realised gain on sale attributable to the equity holders of the Parent Company</b>			<b>11,169,447</b>

Net cash flows from transaction were as follows:

	Kuwaiti Dinars	
	Six months ended 30 June	
	2016	2015
Total consideration	-	26,449,436
Less: non-cash consideration (Note 8)	-	(18,229,859)
<b>Net cash consideration received on sale</b>	-	<b>8,219,577</b>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2016

4. **BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY**

Basic and diluted (loss) earnings per share is computed by dividing (loss)/profit attributable to equity holders of the Parent Company by the weighted average number of shares (net of treasury shares) outstanding during the period as follows:

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
(Loss)/profit for the period attributable to the equity holders of the Parent Company	<b>(76,990)</b>	4,663,242	<b>(123,572)</b>	4,374,187
	Shares			
Weighted average number of ordinary shares outstanding during the period (shares)	<b>654,500,000</b>	638,943,522	<b>654,500,000</b>	638,527,406
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company	<b>(0.1) fils</b>	7.3 fils	<b>(0.2) fils</b>	6.9 fils

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
<b>Basic and diluted loss per share from continuing operations</b>				
(Loss) profit for the period attributable to equity holders of the Parent company	<b>(76,990)</b>	4,663,242	<b>(123,572)</b>	4,374,187
<u>Less:</u>				
Profit for the period from discontinued operations attributable to the equity holders of the Parent Company (Note 3)	-	11,169,447	-	11,169,447
Loss for the period attributable to the equity holders of the Parent Company from continuing operations	<b>(76,990)</b>	(6,506,205)	<b>(123,572)</b>	(6,795,260)
Weighted average number of ordinary shares outstanding during the period (shares)	<b>654,500,000</b>	638,943,522	<b>654,500,000</b>	638,527,406
<b>Basic and diluted loss from continuing operations per share attributable to the equity holders of the Parent Company</b>	<b>(0.1) fils</b>	(10.2) fils	<b>(0.2) fils</b>	(10.6) fils

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	Kuwaiti Dinars		
	30 June 2016	31 December 2015	30 June 2015
Bank balances and cash	5,703,537	2,505,256	5,936,789
Short-term murabaha investments with original maturity up to three months	700,000	4,014,871	1,906,478
	<b>6,403,537</b>	<b>6,520,127</b>	<b>7,843,267</b>

## 6. INVESTMENT IN ASSOCIATES

	Kuwaiti Dinars		
	30 June 2016	31 December 2015	30 June 2015
At the beginning of the period/year	46,454,710	78,699,041	78,699,041
Acquisitions (See Note below)	397,977	58,948	-
Disposals	-	(22,369,912)	(4,755,577)
Share of results	62,550	32,981	295,945
Share of other comprehensive income	68,757	(811,344)	(337,629)
Foreign currency translation adjustment	(3,831,270)	(2,099,077)	1,157,004
Dividend received	(415,000)	(400,000)	(400,000)
Elimination of gain on downstream transaction	-	(751,479)	(751,479)
Impairment	-	(5,904,448)	(3,830,110)
At the end of the period/year	<b>42,737,724</b>	<b>46,454,710</b>	<b>70,077,195</b>

During the period, the Group has acquired additional shares in Al Aman Investment Company K.S.C.P., thus increasing the Group's interest from 41% to 43%. The acquisition included a negative goodwill of KD 196,847.

## 7. SHARE CAPITAL AND TREASURY SHARES

### a) Share capital

The Extraordinary General meeting of the Parent Company's shareholders held on 19 June 2016 resolved to:

- Cancel all treasury shares outstanding as at 31 December 2015.
- Write-off the accumulated losses as at 31 December 2015.
- Capital cash reduction of 6.5% of the total outstanding share capital at 100 fils per share.

This was registered in the commercial register on 3 July 2016. Accordingly, the authorised, issued and fully paid up share capital of the Parent Company and the treasury shares have not been amended to reflect the resolutions of the Extraordinary General meeting as at 30 June 2016.

The payment in cash of 6.5 fils per share was made to the registered shareholders on 31 July 2016.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2016

b) Treasury shares

	(Audited)		
	30 June 2016	31 December 2015	30 June 2015
Number of treasury shares	25,500,000	25,500,000	40,800,000
Percentage of capital	3.8%	3.8%	6.0%
Market value – Kuwaiti Dinars	1,032,750	930,750	2,366,400

8. MURABAHA PAYABLES

	Kuwaiti Dinars		
	(Audited)		
	30 June 2016	31 December 2015	30 June 2015
Current	4,808,900	4,808,900	23,285,495

Murabaha payables represent the value of assets purchased on a deferred settlement basis.

Murabaha payables amounting to KD 4,808,900 (31 December 2015: KD 4,808,900 and 30 June 2015: KD 23,285,495) are secured against receivable balances, financial assets at fair value through income statement, financial assets available for sale and investment in an associate amounting to KD 8,348,425 (31 December 2015: KD 7,735,462 and 30 June 2015: KD 9,214,086) respectively.

During the period ended 30 June 2015, the Parent Company settled murabaha payable balances of KD 19,047,084 by transfer of investments in subsidiaries of KD 18,229,859 (Note 3) and sale of an investment in associate of KD 817,225.

9. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and executive officers of the Parent Company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party transactions and balances consist of the following:

	Kuwaiti Dinars	
	Six months ended 30 June	
	2016	2015
<b>Interim condensed consolidated statement of income:</b>		
Murabaha payable costs	-	66,945

	Kuwaiti Dinars		
	(Audited)		
	30 June 2016	31 December 2015	30 June 2015
<b>Interim condensed consolidated statement of financial position:</b>			
Bank balances and murabaha investment	101,882	4,119,177	7,512,910

	Kuwaiti Dinars	
	Six months ended 30 June	
	2016	2015
<b>Key management compensation:</b>		
Salaries and other short term benefits	152,423	584,871
Employees' end of services	9,320	-
	<b>161,743</b>	<b>584,871</b>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) - 30 June 2016

10. SEGMENTAL ANALYSIS

For management purposes the Group is organised into two major business segments:

Proprietary investment management : Investing of group funds in securities and real estate, financing corporate and individual customers, and managing the group's liquidity requirements.

Asset management and advisory : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related investment services.

The following table presents information regarding the Group's business segment:

	Proprietary investment		Continuing operations		Discontinued operations		Total			
	Asset management and advisory services		Asset management and advisory services		Discontinued operations		Total			
	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June	Six months ended 30 June		
	2015	2016	2015	2016	2015	2016	2015	2016		
Segment revenue/(loss)	107,772	(1,930,891)	25,286	15,738	133,058	(1,915,153)	-	11,169,447	133,058	9,254,294
Segment results	(280,207)	(2,602,280)	(104,040)	(208,058)	(384,247)	(2,810,338)	-	11,169,447	(384,247)	8,359,109
Share of results of associates	62,550	295,945			62,550	295,945	-	-	62,550	295,945
Negative goodwill/impairment and amortisation	196,847	(3,830,110)			196,847	(3,830,110)	-	-	196,847	(3,830,110)
Murabaha payable costs	-	(296,755)			-	(296,755)	-	-	-	(296,755)
National Labour Support Tax and Zakat					-	(139,726)	-	-	-	(139,726)
(Loss) profit for the period					(124,850)	(6,780,984)	-	11,169,447	(124,850)	4,388,463

Kuwaiti Dinars

The Securities House K.S.C.P. and Subsidiaries  
Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2016

10. Segmental analysis (continued)

	Kuwaiti Dinars				
	Continuing operations				
	Proprietary investment management		Asset management and advisory services		Total
30 June	2015	30 June	2015		
	2016	2016	2016	2016	30 June
<b>Assets</b>					
Segment assets	5,762,440	6,895,758	-	-	5,762,440
Investment in associates	42,737,724	70,077,195	-	-	42,737,724
Others	7,213,957	7,843,267	-	-	7,213,957
	<b>55,714,121</b>	<b>84,816,220</b>	<b>-</b>	<b>-</b>	<b>55,714,121</b>
<b>Liabilities:</b>					
Murabaha payables	4,808,900	23,285,495	-	-	4,808,900
Account payable and accruals	2,185,251	2,340,745	-	-	2,185,251
Employees' end of service benefits	47,208	13,290	-	-	47,208
	<b>7,041,359</b>	<b>25,639,530</b>	<b>-</b>	<b>-</b>	<b>7,041,359</b>
					<b>25,639</b>



## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2 : inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 : inputs are unobservable inputs for the asset or liability.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2016	Kuwaiti Dinars		
	Level 1	Level 3	Total
<b>Financial assets at fair value</b>			
<i>Financial assets at fair value through income statement:</i>			
Quoted equities	931,851	-	931,851
Unquoted equity securities	-	1,455,206	1,455,206
			<u>2,387,057</u>
30 June 2015	Kuwaiti Dinars		
	Level 1	Level 3	Total
<b>Financial assets at fair value</b>			
<i>Financial assets at fair value through income statement:</i>			
Quoted equities	-	-	-
Unquoted equity securities	-	2,975,543	2,975,543
			<u>2,975,543</u>

During the period ended 30 June 2016, there were no transfers between the hierarchies.