

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

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

31 MARCH 2015



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working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF THE SECURITIES HOUSE K.S.C.P.

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 (collectively, the “group”) as at 31 March 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and the cash flows for the three months period then ended. The management of the parent company 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 the basis of presentation set out in Note 2.

Report on other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the parent company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012 as amended and its executive regulation, or of the parent company’s Memorandum of Incorporation and Articles of Association during the three months period ended 31 March 2015 that might have had a material effect on the business of the parent company or on its financial position.



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Report on other legal and regulatory requirements (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 and its executive regulation, concerning currency, the Central Bank of Kuwait and the organisation of banking business, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2015 that might have had a material effect on the business of the parent company or on its financial position.

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ACCOUNTANTS

13 May 2015
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2015

	Notes	Three months ended 31 March	
		2015 KD	2014 KD
Continuing operations			
INCOME			
<i>From investment activities</i>			
Realised gain on sale of financial assets at fair value through income statement		10,571	14,185
Realised gain on sale of financial assets available for sale		179,950	15,206
Unrealised gain on financial assets at fair value through income statement		52,720	20,543
Impairment loss on financial assets available for sale		(135,177)	-
Realised gain on sale of investment in an associate		58,836	-
Management fee income		8,125	-
Total income from investment activities		175,025	49,934
Other loss		(24,656)	(9,229)
TOTAL INCOME FROM CONTINUING OPERATIONS		150,369	40,705
EXPENSES			
Staff costs		74,684	75,613
General and administration expenses		64,249	135,248
TOTAL EXPENSES FROM CONTINUING OPERATIONS		138,933	210,861
PROFIT (LOSS) BEFORE SHARE OF RESULTS, MURABAHA PAYABLE COSTS AND TAXATION		11,436	(170,156)
Share of results of associates	6	(267,414)	493,001
Murabaha payable costs		(33,288)	(85,808)
National Labour Support Tax		-	(6,070)
Zakat		-	(2,423)
(LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(289,266)	228,544
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	5	-	478,862
(LOSS) PROFIT FOR THE PERIOD		(289,266)	707,406
Attributable to:			
Equity holders of the parent company		(289,055)	654,792
Non-controlling interests		(211)	52,614
		(289,266)	707,406
Basic and diluted (loss) earnings per share attributable to equity holders of the parent company	4	(0.5) fils	1.0 fils
Basic and diluted (loss) earnings per share from continuing operations attributable to equity holders of the parent company	4	(0.5) fils	0.3 fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**

For the period ended 31 March 2015

	Note	Three months ended	
		31 March	
		2015	2014
		KD	KD
(Loss) profit for the period		(289,266)	707,406
Other comprehensive (loss) income:			
<i>Other comprehensive income to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>			
Foreign currency translation adjustment		5,871	(6,400)
Share of other comprehensive income of associates	6	(1,076,511)	385,157
Reclassified to income statement on sale of investment in an associate		(141,542)	-
Other comprehensive (loss) income for the period		(1,212,182)	378,757
Total comprehensive (loss) income for the period		(1,501,448)	1,086,163
Attributable to:			
Equity holders of the parent company		(1,507,108)	1,036,194
Non-controlling interests		5,660	49,969
		(1,501,448)	1,086,163


The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2015

		(Audited)	
	Notes	31 March 2015 KD	31 December 2014 KD
		31 March 2015 KD	31 March 2014 KD
ASSETS			
Bank balances and cash	5	1,720,352	1,262,439
Short-term murabaha investments	5	2,444,420	203,906
Accounts receivable and prepayments		1,041,159	855,304
Inventories		-	-
Financial assets at fair value through income statement		4,147,560	4,094,840
Financial assets available for sale		1,685,729	1,820,906
Investment in associates	6	74,463,739	78,699,041
Investment properties		-	-
Property, plant and equipment		-	-
Assets held for sale / associated with discontinued operations	3	23,435,726	23,435,726
TOTAL ASSETS		108,938,685	110,372,162
EQUITY			
Share capital		68,000,000	68,000,000
Foreign currency translation reserve		-	40,757
Employee share purchase plan reserve		545,456	545,456
Other reserve		-	(255,897)
Treasury shares reserve		11,190,841	11,267,842
Treasury shares	7	(19,641,560)	(19,735,539)
Cumulative changes in equity of associates		2,471,400	3,689,453
Accumulated losses		(10,125,336)	(12,213,108)
Equity attributable to equity holders of the parent Company		52,440,801	53,930,931
Non-controlling interests		187,027	181,367
Non-controlling interests associated with assets held for sale / discontinued operations	3	4,970,544	-
TOTAL EQUITY		57,598,372	59,082,842
LIABILITIES			
Murabaha payables	8	44,582,579	44,582,579
Accounts payable and accruals		2,705,189	2,651,718
Employees' end of service benefits		12,436	14,914
Liabilities associated with assets held for sale / discontinued operations	3	4,040,109	-
TOTAL LIABILITIES		51,340,313	51,289,320
TOTAL EQUITY AND LIABILITIES		108,938,685	110,372,162


Ibrahim Youssef Al Ghanim
Chairman

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2015

	Notes	Three months ended 31 March	
		2015 KD	2014 KD
OPERATING ACTIVITIES			
(Loss) profit for the period from continuing operations		(289,266)	228,544
Profit for the period from discontinued operations	3	-	478,862
Adjustments for:			
Realised gain on sale of financial assets at fair value through income statement		(10,571)	(14,185)
Realised gain on sale of financial assets available for sale		(179,950)	(15,206)
Share of results of associates	6	267,414	(493,001)
Realised gain on sale of investment in an associate		(58,836)	-
Unrealised gain on financial assets at fair value through income Statement		(52,770)	(20,543)
Impairment loss on financial assets available for sale		135,177	-
Depreciation		-	164
Provision for employees' end of service benefits		846	1,704
Murabaha payables costs		33,288	85,808
		<u>(154,618)</u>	<u>252,147</u>
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		(206,810)	(147,753)
Financial assets at fair value through income statement		10,571	286,585
Accounts payable and accruals		41,138	53,041
Cash (used in) from operations		<u>(309,719)</u>	<u>444,020</u>
Employees' end of service benefits paid		(3,324)	(1,229)
Net operating cash flows associated with discontinuing operations		-	(481,998)
Net cash flows used in operating activities		<u>(313,043)</u>	<u>(39,207)</u>
INVESTING ACTIVITIES			
Proceeds from sale of financial assets available for sale		179,950	156,471
Proceeds from sale of an investment in an associate		2,808,671	80,000
Proceeds from sale of property, plant and equipment		-	177,500
Net investing cash flows associated with discontinuing operations		-	564,141
Net cash flows from investing activities		<u>2,988,621</u>	<u>978,112</u>
FINANCING ACTIVITIES			
Sale of treasury shares		16,978	-
Net financing cash flows associated with discontinuing operations		-	(126,322)
Net cash flows from (used in) financing activities		<u>16,978</u>	<u>(126,322)</u>
INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange difference		5,871	(6,400)
Cash and cash equivalents at 1 January		1,466,345	5,321,183
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	<u><u>4,164,772</u></u>	<u><u>6,127,366</u></u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2015

Attributable to equity holders of the parent company

	Share Capital KD	Foreign currency translation reserve KD	Employee share purchase plan reserve KD	Other reserve KD	Treasury shares reserve KD	Treasury shares KD	Cumulative changes in equity of associates KD	Accumulated losses KD	Sub total KD	Non- controlling interests KD	Non- controlling interests associated with discontinued operations KD	Total equity KD
As at 1 January 2015	68,000,000	-	545,456	-	11,267,842	(19,735,539)	3,689,453	(9,836,281)	53,930,931	181,367	4,970,544	59,082,842
Loss for the period	-	-	-	-	-	-	-	(289,055)	(289,055)	(211)	-	(289,266)
Other comprehensive (loss) income	-	-	-	-	-	-	(1,218,053)	-	(1,218,053)	5,871	-	(1,212,182)
Total comprehensive (loss) income for the period	-	-	-	-	-	93,979	(1,218,053)	(289,055)	(1,507,108)	5,660	-	(1,501,448)
Sale of treasury shares	-	-	-	-	(77,001)	-	-	-	16,978	-	-	16,978
As at 31 March 2015	<u>68,000,000</u>	-	<u>545,456</u>	-	<u>11,190,841</u>	<u>(19,641,560)</u>	<u>2,471,400</u>	<u>(10,125,336)</u>	<u>52,440,801</u>	<u>187,027</u>	<u>4,970,544</u>	<u>57,598,372</u>
	Share Capital KD	Foreign currency translation reserve KD	Employee share purchase plan reserve KD	Other reserve KD	Treasury shares Reserve KD	Treasury shares KD	Cumulative changes in equity of associates KD	Accumulated losses KD	Sub total KD	Non- controlling interests KD	Non- controlling interests associated with discontinued operations KD	Total equity KD
As at 1 January 2014	68,000,000	44,512	545,456	(255,897)	11,376,864	(19,867,108)	4,890,175	(12,867,900)	51,866,102	6,078,804	-	57,944,906
Profit for the period	-	-	-	-	-	-	-	654,792	654,792	52,614	-	707,406
Other comprehensive (loss) income	-	(3,755)	-	-	-	-	385,157	-	381,402	(2,645)	-	378,757
Total comprehensive (loss) income for the period	-	(3,755)	-	-	-	-	385,157	654,792	1,036,194	49,969	-	1,086,163
As at 31 March 2014	<u>68,000,000</u>	<u>40,757</u>	<u>545,456</u>	<u>(255,897)</u>	<u>11,376,864</u>	<u>(19,867,108)</u>	<u>5,275,332</u>	<u>(12,213,108)</u>	<u>52,902,296</u>	<u>6,128,773</u>	<u>-</u>	<u>59,031,069</u>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

1 CORPORATE INFORMATION

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 13 May 2015.

The parent company is a Kuwaiti public shareholding company incorporated and registered in Kuwait on 28 March 1982 and is engaged in investment and trading in securities, investment in real estate, finance activities and in portfolio and fund management on behalf of third parties. The parent company is regulated by the Central Bank of Kuwait and the Capital Markets Authority as an investment company.

The parent company's Extraordinary General Assembly of the shareholders held on 30 April 2003 approved the transfer of the parent company's activities to conform with Islamic Shariah effective from 1 January 2003.

The parent company's principal place of business and registered address is 18th 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 three months ended 31 March 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The interim condensed consolidated financial information for the period ended 31 March 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 2014. 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 three months ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the group which are effective for annual periods starting from 31 July 2014 and did not result in any material impact on the accounting policies and the financial position of the group.

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

The Annual General Assembly for the year ended 31 December 2014 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2014 have not yet been approved. The interim condensed consolidated financial information for the three months period ended 31 March 2015 do not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2014.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 March 2015

2 BASIS OF PREPARATION (Continued)

Standards issued but not yet effective

IFRS 15 – Revenue from Contracts with customers

IFRS 15 was issued by IASB on 28 May 2014 is effective for annual periods beginning on or after 1 January 2017. IFRS 15 supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue along with related IFRIC 13, IFRS 15, IFRIC 18 and SIC 31 from the effective date. This new standard would remove inconsistencies and weaknesses in previous revenue requirements, provide a more robust framework for addressing revenue issues and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The parent company is in the process of evaluating the effect of IFRS 15 on the group and do not expect any significant impact on adoption of this standard

The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 DISCONTINUED OPERATIONS

(a) During the previous year, the parent company entered into a legally binding settlement agreement with its major creditor to settle murabaha payables amounting to KD 42,917,494 in exchange for cash payment and the sale of specific assets including interests in subsidiaries to the creditor (Note 8). Subsequent to 31 March 2015 and according to the agreement, the parent company has de-recognised its entire equity interest in the following subsidiaries:

- New Technology Bottling Company K.S.C. (Closed), and
- Kuwait Boxes Carton Manufacturing Company K.S.C. (Closed).

With effect from the date of signing the agreement, these subsidiaries have been classified as held for sale.

(b) During the previous year, the parent company signed an agreement with Gatehouse Bank plc (“Gatehouse Bank”) (an associate), to sell its entire interest in its subsidiary, Gatehouse Capital - Economic and Financial Consultancy K.S.C. (Closed) (“Gatehouse Capital”) amounting to 58.0% of the total issued share capital of Gatehouse Capital to Gatehouse Bank over two phases, the first is 13.4% of the total issued share capital for an amount of KD 2,479,000 which was completed during 2014, and the second is 44.6% of the total issued share capital which is expected to be completed during the remaining period of 2015. As a result, the group’s ownership percentage in Gatehouse Capital decreased from to 58.0% to 44.6% as at 31 December 2014 and ceased to have control over the its operations in accordance with IFRS 10: “*Consolidated Financial Statements*”. With effect from the date of loss of control, the retained investment in Gatehouse Capital has been classified as held for sale.

The results of the disposed and classified as assets held for sale subsidiaries are as presented below:

	<i>Three months ended 31 March</i>	
	2015	2014
	KD	KD
Revenues	-	3,423,897
Operating costs	-	(2,386,460)
Gross profit		1,037,437
Dividend income	-	31,308
Investment services income	-	353,406
Share of results of an associate (Note 6)	-	107,215
Amortisation of intangibles	-	(15,822)
Other income	-	78,174
Staff costs	-	(482,751)
Selling and distribution expenses	-	(326,080)
General and administrative expenses	-	(295,308)
Murabaha payable cost	-	(8,717)
Profit for the period from discontinued operations	-	478,862

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

3 DISCONTINUED OPERATIONS (continued)

Attributable to:		
Equity holders of the parent company (Note 4)	-	421,120
Non-controlling interests	-	57,742
Profit for the period from discontinued operations	-	478,862
Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the parent company	-- fils	0.7 fils

The net cash flows attributable to discontinued operations as of the date of sale are shown in the statement of cash flows.

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

	31 March 2015 KD Classified as held for sale	31 December 2014 KD Classified as held for sale	31 March 2014 KD Disposed off and classified as held for sale
Assets			
Bank balances and cash	4,415,303	4,415,303	4,280,801
Accounts receivable and prepayments	3,720,026	3,720,026	4,102,173
Inventories	3,054,061	3,054,061	2,671,763
Financial assets at fair value through income statement	45,624	45,624	60,181
Financial assets available for sale	2,616,283	2,616,283	2,435,494
Investment in associates	4,849,919	4,849,919	6,193,821
Investments properties	537,371	537,371	698,974
Property, plant and equipment	4,197,139	4,197,139	4,448,962
Total assets	23,435,726	23,435,726	24,892,169
Liabilities			
Murabaha payable	153,429	153,429	380,082
Accounts payable and accruals	2,882,462	2,882,462	2,748,898
Employees' end of service benefits	1,004,218	1,004,218	1,037,118
Total liabilities	4,040,109	4,040,109	4,166,098
Non-controlling interests	4,970,544	4,970,544	5,931,920
Net assets disposed off or classified	14,425,073	14,425,073	20,726,071

An asset held for sale amounting to KD 6,390,374 (31 December 2014: KD 6,390,374 and 31 March 2014: a subsidiary company of KD 7,483,777) is pledged as security against murabaha payables amounting to KD 2,250,000 (31 December 2014: KD 2,250,000 and 31 March 2014: KD 5,800,000) (Note 8).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is computed by dividing 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:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
(Loss) profit for the period attributable to equity holders of the parent company	<u>(289,055)</u>	<u>654,792</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares (net of treasury shares) outstanding for the period	<u>638,023,562</u>	<u>637,720,000</u>
Basic and diluted (loss) earnings per share attributable to the equity holders of the parent company	<u>(0.5) fils</u>	<u>1.0 fils</u>
Basic and diluted (loss) earnings per share from continuing operations		
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
(Loss) profit for the period attributable to equity holders of the parent company	<u>(289,055)</u>	<u>654,792</u>
<u>Less:</u>		
Profit for the period from discontinued operations attributable to the equity holders of the parent company (Note 3)	<u>-</u>	<u>421,120</u>
(Loss) profit for the period attributable to the equity holders of the parent company from continuing operations	<u>(289,055)</u>	<u>233,672</u>
Weighted average number of ordinary shares outstanding during the period (shares)	<u>638,023,562</u>	<u>637,720,000</u>
Basic and diluted (loss) earnings from continuing operations per share attributable to the equity holders of the parent company	<u>(0.5) fils</u>	<u>0.3 fils</u>

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:

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and cash	<u>1,720,352</u>	<u>1,262,439</u>	<u>5,349,376</u>
Short-term murabaha investments with original maturity up to three months	<u>2,444,420</u>	<u>203,906</u>	<u>777,990</u>
	<u>4,164,772</u>	<u>1,466,345</u>	<u>6,127,366</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

6 INVESTMENT IN ASSOCIATES

	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
At the beginning of the period/year	78,699,041	85,708,799	85,708,799
Acquisitions	-	1,345,105	-
Disposals	(2,891,377)	(8,736,581)	(125,000)
Share of results	(267,414)	2,508,163	493,001
Share of results related to discontinued operations (Note 3)	-	635,929	107,215
Share of other comprehensive income	(1,076,511)	(1,200,722)	385,157
Dividend received	-	(509,522)	(604,440)
Elimination of gain on downstream transaction	-	(238,497)	-
Amortisation of intangible assets	-	(63,633)	(15,822)
Impairment	-	(750,000)	-
At the end of the period/year	<u>74,463,739</u>	<u>78,699,041</u>	<u>85,948,910</u>

7 TREASURY SHARES

	31 March 2015	(Audited) 31 December 2014	31 March 2014
Number of treasury shares	<u>41,800,000</u>	<u>42,000,000</u>	<u>42,280,000</u>
Percentage of capital	<u>6.1%</u>	<u>6.2%</u>	<u>6.2%</u>
Market value KD	<u>2,758,800</u>	<u>3,192,000</u>	<u>3,509,240</u>

8 MURABAHA PAYABLES

	31 March 2015 KD	(Audited) 31 December 2014 KD	31 March 2014 KD
Current	42,332,579	42,332,579	-
Maturity within 1 year	2,250,000	2,250,000	44,747,576
Maturity after 1 year	-	-	4,350,000
	<u>44,582,579</u>	<u>44,582,579</u>	<u>49,097,576</u>

Murabaha payable represents the value of assets purchased on a deferred settlement basis.

Short and long-term facilities carry profit rates varying from 5% to 6% (31 December 2014: 5% to 6% and 31 March 2014: 5% to 6%).

Murabaha payables amounting to KD 42,332,579 (31 December 2014: KD 42,332,579 and 31 March 2014: KD 42,917,494) 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 880,949, KD 1,625,051, KD 297,143 and KD 7,074,624 (31 December 2014: KD 693,298, KD 1,598,541, KD 325,714 and KD 6,798,257 and 31 March 2014: KD 376,037, KD 1,590,569, KD 570,543 and KD 6,574,181) respectively.

A murabaha payable amounting to KD 2,250,000 (31 December 2014: KD 2,250,000 and 31 March 2014: KD 5,800,000) is secured against an asset held for sale amounting to KD 6,390,374 (31 December 2014: KD 6,390,374 and 31 March 2014: a subsidiary company of KD 7,483,777) (Note 3).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

8 MURABAHA PAYABLES (continued)

During November 2014, the parent company entered into two legally binding agreements with its major creditor, the first is a debt settlement agreement to settle murabaha payables amounting to KD 42,917,494 in exchange for cash payment and the sale of specific financial assets at fair value through income statement, interests in associates and subsidiaries to the creditor, and the second is a reconciliation agreement to cease the legal cases filed by the major creditor against the parent company in previous years. In 2014, murabaha payable balances of KD 584,915 have been settled in exchange for cash and specific assets amounting to KD 584,915 and subsequent to 31 March 2015, murabaha payable balances of KD 19,047,083 have been settled in exchange for specific assets amounting to KD 19,047,083 while the sale of remaining assets to settle murabaha payable balances of KD 23,285,495 will be completed during the remaining period of 2015. A gain approximating KD 13 million will result on completion of the sale of the assets during 2015.

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:

	<i>Three months ended 31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of income:		
Murabaha payable costs	33,288	85,808
	<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position:		
Murabaha payable	2,250,000	5,800,000
	<i>Three months ended 31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Key management compensation:		
Salaries and other short term benefits	33,890	39,041

Assets amounting to KD 2,411,053 (31 December 2014: KD 2,385,889 and 31 March 2014: KD 2,375,889) are being managed on behalf of related parties.

10 COMMITMENTS

As at 31 March 2015, the group's bankers have given bank guarantees amounting to KD Nil (31 December 2014: KD Nil and 31 March 2014: KD 13,050).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

11 SEGMENTAL ANALYSIS

For management purposes the group is organised into three 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 services : 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.
- Commercial trading activities : Selling and distribution of manufactured and imported goods and services.

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

	Proprietary investment management			Continuing operations			Discontinued operations			Total		
	Three months ended 31 March			Three months ended 31 March			Three months ended 31 March			Three months ended 31 March		
	2015 KD	2014 KD	2015 KD	2015 KD	2014 KD	2015 KD	2014 KD	2015 KD	2014 KD	2015 KD	2014 KD	2015 KD
Segment revenue	142,244	28,600	8,125	(8,438)	20,162	-	3,886,785	150,369	11,436	150,369	11,436	3,906,947
Segment results	38,044	(109,003)	(26,608)	(61,153)	(170,156)	-	396,186	(267,414)	11,436	(267,414)	11,436	226,030
Share in result of associates					493,001		107,215	(267,414)		(267,414)		600,216
Amortisation							(15,822)					(15,822)
Murabaha payable costs					(85,808)		(8,717)	(33,288)		(33,288)		(94,525)
Taxation					(8,493)		-					(8,493)
(Loss) profit for the period					228,544		478,862	(289,266)		(289,266)		707,406

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 March 2015

12 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, with the exception of certain financial assets available for sale carried at cost, 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: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

	<i>Level 1</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
31 March 2015			
Financial assets at fair value			
<i>Financial assets at fair value through income statement:</i>			
Quoted equities	153,600	-	153,600
Unquoted equity securities	-	3,993,000	3,993,000
	<u>153,600</u>	<u>3,993,000</u>	<u>4,147,560</u>
31 March 2014			
Financial assets at fair value			
<i>Financial assets at fair value through income statement:</i>			
Quoted equities	519,588	-	519,588
Unquoted equity securities	-	4,174,391	4,174,391
	<u>519,588</u>	<u>4,174,391</u>	<u>4,693,979</u>

During the three month period ended 31 March 2015, there were no transfers between the hierarchies.