

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED JUNE 30, 2010  
(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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FOR THE PERIOD ENDED JUNE 30, 2010  
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Report on review of interim consolidated financial information

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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 of June 30, 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months period then ended. The Parent Company's management 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 consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

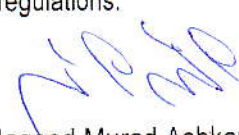
**Conclusion**

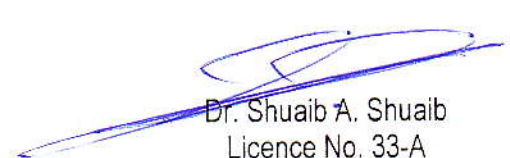
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

**Report on other Legal and Regulatory Requirements**

Furthermore, the interim consolidated financial information is in agreement with the Parent Company's books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Parent Company's Articles of Association have occurred during the three months period ended June 30, 2010 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material 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.

  
Abdul-Mageed Murad Ashkanani  
Licence No. 95-A  
First Audit  
Member of MGI International

  
Dr. Shuaib A. Shuaib  
Licence No. 33-A  
Albazie & Co.  
Member of RSM International



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

**AS OF JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
<b>ASSETS</b>				
Cash on hand and at banks		2,464,785	2,444,825	2,543,310
Investments at fair value through statement of income	3	177,255	323,400	457,050
Accounts receivable and other debit balances	4	3,329,594	4,223,141	4,965,554
Loans granted to others		622,550	925,629	1,016,862
Investments available for sale	5	71,584,201	74,333,953	86,245,878
Investment in associates	6	17,243,511	16,531,052	8,505,672
Investment in unconsolidated subsidiaries		1,061,982	1,319,483	1,227,837
Investment properties	8	17,272,451	16,687,284	16,644,500
<b>Total assets</b>		<b>113,756,329</b>	<b>116,788,767</b>	<b>121,606,663</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Liabilities:</b>				
Loans	9	45,733,185	47,187,289	51,928,180
Accounts payable and other credit balances		4,878,023	4,042,864	2,133,166
<b>Total liabilities</b>		<b>50,611,208</b>	<b>51,230,153</b>	<b>54,061,346</b>
<b>Shareholders' Equity:</b>				
Capital		25,528,372	25,528,372	25,528,372
Treasury shares	10	(48,554)	(33,822)	-
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
Foreign currency translation adjustments		334,240	334,130	317,857
Cumulative changes in fair value		(14,120,034)	(11,195,832)	(7,963,504)
Retained earnings		31,234,427	30,709,096	29,445,922
<b>Total shareholders' equity</b>		<b>63,145,121</b>	<b>65,558,614</b>	<b>67,545,317</b>
<b>Total liabilities and shareholder's equity</b>		<b>113,756,329</b>	<b>116,788,767</b>	<b>121,606,663</b>

The accompanying notes (1) to (20) form an integral part of the interim consolidated financial information

  
 Ali Mousa Al-Mousa  
 Chairman and Managing Director

Sheikha / Abeer Salem Al-Ali Al-Sabah  
 Vice Chairman

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2010**  
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,	
	Note	2010	2009
<b>Revenues:</b>			
Investment income	11	460,527	1,631,598
Interest income		12,024	31,086
Portfolio management fees, commission and others		466,707	453,604
Rental income		164,950	497,291
Gain on sale of unconsolidated subsidiary	7	363,099	-
Provision for impairment no longer required on loan		3,061	2,998
Share of results from associates	6	688,733	211,912
Foreign exchange gain		25,425	95,647
Other income		34,060	66,439
		<u>2,218,586</u>	<u>2,990,575</u>
<b>Expenses and other charges:</b>			
General and administrative expenses		(536,729)	(683,899)
Finance charges		(341,538)	(762,329)
Impairment loss for investment available for sale	5	(808,355)	-
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat		531,964	1,544,347
Contribution to KFAS	12	-	(13,324)
National Labor Support Tax	13	(6,633)	(32,355)
Zakat	14	-	(15,544)
Net profit for the period		<u>525,331</u>	<u>1,483,124</u>
		<u>Fils</u>	<u>Fils</u>
Earnings per share	15	<u>2.06</u>	<u>5.81</u>

The accompanying notes (1) to (20) 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 COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2010	2009
Net profit for the period	525,331	1,483,124
<b>Other comprehensive (loss) income:</b>		
Changes in fair value of investments available for sale	(2,613,592)	2,004,592
Reversal on sale of investments available for sale	(310,610)	1,602,563
Foreign currency translation adjustments	110	(126)
<b>Other comprehensive (loss) income for the period</b>	<b>(2,924,092)</b>	<b>3,607,029</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(2,398,761)</b>	<b>5,090,153</b>

The accompanying notes (1) to (20) 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 SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2010**  
(All amounts are in Kuwaiti Dinars)

	Capital	Treasury shares	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Retained earnings	Total
Balance as of March 31, 2010	25,528,372	(33,822)	3,046,592	12,764,186	4,405,892	334,130	(11,195,832)	30,709,096	65,558,614
Total comprehensive income (loss) for the period	-	-	-	-	-	110	(2,924,202)	525,331	(2,398,761)
Purchase of treasury shares	-	(14,732)	-	-	-	-	-	-	(14,732)
<b>Balance as of June 30, 2010</b>	<b>25,528,372</b>	<b>(48,554)</b>	<b>3,046,592</b>	<b>12,764,186</b>	<b>4,405,892</b>	<b>334,240</b>	<b>(14,120,034)</b>	<b>31,234,427</b>	<b>63,145,121</b>
Balance as of March 31, 2009	25,528,372	-	3,046,592	12,764,186	4,405,892	317,983	(11,570,659)	27,962,798	62,455,164
Total comprehensive (loss) income for the period	-	-	-	-	-	(126)	3,607,155	1,483,124	5,090,153
Balance as of June 30, 2009	25,528,372	-	3,046,592	12,764,186	4,405,892	317,857	(7,963,504)	29,445,922	67,545,317

The accompanying notes (1) to (20) 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, 2010**

(All amounts are in Kuwaiti Dinars)

	Three months ended June 30,	
	2010	2009
<b>Cash flow from operating activities:</b>		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat	531,964	1,544,347
Adjustments to:		
Investment income	(460,527)	(1,631,598)
Interest income	(12,024)	(31,086)
Provision for impairment no longer required on loan	(3,061)	(2,998)
Share of results from associates	(688,733)	(211,912)
Provision for end of service indemnity	9,448	6,649
Impairment loss for investment available for sale	808,355	-
Gain on sale of unconsolidated subsidiary	(363,099)	-
Finance charges	341,538	762,329
	<u>163,861</u>	<u>435,731</u>
Changes in operating assets and liabilities:		
Investments at fair value through statement of income	-	(169,438)
Accounts receivable and other debit balances	324,478	(1,024,182)
Loans granted to others	306,140	299,775
Accounts payable and other credit balances	582,376	76,285
Cash generated from (used in) operations	<u>1,376,855</u>	<u>(381,829)</u>
Paid to Kuwait Foundation for the Advancement of Sciences	(15,317)	-
Paid to National Labour Support Tax	(44,964)	-
Paid to Zakat	(32,123)	-
Net cash generated from (used in) operating activities	<u>1,284,451</u>	<u>(381,829)</u>
<b>Cash flow from investing activities:</b>		
Purchase of investments available for sale	(1,774,597)	(9,209,965)
Proceeds from sale of investments available for sale	1,160,244	16,335,056
Proceed from sale of investment in unconsolidated subsidiary	620,600	-
Paid for purchase of investment property	(540,512)	-
Paid for investment in associates	(23,726)	(500,397)
Interest received	29,909	31,086
Dividends received	789,404	560,997
Net cash generated from investing activities	<u>261,322</u>	<u>7,216,777</u>
<b>Cash flows from financing activities:</b>		
Net payment for loans	(1,454,104)	(12,255,086)
Payment for purchase of treasury shares	(14,732)	-
Cash dividends paid	(33,244)	-
Finance charges paid	(23,733)	(762,329)
Net cash used in financing activities	<u>(1,525,813)</u>	<u>(13,017,415)</u>
Net increase (decrease) in cash on hand and at banks	19,960	(6,182,467)
Relating to consolidation of subsidiaries cash and banks	-	80,669
Cash on hand and at banks at the beginning of the period	<u>2,444,825</u>	<u>8,645,108</u>
Cash on hand and at banks at the end of the period	<u>2,464,785</u>	<u>2,543,310</u>

The accompanying notes (1) to (20) 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, 2010**  
(All amounts are in Kuwaiti Dinars)

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**1. Incorporation and principal activities**

Securities Group Company K.S.C. (Closed) (The Parent Company) was incorporated on October 24, 1981. The Parent Company's shares were listed in the Kuwait Stock Exchange on December 21, 1996. The Parent Company's registered office is P.O. Box 26953, Safat 13130, State of Kuwait.

The main objectives of the Parent Company consist of 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 and investment in real estate. The Parent Company, after the Central Bank of Kuwait's approval, is allowed to conduct some or all of its activities outside Kuwait in accordance with the conditions and regulations of the Central Bank of Kuwait.

The interim consolidated financial information was authorized for issue by the Chairman on behalf of the Board of Directors on August 9, 2010.

**2. Significant accounting policies**

The accompanying interim consolidated financial information have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) except for IAS 39 requirements for collective provision which has been replaced by the Central Bank of Kuwait requirements for a minimum general provision as described under the accounting policy for impairment of financial assets.

**a) Basis of preparation**

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended March 31, 2010 except for the adoption of the following IASB Standards and Interpretation that become effective for the year ended March 31, 2011, which did not have a material impact on the Group's consolidated financial information.

The interim consolidated financial information do not include all of the information and footnotes 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. Operating results for the period ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending March 31, 2011. For further information, refer to the consolidated financial statements and notes thereto for the year ended March 31, 2010.

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, in accordance with Central Bank of Kuwait instructions, general provision of 1% is made on all credit facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

b) Basis of consolidation

The interim consolidated financial information includes the financial information of Securities Group Company K.S.C. (Closed) and the following subsidiaries:

<u>Name of Subsidiaries</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>		
		<u>June 30, 2010</u>	<u>March 31, 2010</u>	<u>June 30, 2009</u>
Al Anoud Al Thahabiya Co. W.L.L.	Kingdom of Saudi Arabia	100%	100%	100%
North African Investment Company Limited	Cayman Islands	100%	100%	100%

3. Investments at fair value through statement of income

	<u>June 30, 2010</u>	<u>March 31, 2010 (Audited)</u>	<u>June 30, 2009</u>
Quoted securities held for trading - local	177,245	323,390	457,040
Portfolios held for trading - Foreign	10	10	10
	<u>177,255</u>	<u>323,400</u>	<u>457,050</u>

The movement during the period / year is as follows:

	<u>June 30, 2010</u>	<u>March 31, 2010 (Audited)</u>	<u>June 30, 2009</u>
Balance at the beginning of the period / year	323,400	199,690	199,690
Additions	-	2,691,638	2,588,248
Disposals	-	(2,308,133)	(2,308,133)
Unrealized loss on changes in fair value of investments at fair value through statement of income (Note 11)	(146,145)	(259,795)	(22,755)
Balance at the end of the period / year	<u>177,255</u>	<u>323,400</u>	<u>457,050</u>

4. Accounts receivable and other debit balances

	<u>June 30, 2010</u>	<u>March 31, 2010 (Audited)</u>	<u>June 30, 2009</u>
Accrued revenue	2,432,174	2,697,343	1,698,612
Due from Kuwait Clearing Company	-	-	1,570
Due from associates and unconsolidated subsidiaries	525,927	754,312	2,904,618
Accrued dividend	5,042	556,226	155,754
Other debit balances	591,964	440,773	430,513
	<u>3,555,107</u>	<u>4,448,654</u>	<u>5,191,067</u>
Less: Provision for impairment of accrued portfolio management income	(225,513)	(225,513)	(225,513)
	<u>3,329,594</u>	<u>4,223,141</u>	<u>4,965,554</u>



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

**JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

**5. Investments available for sale**

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Quoted securities	38,894,802	41,150,458	48,838,243
Unquoted securities	28,520,376	28,540,912	31,617,601
Funds	4,169,023	4,642,583	5,790,034
	<u>71,584,201</u>	<u>74,333,953</u>	<u>86,245,878</u>

The movement during the period / year is as follows:

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Balance at the beginning of the period / year	74,333,953	88,665,867	88,665,867
Additions	1,774,597	58,125,214	9,209,965
Disposals	(1,102,402)	(62,350,186)	(13,634,546)
Transfer to investment in associate (Note 6)	-	(3,203,716)	-
Changes in fair value	(2,613,592)	(2,108,585)	2,004,592
	<u>72,392,556</u>	<u>79,128,594</u>	<u>86,245,878</u>
Impairment loss for investments available for sale	(808,355)	(4,794,641)	-
Balance at the end of the period / year	<u>71,584,201</u>	<u>74,333,953</u>	<u>86,245,878</u>

It was not possible to reliably measure the fair value of certain available for sale investments amounting to KD 28,550,949 (March 31, 2010 – KD 28,540,912, June 30, 2009 – KD 31,617,601) due to non availability of a reliable method that could be used to determine the fair value of such investments. Accordingly, they were stated at their cost less impairment losses, if any.

Investments available for sale amounting to KD 24,007,950 (March 31, 2010 - KD 24,341,300, June 30, 2009 – KD 28,815,000) were pledged with a local bank against loan (Note 9).

**6. Investment in associates**

Associate Company	Country of incorporation	Percentage of holding	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Kuwait Saudi Pharmaceutical Industries Co. K.S.C. (Closed)	Kuwait	50%	5,294,134	4,852,208	4,663,283
Kuwait Qatari Co. for Real Estate Development K.S.C. (Closed)	Kuwait	40.72%	3,860,715	3,860,715	3,842,389
Future Communications Co. K.S.C. (Closed)	Kuwait	28.18%	8,012,162	7,741,629	-
Mizin Holding Co. B.S.C. (Closed)	Bahrain	20%	76,500	76,500	-
			<u>17,243,511</u>	<u>16,531,052</u>	<u>8,505,672</u>



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

**JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

The movement during the period / year is as follows:

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Balance at the beginning of the period / year	16,531,052	7,793,363	7,793,363
Additions during the period / year	23,726	5,116,913	500,397
Transfer from investment available for sale (Note 5)	-	3,203,716	-
Share of results from associates	688,733	1,417,060	211,912
Cash dividends received	-	(1,000,000)	-
Balance at the end of the period / year	17,243,511	16,531,052	8,505,672

During the year ended March 31, 2010, the Group acquired significant influence over Future Communication Co. K.S.C. (Closed) through additional investment of 12.81% and board representation. Accordingly this investment was transferred from available for sale investment to investment in associate. The management has estimated a goodwill of KD 4,042,091 tentatively and is in the process of assessing the fair values of the identifiable assets and liabilities of the associate in order to allocate the purchase price and assess the goodwill on acquisition.

**7. Investment in unconsolidated subsidiaries**

During the period ended June 30, 2010, the Parent Company sold one of its unconsolidated subsidiary "Fifth Securities Group for General Trading and Contracting Company W.L.L." resulting in a gain of KD 363,099.

**8. Investment properties**

During the period ended June 30, 2010, the Parent Company purchased a new land located in the Kingdom of Saudi Arabia for a total cost of KD 540,512.

**9. Loans**

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Loans renewable within one month	-	-	10,057,679
Loans maturing within 3 months	5,130,180	2,500,000	-
Loans maturing from 3 months to one year	40,603,005	44,687,289	41,870,501
	45,733,185	47,187,289	51,928,180

Loans carry an annual interest rate ranging from 3.25% to 4.5% as of June 30, 2010 (March 31, 2010 – 2.5% to 4.75%, June 30, 2009 – 3.75% to 5.75%).

Loans includes amount of KD 25,815,000 have been secured by quoted securities amounting to KD 24,007,950 (March 31, 2010 – 24,341,300, June 30, 2009 – KD 28,815,000) (Note 5) and other loans are secured by promissory notes.

**SECURITIES GROUP COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES (THE GROUP)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2010**

(All amounts are in Kuwaiti Dinars)

10. Treasury shares

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Number of treasury shares	191,342	132,182	-
Percentage of ownership	0.075%	0.052%	-
Market value (KD)	47,856	32,517	-
Cost (KD)	48,554	33,822	-

11. Investment income

	Three months ended June 30,	
	2010	2009
Gain on sale of investments at fair value through statement of income	-	110,677
Gain on sale of investments available for sale	368,452	1,097,947
Unrealized loss on changes in fair value of investments at fair value through statement of income (Note 3)	(146,145)	(22,755)
Dividend income	238,220	445,729
	<u>460,527</u>	<u>1,631,598</u>

12. Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company before contribution to KFAS, Zakat, NLST and Board of Directors' remuneration and after deducting its share of income from shareholding associate and transfer to statutory reserve. No transfer has been provided since there was no profit on which KFAS could be calculated after deducting share of result from associates.

13. National Labor Support Tax (NLST)

National Labor Support Tax is calculated at 2.5% of the profit of the Parent Company after deducting its share of income from listed shareholders subsidiaries and associates, and dividends from Kuwaiti listed shareholding companies.

14. Zakat

Zakat is calculated at 1% of the profit of the Parent Company in accordance with the Ministry of Finance Resolution No. 58/2007, which is effective from December 10, 2007. No Zakat has been calculated since there was no profit on which Zakat could be calculated after deducting share of result from associates.

15. Earnings per share

The information necessary to calculate earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended June 30,	
	2010	2009
Net profit for the period	<u>525,331</u>	<u>1,483,124</u>
	<u>Shares</u>	<u>Shares</u>
Number of shares at beginning of the period	255,283,718	255,283,718
Less: weighted average number of treasury shares	(178,309)	-
Weighted average number of shares outstanding	<u>255,105,409</u>	<u>255,283,718</u>
	<u>Fils</u>	<u>Fils</u>
Earnings per share	<u>2.06</u>	<u>5.81</u>



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

**16. Fiduciary assets**

The Parent Company manages investment portfolios and funds for others amounting to KD 1,142,295,353 as of June 30, 2010 (March 31, 2010 – KD 1,177,183,732, June 30, 2009 – KD 754,967,346) 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.

**17. Related party transactions**

Related party transactions represent transactions with major shareholders and board members and their related parties and key management personnel. The Group's transactions, during the period, included transactions with related parties within the normal course of business concerning financing and other related services. These transactions have been included in the interim consolidated financial information as follows:

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
<b>(i) Interim condensed consolidated statement of financial position</b>			
Cash on hand and at banks	1,172,137	1,576,473	703,457
Accounts receivable and other debit balances	567,972	319,999	2,936,977
Investments available for sale	28,517,844	28,953,312	31,615,939
Loans	40,603,005	42,094,135	46,870,501
Accounts payable and other credit balances	2,191,883	1,362,917	-
<b>(ii) Fiduciary assets</b>			
Funds managed by the Parent Company	10,897,930	12,331,597	14,669,605
		Three months ended June 30,	
		2010	2009
<b>(iii) Interim condensed consolidated statement of income</b>			
Interest income		2,401	4,194
Portfolio management fees, commission and others		31,573	49,006
Finance charges		(295,367)	(427,369)
<b>(iv) Compensation to key management personnel:</b>			
Short-term benefits		70,303	66,937
Termination benefits		5,049	5,400

**18. Capital commitments and contingent liabilities**

	June 30, 2010	March 31, 2010 (Audited)	June 30, 2009
Letters of guarantee	5,576,105	5,576,105	506,526
Uncalled capital for investments	4,019,900	4,012,550	4,006,425
	9,596,005	9,588,655	4,512,951



JUNE 30, 2010

### 19. Segment information

- Investing activities: represent direct investment
- Investment services: represent portfolio management fees for others and funds management fees and others.
- Lending activities: represent direct lending to others and acting as brokerage in lending and borrowing activities.
- Real estate activities: represent investment in real estate and managing real estate portfolios.

There are no inter-segmental transactions. The following segments are the basis on which the Group represents its primary segment information:

## 20. The General Assembly

The Shareholders' Annual General Assembly held on July 19, 2010 approved the distribution of cash dividends of 15 fils per share amounting to KD 3,829,256 for the year ended March 31, 2010.

The Shareholders' Annual General Assembly held on August 3, 2009 approved not to distribute any dividends for the year ended March 31, 2009.