

**Gulf Investment House K.S.C.P. and
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2015 (UNAUDITED)



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Investment House K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") as at 30 June 2015 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six 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 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 condensed 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 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 25 of 2012, as amended and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

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 organisation of banking business, and its related regulations, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN
LICENSE NO. 100 A
AL SULTAN AND PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

17 August 2015
Kuwait

Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 KD	2014 KD	2015 KD	2014 KD
INCOME					
Management fees		-	281,130	-	281,130
Realised gain on sale of financial assets at fair value through profit or loss		-	6,362	-	83,221
Unrealised gain (loss) on financial assets at fair value through profit or loss	5	35,744	(99,686)	(29,702)	(147,842)
Realised gain (loss) on sale of financial assets available for sale		23,483	(27,624)	23,483	(27,624)
Share of results of associates	7	(2,063,515)	124,599	(1,320,713)	636,599
Change in fair value of investment properties		(1,442,581)	-	(1,442,581)	-
Dividend income		21,057	18,061	21,565	26,193
Other income		25,223	6,581	38,523	371,675
TOTAL INCOME		(3,400,589)	309,423	(2,709,425)	1,223,352
EXPENSES					
Administrative expenses		(73,015)	(81,114)	(120,126)	(142,676)
Staff cost		(124,761)	(118,507)	(246,538)	(257,808)
Foreign exchange gain		20,030	652	19,982	(823)
Impairment loss on financial assets available for sale and others	6	(2,178,837)	(8,866)	(2,201,830)	(172,818)
Impairment loss on investment in associates	7	(248,779)	-	(248,779)	-
Murabaha charges		(456,275)	(421,405)	(882,740)	(838,072)
Investment expenses		(41,068)	(43,455)	(88,779)	(75,533)
TOTAL EXPENSES		(3,102,705)	(672,695)	(3,768,810)	(1,487,730)
LOSS FOR THE PERIOD		(6,503,294)	(363,272)	(6,478,235)	(264,378)
Attributable to:					
Equity holders of the Parent Company		(6,421,005)	(363,272)	(6,395,946)	(264,378)
Non-controlling interest		(82,289)	-	(82,289)	-
Basic and diluted loss per share attributable to equity holders of the Parent Company (fils)	3	(39.89)	(2.32)	(39.74)	(1.69)

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

Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2015

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
LOSS FOR THE PERIOD	(6,503,294)	(363,272)	(6,478,235)	(264,378)
Other comprehensive income (loss):				
<i>Other comprehensive (loss) income to be reclassified to consolidated statement of income in subsequent periods:</i>				
Financial assets available for sale				
- Net change in fair values	(639,811)	14,693	(690,761)	(541,450)
- Transfer to interim condensed consolidated statement of income on sale of financial assets available for sale	(23,483)	27,624	(23,483)	27,624
- Transfer to interim condensed consolidated statement of income on impairment	1,267,743	8,866	1,290,736	172,818
Share of other comprehensive income of associates	51,910	(8,516)	251,722	(13,428)
Foreign currency translation adjustments	50,081	108,977	113,195	105,963
Other comprehensive income (loss) for the period	706,440	151,644	941,409	(248,473)
Total comprehensive loss for the period	(5,796,854)	(211,628)	(5,536,826)	(512,851)
Attributable to:				
Equity holders of the Parent Company	(5,795,672)	(223,423)	(5,457,434)	(523,987)
Non-controlling interests	(1,182)	11,795	(79,392)	11,136
	(5,796,854)	(211,628)	(5,536,826)	(512,851)

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

Gulf Investment House K.S.C.P. and Subsidiaries

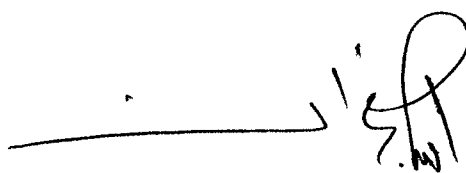
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2015

		(Audited)	
	Notes	30 June 2015 KD	31 December 2014 KD
		30 June 2015 KD	30 June 2014 KD
ASSETS			
Bank balances and short-term deposits	4	3,648,625	3,353,938
Financial assets at fair value through profit or loss	5	735,493	777,625
Financial assets available for sale		6,226,982	6,938,158
Investment in associates	7	32,845,123	34,898,754
Investment properties		3,699,216	4,847,672
Other assets		120,476	573,622
TOTAL ASSETS		47,275,915	51,389,769
EQUITY AND LIABILITIES			
Equity			
Share capital		16,420,244	16,420,244
Share options reserve		-	-
Statutory reserve		1,475,216	2,041,720
Cumulative changes in fair values		678,746	(149,468)
Foreign currency translation reserve		(36,472)	(146,770)
Treasury shares	8	(1,241,785)	(2,982,298)
Treasury shares reserve		-	940,578
Accumulated losses		(8,024,864)	(1,628,918)
Equity attributable to equity holders of the Parent Company		9,271,085	14,495,088
Non-controlling interests		152,462	231,854
TOTAL EQUITY		9,423,547	14,726,942
Liabilities			
Murabaha payables		36,791,212	35,632,310
Other liabilities		1,061,156	1,030,517
TOTAL LIABILITIES		37,852,368	36,662,827
TOTAL EQUITY AND LIABILITIES		47,275,915	51,389,769



Fahad G. Al Abdul Jaleel
Vice Chairman



Bashar N. Al-Tuwajri
Chief Executive Officer



Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 KD	2014 KD
OPERATING ACTIVITIES			
Loss for the period		(6,478,235)	(264,378)
<i>Non-cash adjustment to reconcile loss for the period to net cash flows:</i>			
Depreciation		458	3,662
Share of results of associates	7	1,320,713	(636,599)
Dividend income		(21,565)	(26,193)
Realised (gain) loss on sale of financial asset available for sale		(23,483)	27,624
Change in fair value of investment properties		1,442,581	-
Impairment of financial assets available for sale and others	6	2,201,830	172,818
Impairment loss of investment in associates		248,779	-
Murabaha charges		882,740	838,072
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		42,132	1,056,912
Other assets		448,953	1,126,694
Other liabilities		(31,536)	(45,321)
Net cash flows from operating activities		<u>33,367</u>	<u>2,253,291</u>
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets available for sale		-	542,618
Purchase of furniture and equipment		(3,295)	-
Dividends received from associates	7	647,731	595,330
Dividends received from others		21,565	26,193
Net cash flows from investing activities		<u>666,001</u>	<u>1,164,141</u>
FINANCING ACTIVITIES			
Dividends paid		(3,180)	(33,591)
Sale of Treasury Shares		233,431	-
Repayment of murabaha payables		-	(2,830,000)
Murabaha charges paid		(634,932)	(618,277)
Net movement in restricted bank accounts		3,180	33,591
Net cash flows used in financing activities		<u>(401,501)</u>	<u>(3,448,277)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		297,867	(30,845)
Cash and cash equivalents at beginning of the period		<u>3,160,025</u>	<u>5,299,110</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4	<u><u>3,457,892</u></u>	<u><u>5,268,265</u></u>

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

Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2015

	Share capital KD	Share options reserve KD	Statutory reserve KD	Cumulative changes in fair values KD	Foreign currency translation reserve KD	Treasury shares KD	Treasury shares reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2015	16,420,244	-	2,041,720	(149,468)	(146,770)	(2,982,298)	940,578	(1,628,918)	14,495,088	231,854	14,726,942
Loss for the period	-	-	-	-	-	-	-	(6,395,946)	(6,395,946)	(82,289)	(6,478,235)
Other comprehensive income	-	-	-	828,214	110,298	-	-	-	938,512	2,897	941,409
Total comprehensive income (loss) for the period	-	-	-	828,214	110,298	-	-	(6,395,946)	(5,457,434)	(79,392)	(5,536,826)
Sale of treasury shares	-	-	(566,504)	-	-	1,740,513	(940,578)	-	233,431	-	233,431
As at 30 June 2015	16,420,244	-	1,475,216	678,746	(36,472)	(1,241,785)	-	(8,024,864)	9,271,085	152,462	9,423,547
As at 1 January 2014	44,219,114	737,322	6,907,296	332,319	(351,432)	(7,847,874)	940,578	(28,049,762)	16,887,561	258,736	17,146,297
Loss for the period	-	-	-	-	-	-	-	(264,378)	(264,378)	-	(264,378)
Other comprehensive (loss) income	-	-	-	(354,436)	94,827	-	-	-	(259,609)	11,136	(248,473)
Total comprehensive (loss) income	-	-	-	(354,436)	94,827	-	-	(264,378)	(523,987)	11,136	(512,851)
As at 30 June 2014	44,219,114	737,322	6,907,296	(22,117)	(256,605)	(7,847,874)	940,578	(28,314,140)	16,363,574	269,872	16,633,446

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2015

1 CORPORATE INFORMATION

This interim condensed consolidated financial information of Gulf Investment House K.S.C.P. (the "Parent Company") and its subsidiaries (the "Group") for the period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 17 August 2015.

The Parent Company is a closed shareholding company registered and incorporated in State of Kuwait on 8 September 1998 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is registered with the Central Bank of Kuwait and Capital Markets Authority as an investment company.

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are carried out in compliance with the Noble Islamic Sharee'a, as approved by the Parent Company's Fatwa and Sharee'a Supervisory Board.

The Parent Company's registered head office is at Dar Al-Awadi Tower, Sharq, Kuwait City, P.O. Box 28808, 13149 Safat, Kuwait.

The Annual General Assembly for the year ended 31 December 2014 held on 27 May 2015 approved the consolidated financial statements and no dividend was declared for the year ended 31 December 2014.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group is prepared in accordance with IAS 34, "Interim Financial Reporting", except as noted below.

The audited consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

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 reporting period starting from 1 July 2014 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 does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014. 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 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2015

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)**Standards issued but not yet effective***IFRS 9: Financial Instruments*

The IASB issued IFRS 9 - Financial Instruments in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of this standard will have an effect on the classification and measurement of Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's consolidated financial statements, when adopted.

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, IFRIC 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 Group 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.

3 BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share is computed by dividing the loss for the period attributable to equity holders of the Parent Company by the weighted average number of shares of the Parent Company, less treasury shares, outstanding during the period.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Loss for the period attributable to equity holders of the Parent Company	(6,421,005)	(363,272)	(6,395,944)	(264,378)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares for basic and diluted loss per share (excluding treasury shares)	160,952,440	156,398,254	160,952,440	156,398,254
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
Basic and diluted loss per share attributable to equity holders of the Parent Company	(39.89)	(2.32)	(39.74)	(1.69)

The prior period comparative information has been restated for the effect of reduction of share capital.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 June 2015

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows include the following amounts:

	30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	30 June 2014 KD
Bank balances and short-term deposits	3,648,625	3,353,938	5,517,221
Less: balances in restricted bank accounts	(190,733)	(193,913)	(248,956)
	<u>3,457,892</u>	<u>3,160,025</u>	<u>5,268,265</u>

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 KD	<i>(Audited)</i> 31 December 2014 KD	30 June 2014 KD
<i>Designated at fair value through profit or loss:</i>			
Quoted securities	339,129	393,938	421,404
Unquoted securities	329,918	306,049	349,932
Unquoted funds managed by external fund managers	66,446	77,638	75,296
	<u>735,493</u>	<u>777,625</u>	<u>846,632</u>

Unrealised gain (loss) is analysed as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2015 KD	2014 KD	2015 KD	2014 KD
<i>Designated at fair value through profit or loss:</i>				
Quoted securities	(22,906)	(79,049)	(54,808)	(24,315)
Unquoted securities	59,030	1,492	23,869	(98,684)
Unquoted funds managed by external fund managers	(380)	(22,129)	1,237	(24,843)
	<u>35,744</u>	<u>(99,686)</u>	<u>(29,702)</u>	<u>(147,842)</u>

Fair values of certain unquoted securities are determined using valuation techniques that are not based on observable market prices or rates (Note 11).

6 IMPAIRMENT LOSS ON FINANCIAL ASSETS AVAILABLE FOR SALE AND OTHERS

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2015 KD	2014 KD	2015 KD	2014 KD
Impairment loss on financial assets available for sale	1,267,743	8,866	1,290,736	172,818
Others	911,094	-	911,094	-
	<u>2,178,837</u>	<u>8,866</u>	<u>2,201,830</u>	<u>172,818</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2015

7 INVESTMENT IN ASSOCIATES

	<i>30 June</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 June</i> <i>2014</i> <i>KD</i>
<i>Carrying amount of investment in associates</i>			
Balance at the beginning of the period	34,898,754	34,050,726	34,050,726
Addition	-	977,771	977,771
Capital redemption	(88,130)	(426,905)	-
Impairment	(248,779)	-	-
Share of results	(1,320,713)	1,191,277	636,599
Share of other comprehensive income (loss)	251,722	(298,786)	(13,428)
Dividends	(647,731)	(595,329)	(595,330)
Balance at the end of the period	<u>32,845,123</u>	<u>34,898,754</u>	<u>35,056,338</u>

8 TREASURY SHARES

	<i>30 June</i> <i>2015</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i>	<i>30 June</i> <i>2014</i>
Number of treasury shares	3,250,000	7,805,275	20,536,596
Percentage of issued shares	1.98%	4.75%	4.64%
Cost (KD)	1,241,785	2,982,298	7,847,874
Market value (KD)	162,500	421,426	462,042
Weighted average market value per share (fils)	55	42	44

9 RELATED PARTY TRANSACTIONS

These represent transactions with associates, major shareholders, directors and executive officers of the Parent Company and entities controlled, jointly controlled or significantly influenced by such parties. The Parent Company's management approves pricing policies and terms of these transactions. Significant transactions with Group's related parties included are as follows:

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>30 June</i> <i>2015</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2014</i> <i>KD</i>	<i>30 June</i> <i>2014</i> <i>KD</i>
Bank balances and short-term deposits	86,186	86,186	73,821	973,430
Murabaha payables	36,791,212	36,791,212	35,632,310	37,855,440

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Six months ended</i> <i>30 June</i>	
		<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Murabaha charges	882,740	882,740	838,072

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2015

9 RELATED PARTY TRANSACTIONS (continued)**Key management compensation:**

	<i>Six months ended</i> <i>30 June</i>	
	<i>2015</i> <i>KD</i>	<i>2014</i> <i>KD</i>
Salaries and other short-term benefits	59,256	55,650
Terminal benefits	1,995	1,531
	<u>61,251</u>	<u>57,181</u>

10 SEGMENT INFORMATION

For management purposes, the Group is organised into six main business segments based on internal reporting provided to the chief operating decision maker:

- Islamic financing : Providing a range of Islamic products to corporate customers;
Investment : Managing direct investments and investments in subsidiaries and associates; and
Real estate : Managing trading and investment properties.

	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Six months ended 30 June 2015					
Segment income	-	(1,305,366)	(1,442,581)	38,522	(2,709,425)
Segment result	-	(3,816,401)	(1,442,581)	(1,219,253)	(6,478,235)
As at 30 June 2015					
Segment assets	-	43,573,705	3,699,216	2,994	47,275,915
Six months ended 30 June 2014					
Segment income	-	851,677	-	371,675	1,223,352
Segment result	-	(234,744)	-	(29,634)	(264,378)
As at 30 June 2014					
Segment assets	-	52,120,840	3,377,998	-	55,498,838

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 June 2015

11 FAIR VALUES 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. As at the reporting date, the fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 814,782 (31 December 2014: KD 1,400,332 and 30 June 2014: KD 4,038,912), are not materially different from their carrying values.

Determination of fair value and fair value hierarchy:

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

Level 1: quoted prices in active market for the same instrument

Level 2: quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data ; and

Level 3: valuation techniques for which any significant input is 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>Level: 3</i>	<i>Total fair value</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
30 June 2015			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	339,129	-	339,129
- Unquoted securities	-	329,918	329,918
- Unquoted funds managed by external fund managers	-	66,446	66,446
	<u>339,129</u>	<u>396,364</u>	<u>735,493</u>
 <i>Financial assets available for sale:</i>			
- Unquoted investments	-	4,494,694	4,494,694
- Unquoted funds managed by external fund managers	-	917,507	917,507
	-	<u>5,412,201</u>	<u>5,412,201</u>
 31 December 2014			
<i>Financial assets at fair value through profit or loss</i>			
- Quoted equity securities	393,938	-	393,938
- Unquoted equity securities	-	306,049	306,049
- Unquoted funds	-	77,638	77,638
	<u>393,938</u>	<u>383,687</u>	<u>777,625</u>
 <i>Financial assets available for sale:</i>			
- Unquoted equity securities	-	4,872,567	4,872,567
- Unquoted funds	-	665,259	665,259
	-	<u>5,537,826</u>	<u>5,537,826</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2015

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

30 June 2014	<i>Level: 1</i> <i>KD</i>	<i>Level: 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	421,404	-	421,404
- Unquoted securities	-	349,932	349,932
- Quoted funds managed by external fund managers	-	75,296	75,296
	<u>421,404</u>	<u>425,228</u>	<u>846,632</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	5,577,401	5,577,401
- Unquoted funds managed by external fund managers	-	307,150	307,150
	<u>-</u>	<u>5,884,551</u>	<u>5,884,551</u>

There were no transfers between fair value hierarchies during the period ended 30 June 2015.

Gulf Investment House K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2015

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Movement in Level 3 financial instrument is as follows:

	At 1 January KD	Transfer from carried at cost KD	Unrealised gain (loss) recorded in the interim consolidated statement of income KD	Unrealised (gain) loss recorded in interim condensed statement of comprehensive income KD	Impairment recorded in interim consolidated statement of income KD	Net sales KD	At 30 June KD
30 June 2015:							
Assets measured at fair value							
<i>Financial assets at fair value through profit or loss:</i>							
- Unquoted equity securities	306,049	-	23,869	-	-	-	329,918
- Unquoted funds	77,638	-	1,237	-	-	(12,429)	66,446
<i>Financial assets available for sale:</i>							
- Unquoted equity securities	4,872,567	137,383	-	606,749	(1,122,005)	-	4,494,694
- Unquoted funds	665,259	427,754	-	(6,775)	(168,731)	-	917,507
	<u>5,921,513</u>	<u>565,137</u>	<u>25,106</u>	<u>599,974</u>	<u>(1,290,736)</u>	<u>(12,429)</u>	<u>5,808,565</u>
30 June 2014:							
Assets measured at fair value							
<i>Financial assets at fair value through profit or loss:</i>							
- Unquoted equity securities	1,367,963	-	(98,684)	-	-	(919,347)	349,932
- Unquoted funds	481,927	-	(24,843)	-	-	(381,788)	75,296
<i>Financial assets available for sale:</i>							
- Unquoted equity securities	6,626,431	-	-	(328,107)	(172,818)	(548,105)	5,577,401
- Unquoted funds	342,189	-	-	(35,039)	-	-	307,150
	<u>8,818,510</u>	<u>-</u>	<u>(123,527)</u>	<u>(363,146)</u>	<u>(172,818)</u>	<u>(1,849,240)</u>	<u>6,309,779</u>