

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 SEPTEMBER 2016 (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 September 2016 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine 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 nine 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. 1 of 2016, and its Executive Regulations, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 30 September 2016 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 nine months period ended 30 September 2016 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 November 2016  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 KD	2015 KD	2016 KD	2015 KD
<b>INCOME</b>					
Management fees		-	324,982	-	324,982
Realised gain on sale of financial assets at fair value through profit or loss		-	111	-	111
Unrealised gain (loss) on financial assets at fair value through profit or loss	5	<b>50,858</b>	(82,959)	<b>1,135</b>	(112,661)
Realised gain on sale of financial assets available for sale		-	-	-	23,483
Share of results of associates	6	<b>369,563</b>	265,171	<b>1,624,950</b>	(1,055,542)
Change in fair value of investment properties		-	-	-	(1,442,581)
Dividend income		-	-	<b>6,023</b>	21,565
Other income		<b>26,586</b>	178,831	<b>91,254</b>	217,354
<b>TOTAL INCOME (LOSS)</b>		<b>447,007</b>	686,136	<b>1,723,362</b>	(2,023,289)
<b>EXPENSES</b>					
Administrative expenses		<b>(54,759)</b>	(52,478)	<b>(148,497)</b>	(172,604)
Staff cost		<b>(112,266)</b>	(109,288)	<b>(341,145)</b>	(355,826)
Foreign exchange (loss) gain		<b>(1,355)</b>	(1,776)	<b>(12,364)</b>	18,206
Impairment loss on financial assets available for sale		<b>(206,246)</b>	(215,260)	<b>(861,224)</b>	(2,417,090)
Impairment loss on investment in associates		-	-	-	(248,779)
Murabaha charges		<b>(383,735)</b>	(260,232)	<b>(897,147)</b>	(1,142,972)
Investment expenses		<b>(25,958)</b>	(40,042)	<b>(78,620)</b>	(128,821)
<b>TOTAL EXPENSES</b>		<b>(784,319)</b>	(679,076)	<b>(2,338,997)</b>	(4,447,886)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(337,312)</b>	7,060	<b>(615,635)</b>	(6,471,175)
<b>Attributable to:</b>					
Equity holders of the Parent Company		<b>(337,312)</b>	7,060	<b>(615,635)</b>	(6,388,886)
Non-controlling interest		-	-	-	(82,289)
		<b>(337,312)</b>	7,060	<b>(615,635)</b>	(6,471,175)
<b>Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company (fils)</b>					
	3	<b>(2.05)</b>	0.04	<b>(3.75)</b>	(38.91)

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 September 2016

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>
<b>(LOSS) PROFIT FOR THE PERIOD</b>	<b>(337,312)</b>	<b>7,060</b>	<b>(615,635)</b>	<b>(6,471,175)</b>
<b>Other comprehensive income:</b>				
<i>Items that are or may be reclassified</i> <i>subsequently to consolidated statement</i> <i>of income:</i>				
Financial assets available for sale				
- Net change in fair values	<b>(322,980)</b>	(269,415)	<b>(737,899)</b>	(960,176)
- Transfer to interim condensed consolidated statement of income on sale of financial assets available for sale	-	-	-	(23,483)
- Transfer to interim condensed consolidated statement of income on impairment	<b>206,246</b>	215,260	<b>861,224</b>	1,505,996
Share of other comprehensive income of associates (Note 6)	<b>296,666</b>	387,900	<b>283,788</b>	639,622
Foreign currency translation adjustments	<b>1,483</b>	(58,929)	<b>(16,931)</b>	54,266
<b>Other comprehensive income for the period</b>	<b>181,415</b>	<b>274,816</b>	<b>390,182</b>	<b>1,216,225</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(155,897)</b>	<b>281,876</b>	<b>(225,453)</b>	<b>(5,254,950)</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>(157,448)</b>	287,455	<b>(224,582)</b>	(5,169,978)
Non-controlling interests	<b>1,551</b>	(5,579)	<b>(871)</b>	(84,972)
	<b>(155,897)</b>	<b>281,876</b>	<b>(225,453)</b>	<b>(5,254,950)</b>


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

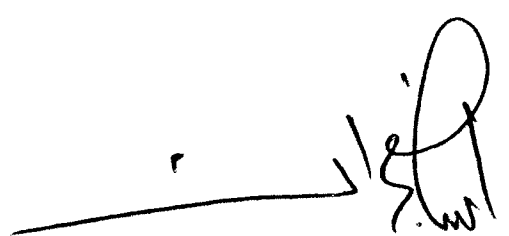
Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2016

		30 September 2016 KD	(Audited) 31 December 2015 KD	30 September 2015 KD
<b>ASSETS</b>				
Bank balances and short-term deposits	4	2,162,712	4,994,900	4,907,067
Financial assets at fair value through profit or loss	5	492,522	612,132	604,028
Investment in associates	6	33,980,784	32,874,936	32,784,389
Financial assets available for sale	7	5,748,411	5,587,825	5,888,560
Investment properties		3,437,038	3,453,969	3,640,287
Other assets		49,301	121,237	128,365
<b>TOTAL ASSETS</b>		<b>45,870,768</b>	<b>47,644,999</b>	<b>47,952,696</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		16,420,244	16,420,244	16,420,244
Statutory reserve		343,089	343,089	343,089
Cumulative changes in fair values		1,462,696	1,055,583	1,012,491
Foreign currency translation reserve		(104,097)	(88,037)	(89,821)
Accumulated losses		(8,330,030)	(7,714,395)	(8,017,804)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>9,791,902</b>	<b>10,016,484</b>	<b>9,668,199</b>
Non-controlling interests		140,273	141,144	146,882
<b>TOTAL EQUITY</b>		<b>9,932,175</b>	<b>10,157,628</b>	<b>9,815,081</b>
<b>Liabilities</b>				
Murabaha payables	8	35,024,078	36,390,900	37,051,444
Other liabilities		914,515	1,096,471	1,086,171
<b>TOTAL LIABILITIES</b>		<b>35,938,593</b>	<b>37,487,371</b>	<b>38,137,615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,870,768</b>	<b>47,644,999</b>	<b>47,952,696</b>

  
Khaled Suhail Al Ajlan  
Chairman

  
Bashar N. Al-Tuwaijri  
Chief Executive Officer

The attached notes I 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 CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2016

	Notes	<i>Nine months ended 30 September</i>	
		<i>2016</i>	<i>2015</i>
		<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(615,635)	(6,471,175)
<i>Non-cash adjustment to reconcile loss for the period to net cash flows:</i>			
Depreciation		825	732
Share of results of associates	6	(1,624,950)	1,055,542
Dividend income		(6,023)	(21,565)
Realised gain on sale of financial asset available for sale		-	(23,483)
Change in fair value of investment properties		-	1,442,581
Impairment loss on financial assets available for sale		861,224	2,417,090
Impairment loss on investment in associates		-	248,779
Murabaha charges		897,147	1,142,972
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		119,610	173,597
Other assets		71,112	417,306
Other liabilities		(172,668)	9,586
Net cash flows (used in) from operating activities		<u>(469,358)</u>	<u>391,962</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture and equipment		-	(3,294)
Capital redemption of financial assets available for sale		106,199	92,490
Capital redemption of investment in associates		-	713,805
Addition in financial assets available for sale		(1,004,685)	-
Dividends received from associates	6	802,890	647,731
Dividends received from others		6,023	21,565
Net cash flows (used in) from investing activities		<u>(89,573)</u>	<u>1,472,297</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(9,288)	(19,287)
Sale of treasury shares		-	343,089
Repayment of murabaha payables		(1,630,340)	-
Murabaha charges paid		(633,629)	(634,931)
Net movement in restricted bank accounts		9,288	19,287
Net cash flows used in financing activities		<u>(2,263,969)</u>	<u>(291,842)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,822,900)</b>	<b>1,572,417</b>
Cash and cash equivalents at 1 January		<u>4,839,351</u>	<u>3,160,025</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	4	<u><b>2,016,451</b></u>	<u><b>4,732,442</b></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 September 2016

	Share capital 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 2016	16,420,244	343,089	1,055,583	(88,037)	-	-	(7,714,395)	10,016,484	141,144	10,157,628
Loss for the period	-	-	-	-	-	-	(615,635)	(615,635)	-	(615,635)
Other comprehensive income (loss) for the period	-	-	407,113	(16,060)	-	-	-	391,053	(871)	390,182
Total comprehensive income (loss) for the period	-	-	407,113	(16,060)	-	-	(615,635)	(224,582)	(871)	(225,453)
<b>As at 30 September 2016</b>	<b>16,420,244</b>	<b>343,089</b>	<b>1,462,696</b>	<b>(104,097)</b>	<b>-</b>	<b>-</b>	<b>(8,330,030)</b>	<b>9,791,902</b>	<b>140,273</b>	<b>9,932,175</b>
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	-	-	-	-	-	-	(6,388,886)	(6,388,886)	(82,289)	(6,471,175)
Other comprehensive income (loss) for the period	-	-	1,161,959	56,949	-	-	-	1,218,908	(2,683)	1,216,225
Total comprehensive income (loss) for the period	-	-	1,161,959	56,949	-	-	(6,388,886)	(5,169,978)	(84,972)	(5,254,950)
Sale of treasury shares	-	(1,698,631)	-	-	2,982,298	(940,578)	-	343,089	-	343,089
As at 30 September 2015	16,420,244	343,089	1,012,491	(89,821)	-	-	(8,017,804)	9,668,199	146,882	9,815,081

The attached notes I to II form part of this interim condensed consolidated financial information

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

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

30 September 2016

### 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 September 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 17 November 2016.

The Parent Company is a listed public Kuwaiti shareholding company registered and incorporated in State of Kuwait on 8 September 1998 under the Commercial Companies Law. The Parent Company is registered with the Central Bank of Kuwait and Capital Markets Authority as an investment company.

The new Companies Law No 1 of 2016 was issued on 24 January 2016 and was published in Official Gazette on 1 February 2016 which cancelled the Companies Law No 25 of 2012, and its amendments. According to Article No 5, the new law will be effective retrospectively from 26 November 2012. 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 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 2015 held on 19 September 2016 approved the consolidated financial statements.

### 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 2015 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 2015, 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 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 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 2015. 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 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 September 2016

**3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE**

Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares of the Parent Company.

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>
(Loss) profit for the period attributable to equity holders of the Parent Company	<u>(337,312)</u>	<u>7,060</u>	<u>(615,635)</u>	<u>(6,388,886)</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares for basic and diluted (loss) earnings per share	<u>164,202,440</u>	<u>164,202,440</u>	<u>164,202,440</u>	<u>164,202,440</u>
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
<b>Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company</b>	<u><b>(2.05)</b></u>	<u><b>0.04</b></u>	<u><b>(3.75)</b></u>	<u><b>(38.91)</b></u>

As there are no dilutive instruments outstanding, basic and diluted (loss) earnings per share are identical.

**4 CASH AND CASH EQUIVALENTS**

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

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2015</i> <i>KD</i>
Bank balances and short-term deposits	<u>2,162,712</u>	<u>4,994,900</u>	<u>4,907,067</u>
Less: balances in restricted bank accounts	<u>(146,261)</u>	<u>(155,549)</u>	<u>(174,625)</u>
	<u><b>2,016,451</b></u>	<u><b>4,839,351</b></u>	<u><b>4,732,442</b></u>

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>	<i>2015</i> <i>KD</i>
<i>Designated at fair value through profit or loss:</i>			
Quoted securities	<u>199,608</u>	<u>287,020</u>	<u>294,099</u>
Unquoted securities	<u>268,163</u>	<u>300,361</u>	<u>285,178</u>
Unquoted funds managed by external fund managers	<u>24,751</u>	<u>24,751</u>	<u>24,751</u>
	<u><b>492,522</b></u>	<u><b>612,132</b></u>	<u><b>604,028</b></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 September 2016

**5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

Unrealised gain (loss) is analysed as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Designated at fair value through profit or loss:</i>				
Quoted securities	<b>27,854</b>	(40,006)	<b>33,334</b>	(94,814)
Unquoted securities	<b>23,004</b>	(44,741)	<b>(32,199)</b>	(20,872)
Unquoted funds managed by external fund managers	-	1,788	-	3,025
	<b>50,858</b>	(82,959)	<b>1,135</b>	(112,661)

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

**6 INVESTMENT IN ASSOCIATES**

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2016</i>	<i>31 December</i>	<i>30 September</i>
	<i>KD</i>	<i>2015</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Carrying amount of investment in associates</i>			
Balance at the beginning of the period	<b>32,874,936</b>	34,898,754	34,898,754
Addition	-	287,818	-
Capital redemption	-	(801,935)	(801,935)
Share of results	<b>1,624,950</b>	(1,006,407)	(1,055,542)
Share of other comprehensive income	<b>283,788</b>	630,003	639,622
Impairment	-	(248,779)	(248,779)
Dividends	<b>(802,890)</b>	(884,518)	(647,731)
Balance at the end of the period	<b>33,980,784</b>	32,874,936	32,784,389

**7 FINANCIAL ASSETS AVAILABLE FOR SALE**

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2016</i>	<i>31 December</i>	<i>2015</i>
	<i>KD</i>	<i>2015</i>	<i>2015</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted securities	<b>840,920</b>	-	-
Unquoted equity securities	<b>4,055,126</b>	4,563,962	4,274,402
Unquoted funds managed by external fund managers	<b>852,365</b>	1,023,863	1,614,158
	<b>5,748,411</b>	5,587,825	5,888,560

Certain unquoted equity securities and unquoted managed funds amounting to KD 464,780 (31 December 2015: KD 526,965 and 30 September 2015: KD 814,782 ) are carried at cost, less impairment, due to the unpredictable nature of their future cash flows and lack of other suitable methods for arriving at a reliable fair value of these investments.

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

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

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

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### 8 MURABAHA PAYABLES

During the period, the Group has successfully rescheduled its murabaha facilities with a financial institution which is also a related party. Under the rescheduled agreement, the terms of repayment have been extended over a period of 5 years up to 2021.

The Group expects to incur murabaha charges amounting to KD 1,283,927 until 31 December 2016, taking into consideration the remaining outstanding principal amount, the remaining period of the facility at 1% above the CBK discount rate as at 30 September 2016.

### 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 shareholders KD</i>	<i>30 September 2016 KD</i>	<i>(Audited) 31 December 2015 KD</i>	<i>30 September 2015 KD</i>
Bank balances	227,685	227,685	76,938	73,211
Murabaha payables	35,024,078	35,024,078	36,390,900	37,051,444

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

	<i>Major shareholders KD</i>	<i>Nine months ended 30 September</i>	
	<i>KD</i>	<i>2016 KD</i>	<i>2015 KD</i>
Murabaha charges	897,147	897,147	1,142,972

#### Key management compensation:

	<i>Nine months ended 30 September</i>	
	<i>2016 KD</i>	<i>2015 KD</i>
Salaries and other short-term benefits	91,584	89,784
Terminal benefits	3,022	3,014
	<u>94,606</u>	<u>92,798</u>

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**10 SEGMENT INFORMATION**

For management purposes, the Group is organised into three 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>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<b>Nine months ended 30 September 2016</b>				
Unrealised gain on financial assets at fair value though profit or loss	1,135	-	-	1,135
Share of results of associates	1,624,950	-	-	1,624,950
Impairment loss on financial assets available for sale	(861,224)	-	-	(861,224)
Murabaha charges	(897,147)	-	-	(897,147)
Segment result	(204,883)	-	(410,752)	(615,635)
<b>Nine months ended 30 September 2015</b>				
Unrealised loss on financial assets at fair value though profit or loss	(112,661)	-	-	(112,661)
Share of results of associates	(1,055,242)	-	-	(1,055,242)
Change in fair value of investment properties	-	(1,442,581)	-	(1,442,581)
Impairment loss on financial assets available for sale	(2,417,090)	-	-	(2,417,090)
Impairment loss on investment in associates	(248,779)	-	-	(248,779)
Murabaha charges	(1,142,972)	-	-	(1,142,972)
Segment result	(3,824,629)	(1,442,581)	(1,203,965)	(6,471,175)

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**10 SEGMENT INFORMATION (continued)**

	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<b>As at 30 September 2016</b>				
<b>Segment assets</b>	<b>42,432,112</b>	<b>3,437,038</b>	<b>1,618</b>	<b>45,870,768</b>
<b>Segment liabilities</b>	<b>35,024,078</b>	<b>-</b>	<b>914,515</b>	<b>35,938,593</b>
<b>Other disclosures</b>				
Investment in associates	33,980,784	-	-	33,980,784
<b>As at 31 December 2015</b>				
Segment assets	44,188,586	3,453,969	2,444	47,644,999
Segment liabilities	36,390,900	-	1,096,471	37,487,371
<b>Other disclosures</b>				
Investment in associates	32,874,936	-	-	32,874,936
<b>As at 30 September 2015</b>				
Segment assets	44,309,689	3,640,287	2,720	47,952,696
Segment liabilities	37,051,444	-	1,086,171	38,137,615
<b>Other disclosures</b>				
Investment in associates	32,784,389	-	-	32,784,389

There were no activities or any related assets or liabilities recorded under the Islamic Financing segment in the current period. (31 December 2015: KD Nil and 30 September 2015: KD Nil)

**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 464,780 (31 December 2015: KD 526,965 and 30 September 2015: KD 814,782), 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.

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**11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

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

	<i>Level: 1</i> KD	<i>Level: 3</i> KD	<i>Total fair value</i> KD
<b>30 September 2016</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	199,608	-	199,608
- Unquoted securities	-	268,163	268,163
- Unquoted funds managed by external fund managers	-	24,751	24,751
	<u>199,608</u>	<u>292,914</u>	<u>492,522</u>
<i>Financial assets available for sale:</i>			
- Quoted investments	840,920	-	840,920
- Unquoted investments	-	4,055,126	4,055,126
- Unquoted funds managed by external fund managers	-	387,585	387,585
	<u>840,920</u>	<u>4,442,711</u>	<u>5,283,631</u>
<b>31 December 2015</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted equity securities	287,020	-	287,020
- Unquoted equity securities	-	300,361	300,361
- Unquoted funds	-	24,751	24,751
	<u>287,020</u>	<u>325,112</u>	<u>612,132</u>
<i>Financial assets available for sale:</i>			
- Unquoted equity securities	-	4,563,962	4,563,962
- Unquoted funds	-	496,899	496,899
	<u>-</u>	<u>5,060,861</u>	<u>5,060,861</u>
<b>30 September 2015</b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	294,099	-	294,099
- Unquoted securities	-	285,178	285,178
- Unquoted funds managed by external fund managers	-	24,751	24,751
	<u>294,099</u>	<u>309,929</u>	<u>604,028</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	4,274,402	4,274,402
- Unquoted funds managed by external fund managers	-	799,376	799,376
	<u>-</u>	<u>5,073,778</u>	<u>5,073,778</u>

There were no transfers between fair value hierarchies during the period ended 30 September 2016.

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

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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 loss recorded in the interim condensed consolidated statement of income KD	Unrealised loss recorded in interim condensed consolidated statement of comprehensive income KD	Impairment recorded in interim condensed consolidated statement of income KD	Redemption/ Net sales KD	At 30 September KD
<b>30 September 2016:</b>							
<b>Assets measured at fair value</b>							
<i>Financial assets at fair value through profit or loss:</i>							
- Unquoted equity securities	300,361	-	(32,198)	-	-	-	268,163
- Unquoted funds	24,751	-	-	-	-	-	24,751
<i>Financial assets available for sale:</i>							
- Unquoted equity securities	4,563,962	62,182	-	(49,134)	(521,884)	-	4,055,126
- Unquoted funds	496,899	-	-	(3,115)	-	(106,199)	387,585
	<u>5,385,973</u>	<u>62,182</u>	<u>(32,198)</u>	<u>(52,249)</u>	<u>(521,884)</u>	<u>(106,199)</u>	<u>4,735,625</u>
<b>30 September 2015:</b>							
<b>Assets measured at fair value</b>							
<i>Financial assets at fair value through profit or loss:</i>							
- Unquoted equity securities	306,049	-	(20,871)	-	-	-	285,178
- Unquoted funds	77,638	-	3,025	-	-	(55,912)	24,751
<i>Financial assets available for sale:</i>							
- Unquoted equity securities	4,872,567	137,383	-	610,445	(1,337,265)	(8,728)	4,274,402
- Unquoted funds	665,259	427,754	-	(64,626)	(168,731)	(60,280)	799,376
	<u>5,921,513</u>	<u>565,137</u>	<u>(17,846)</u>	<u>545,819</u>	<u>(1,505,996)</u>	<u>(124,920)</u>	<u>5,383,707</u>