

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 SEPTEMBER 2014 (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 2014 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 25 of 2012, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association during the nine months period ended 30 September 2014 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 2014 that might have had a material effect on the business of the Parent Company or on its financial position.

WALÉED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

ALI A. AL-HASAWI
LICENSE NO.30-A
RÖDL MIDDLE EAST
BURGAN – INTERNATIONAL ACCOUNTANTS

6 November 2014
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 KD	2013 KD	2014 KD	2013 KD
INCOME					
Wakala income		-	-	-	4,295
Management fees		-	-	281,130	-
Realised gain on sale of financial assets at fair value through profit or loss		391	10,566	83,612	551,589
Unrealised gain (loss) on financial assets at fair value through profit or loss	5	46,531	7,721	(101,311)	391,060
Realised gain (loss) on sale of financial assets available for sale		-	13,278	(27,624)	13,278
Share of results of associates	6	593,974	176,767	1,230,573	389,767
Dividend income		-	-	26,193	18,571
Realised gain on sale of investment properties		-	274,437	-	274,437
Rental income from investment properties		-	25,320	-	78,292
Other income		6,520	17,124	378,195	42,332
TOTAL INCOME		647,416	525,213	1,870,768	1,763,621
EXPENSES					
Administrative expenses		(56,173)	(61,966)	(198,849)	(215,249)
Staff cost		(114,845)	(115,784)	(372,653)	(483,831)
Foreign exchange gain (loss)		3,832	(13,324)	3,008	8,594
Reversal of provision for credit losses		-	-	-	158,423
Impairment loss on financial assets available for sale		(95,642)	(306,661)	(268,460)	(310,221)
Murabaha charges		(416,707)	(414,262)	(1,254,779)	(1,229,122)
Investment expenses		(50,191)	(64,206)	(125,724)	(184,166)
TOTAL EXPENSES		(729,726)	(976,203)	(2,217,457)	(2,255,572)
LOSS FOR THE PERIOD		(82,310)	(450,990)	(346,689)	(491,951)
Attributable to:					
Equity holders of the Parent Company		(82,310)	(450,990)	(346,689)	(491,951)
Basic and diluted loss per share attributable to equity holders of the Parent Company					
	3	(0.53) fils	(2.88) fils	(2.22) fils	(3.15) fils

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 2014

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014 KD</i>	<i>2013 KD</i>	<i>2014 KD</i>	<i>2013 KD</i>
LOSS FOR THE PERIOD	(82,310)	(450,990)	(346,689)	(491,951)
Other comprehensive income:				
<i>Other comprehensive to be reclassified to consolidated statement of income in subsequent periods:</i>				
Financial assets available for sale				
- Net change in fair values	22,256	(89,025)	(519,194)	(60,622)
- Transfer to interim condensed consolidated statement of income on sale of financial assets available for sale	-	(13,278)	27,624	(13,278)
- Transfer to interim condensed consolidated statement of income on impairment	95,642	306,661	268,460	310,221
Share of other comprehensive income of associates	(157,455)	63,794	(170,883)	811,427
Foreign currency translation adjustments	(4,261)	(320,957)	101,703	(293,047)
Other comprehensive (loss) income for the period	(43,818)	(52,805)	(292,290)	754,701
Total comprehensive (loss) income for the period	(126,128)	(503,795)	(638,979)	262,750
Attributable to:				
Equity holders of the Parent Company	(124,362)	(471,538)	(648,351)	290,270
Non-controlling interests	(1,766)	(32,257)	9,372	(27,520)
	(126,128)	(503,795)	(638,979)	262,750

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 2014

		30 September 2014	(Audited) 31 December 2013	30 September 2013
	Notes	KD	KD	KD
ASSETS				
Bank balances and short-term deposits	4	2,365,591	5,581,657	5,355,064
Financial assets at fair value through profit or loss	5	890,449	2,881,315	3,300,860
Financial assets available for sale		9,934,313	11,007,532	11,768,625
Investment in associates	6	35,492,857	34,050,726	34,001,259
Investment properties		3,373,737	3,262,912	3,696,755
Other assets		175,224	1,916,665	2,894,398
TOTAL ASSETS		52,232,171	58,700,807	61,016,961
EQUITY AND LIABILITIES				
Equity				
Share capital	11	16,420,244	44,219,114	44,219,114
Share options reserve	11	-	737,322	737,322
Statutory reserve	11	2,041,720	6,907,296	6,907,296
Cumulative changes in fair values		(61,674)	332,319	1,021,166
Foreign currency translation reserve		(259,101)	(351,432)	(234,721)
Treasury shares	7& 11	(2,982,298)	(7,847,874)	(7,847,874)
Treasury shares reserve		940,578	940,578	940,578
Accumulated losses	11	(346,689)	(28,049,762)	(26,783,117)
Equity attributable to equity holders of the Parent Company		15,752,780	16,887,561	18,959,764
Non-controlling interests		268,108	258,736	285,225
TOTAL EQUITY		16,020,888	17,146,297	19,244,989
Liabilities				
Murabaha payables		35,215,603	40,465,645	40,679,907
Other liabilities		995,680	1,088,865	1,092,065
TOTAL LIABILITIES		36,211,283	41,554,510	41,771,972
TOTAL EQUITY AND LIABILITIES		52,232,171	58,700,807	61,016,961

Talal Khaled Al-Nasef
Chairman

Bashar N. Al-Tuwajri
Acting Chief Executive Officer

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 CASH FLOWS

(UNAUDITED)

For the period ended 30 September 2014

	Notes	Nine months ended 30 September	
		2014 KD	2013 KD
OPERATING ACTIVITIES			
Loss for the period		(346,689)	(491,951)
<i>Non-cash adjustment to reconcile loss for the period to net cash flows:</i>			
Depreciation		3,671	10,738
Share of results of associates	6	(1,230,573)	(389,767)
Dividend income		(26,193)	(18,571)
Realised loss (gain) on sale of financial asset available for sale		27,624	(13,278)
Realised gain on sale of investment properties		-	(274,437)
Rental income from investment properties		-	(78,292)
Reversal of provision for credit losses		-	(158,423)
Impairment of financial assets available for sale		268,460	310,221
Murabaha charges		1,254,779	1,229,122
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		1,013,095	(481,021)
Wakala receivables		-	1,450,433
Other assets		1,242,216	(2,126,163)
Other liabilities		(49,917)	(1,748,356)
Net cash flows from (used in) operating activities		<u>2,156,473</u>	<u>(2,779,745)</u>
INVESTING ACTIVITIES			
Capital redemption of financial assets available for sale		554,025	118,756
Disposal of financial assets available for sale		-	13,278
Rental income received		-	78,292
Dividends received from associates	6	595,330	433,157
Dividends received from others		26,193	3,571
Proceeds from sale of investment properties		-	2,728,190
Net cash flows from investing activities		<u>1,175,548</u>	<u>3,375,244</u>
FINANCING ACTIVITIES			
Dividends paid		(43,266)	(17,447)
Repayment of murabaha payables		(5,660,000)	(3,005,327)
Murabaha charges paid		(844,821)	(404,014)
Net movement in restricted bank accounts		43,266	17,447
Net cash flows used in financing activities		<u>(6,504,821)</u>	<u>(3,409,341)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(3,172,800)</u>	<u>(2,813,842)</u>
Cash and cash equivalents at beginning of the period		5,299,110	7,885,847
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4	<u>2,126,310</u>	<u>5,072,005</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 2014

	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 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	-	-	-	-	92,331	-	-	(346,689)	(346,689)	-	(346,689)
Other comprehensive (loss) income	-	-	-	(393,993)	-	-	-	-	(301,662)	9,372	(292,290)
Total comprehensive (loss) income	-	-	-	(393,993)	92,331	-	-	(346,689)	(648,351)	9,372	(638,979)
Cancellation of share options (Note 11)	-	-	-	-	-	-	-	(486,430)	(486,430)	-	(486,430)
Write-off of accumulated losses against share capital, share option reserve, and cancellation of treasury shares (Note 11)	(27,798,870)	(737,322)	(4,865,576)	-	-	4,865,576	-	28,536,192	-	-	-
As at 30 September 2014	16,420,244	-	2,041,720	(61,674)	(259,101)	(2,982,298)	940,578	(346,689)	15,752,780	268,108	16,020,888
As at 1 January 2013 (as previously reported)	44,219,114	737,322	6,907,296	31,554	-	(7,847,874)	940,578	(26,355,998)	18,631,992	-	18,631,992
Adjustments for the adoption of IFRS 10 (Note 2)	-	-	-	(58,136)	30,806	-	-	64,832	37,502	312,745	350,247
As at 1 January 2013 (restated)	44,219,114	737,322	6,907,296	(26,582)	30,806	(7,847,874)	940,578	(26,291,166)	18,669,494	312,745	18,982,239
Loss for the period	-	-	-	-	-	-	-	(491,951)	(491,951)	-	(491,951)
Other comprehensive income (loss)	-	-	-	1,047,748	(265,527)	-	-	-	782,221	(27,520)	754,701
Total comprehensive income (loss)	-	-	-	1,047,748	(265,527)	-	-	(491,951)	290,270	(27,520)	262,750
As at 30 September 2013	44,219,114	737,322	6,907,296	1,021,166	(234,721)	(7,847,874)	940,578	(26,783,117)	18,959,764	285,225	19,244,989

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

30 September 2014

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 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 6 November 2014.

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 new Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the "Companies Law"), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree). The Executive Regulations of the new amended law issued on 29 September 2013 was published in the official Gazette on 6 October 2013. As per Article three of the Executive Regulations, companies have one year from the date of publishing the Executive Regulations to comply with the new amended law.

The Annual General Assembly to approve the consolidated financial statements for the year ended 31 December 2013 was held on 19 June 2014 and no dividend was approved for the year ended 31 December 2013.

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 2013 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 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 2013. 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 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

Opening balance as at 1 January 2013 were restated to reflect the consolidation of Extended Hotel Equity Ltd., Commercial Equity Co. and GIH India Diversified Co. following the adoption of 'IFRS 10: Consolidated Financial Statements' during the year ended 31 December 2013.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 September 2014

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

New standards, interpretations, and amendments adopted by the Group

The accounting policies used in the preparation of the 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 2013, except for the adoption of the following new standards and interpretations effective as of 1 January 2014 during the period.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment did not have any impact on the Group.

IAS 32: Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment has not resulted in any impact on the financial position or performance of the Group.

IAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. Though these amendments have not resulted in any additional disclosures currently, the same would continue to be considered for future disclosures.

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 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 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</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	(82,310)	(450,990)	(346,689)	(491,951)
	<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)	156,397,163	156,397,163	156,397,163	156,397,163
	<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	(0.53)	(2.88)	(2.22)	(3.15)

The prior period comparative information has been restated for the effect of reduction of share capital (Note 11).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 September 2014

4 CASH AND CASH EQUIVALENTS

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

	30 September 2014 KD	<i>(Audited)</i> 31 December 2013 KD	30 September 2013 KD
Bank balances and short-term deposits	2,365,591	5,581,657	5,355,064
Less: balances in restricted bank accounts	(239,281)	(282,547)	(283,059)
	<u>2,126,310</u>	<u>5,299,110</u>	<u>5,072,005</u>

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014 KD	<i>(Audited)</i> 31 December 2013 KD	30 September 2013 KD
<i>Held for Trading:</i>			
Quoted securities	-	474,000	474,000
<i>Designated at fair value through profit or loss:</i>			
Quoted securities	451,999	557,425	614,712
Unquoted securities	361,606	1,367,963	1,727,433
Unquoted funds managed by external fund managers	76,844	481,927	484,715
	<u>890,449</u>	<u>2,881,315</u>	<u>3,300,860</u>

Unrealised gain (loss) is analysed as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2014 KD	2013 KD	2014 KD	2013 KD
<i>Held for Trading:</i>				
Quoted securities	-	90,000	-	75,518
<i>Designated at fair value through profit or loss:</i>				
Quoted securities	33,309	(15,093)	8,994	195,489
Unquoted securities	11,674	(94,762)	(87,010)	83,717
Unquoted funds managed by external fund managers	1,548	27,576	(23,295)	36,336
	<u>46,531</u>	<u>7,721</u>	<u>(101,311)</u>	<u>391,060</u>

Fair values of certain unquoted securities are determined using valuation techniques that are not based on observable market prices or rates (Note 10).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 September 2014

6 INVESTMENT IN ASSOCIATES

	<i>(Audited)</i>		
	<i>30 September 2014</i>	<i>31 December 2013</i>	<i>30 September 2013</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	34,050,726	32,912,396	32,912,396
Addition	977,771	320,826	320,826
Share of results	1,230,573	669,381	389,767
Share of other comprehensive income	(170,883)	581,280	811,427
Dividends	(595,330)	(433,157)	(433,157)
Balance at the end of the period	<u>35,492,857</u>	<u>34,050,726</u>	<u>34,001,259</u>

During the period, the Parent Company acquired an additional equity interest in Afkar Holding Company K.S.C. (Holding) ("Afkak") in exchange for shares of certain financial assets at fair value through profit or loss. Following this additional acquisition, the Parent Company's equity interest in Afkar increased from 30.58% to 35.42%.

7 TREASURY SHARES

	<i>(Audited)</i>		
	<i>30 September 2014</i>	<i>31 December 2013</i>	<i>30 September 2013</i>
Number of treasury shares	7,805,275	20,536,596	20,535,195
Percentage of issued shares	4.75%	4.64%	4.64%
Market value (KD)	624,422	985,689	1,047,295

8 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</i>	<i>(Audited)</i>		
		<i>30 September 2014</i>	<i>31 December 2013</i>	<i>30 September 2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and short-term deposits	277,351	277,351	2,486,286	2,134,177
Due from related parties (included in other assets)	-	-	1,225,790	2,225,790
Murabaha payables	35,215,603	35,215,603	40,465,645	40,679,907

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

	<i>Major shareholders</i>	<i>Nine months ended 30 September</i>	
		<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Wakala income	-	-	4,295
Murabaha charges	1,254,779	1,254,779	1,229,122

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 September 2014

8 RELATED PARTY TRANSACTIONS (continued)

Key management compensation:

	<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	83,475	86,045
Terminal benefits	2,309	12,109
	<u>85,784</u>	<u>98,154</u>

9 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>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Nine months ended 30 September 2014					
Segment income	-	1,492,573	-	378,195	1,870,768
Segment result	-	(156,389)	-	(190,300)	(346,689)
As at 30 September 2014					
Segment assets	-	48,858,278	3,373,893	-	52,232,171
Nine months ended 30 September 2013					
Segment income	4,295	1,364,265	352,729	42,332	1,763,621
Segment result	162,718	(359,245)	352,729	(648,153)	(491,951)
As at 30 September 2013					
Segment assets	-	57,312,800	3,696,755	7,406	61,016,961

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 September 2014

10 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 4,038,912 (31 December 2013: KD 4,038,912 and 30 September 2013: KD 4,388,871), 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:

30 September 2014	<i>Level: 1</i> KD	<i>Level: 3</i> KD	<i>Total fair value</i> KD
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	451,999	-	451,999
- Unquoted securities	-	361,606	361,606
- Unquoted funds managed by external fund managers	-	76,844	76,844
	<u>451,999</u>	<u>438,450</u>	<u>890,449</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	4,820,822	4,820,822
- Unquoted funds managed by external fund managers	-	1,074,578	1,074,578
	<u>-</u>	<u>5,895,400</u>	<u>5,895,400</u>
31 December 2013			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	1,031,425	-	1,031,425
- Unquoted securities	-	1,367,963	1,367,963
- Unquoted funds managed by external fund managers	-	481,927	481,927
	<u>1,031,425</u>	<u>1,849,890</u>	<u>2,881,315</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	5,855,171	5,855,171
- Unquoted funds managed by external fund managers	-	1,113,449	1,113,449
	<u>-</u>	<u>6,968,620</u>	<u>6,968,620</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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10 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

30 September 2013	<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	1,088,712	-	1,088,712
- Unquoted securities	-	1,727,433	1,727,433
- Quoted funds managed by external fund managers	-	484,715	484,715
	<u>1,088,712</u>	<u>2,212,148</u>	<u>3,300,860</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	7,010,084	7,010,084
- Unquoted funds managed by external fund managers	-	369,670	369,670
	<u>-</u>	<u>7,379,754</u>	<u>7,379,754</u>

There were no transfers between fair value hierarchies during the period ended 30 September 2014.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 September 2014

10 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	At 1 January KD	Unrealised (loss) gain recorded in the interim condensed consolidated statement of income KD	Unrealised loss recorded in interim condensed statement of comprehensive income KD	Impairment recorded in interim condensed consolidated statement of income KD	Net sales KD	At 30 September KD
30 September 2014:						
Assets measured at fair value						
<i>Financial assets at fair value through profit or loss:</i>						
- Unquoted equity securities	1,367,963	(87,010)	-	-	(919,347)	361,606
- Unquoted funds	481,927	(23,295)	-	-	(381,788)	76,844
<i>Financial assets available for sale:</i>						
- Unquoted equity securities	5,855,171	-	(217,783)	(268,460)	(548,106)	4,820,822
- Unquoted funds	1,113,449	-	(27,464)	-	(11,407)	1,074,859
	8,818,510	(110,305)	(245,247)	(268,460)	(1,860,648)	6,333,850
30 September 2013 (restated):						
<i>Assets measured at fair value</i>						
<i>Financial assets at fair value through profit or loss:</i>						
- Unquoted equity securities	5,565,413	83,717	-	-	(3,921,697)	1,727,433
- Unquoted funds	448,379	36,336	-	-	-	484,715
<i>Financial assets available for sale:</i>						
- Unquoted equity securities	3,378,083	-	95,130	(310,221)	3,847,092	7,010,084
- Unquoted funds	553,578	-	(66,607)	-	(117,301)	369,670
	9,945,453	120,053	28,523	(310,221)	(191,906)	9,591,902

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INFORMATION (UNAUDITED)

30 September 2014

**11 SHARE CAPITAL, SHARE OPTIONS RESERVE, STATUTORY RESERVE, TREASURY
SHARES AND ACCUMULATED LOSSES**

The Extra-ordinary General Meeting ("EGM") of the shareholders held on 6 July 2014 approved the cancellation of share capital amounting to KD 27,798,870 and share option reserve amounting to KD 737,322 against write-off of accumulated losses amounting to KD 28,536,192. Due to cancellation of share options, amount of KD 486,430 has been recorded in accumulated losses.

As a result of cancellation of share capital, treasury shares have also been decreased in proportion to reduction in share capital amounting to KD 4,865,576. Cancellation of treasury shares has been offset against statutory reserve.