

**Gulf Investment House K.S.C. (Closed) and  
Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 JUNE 2013 (UNAUDITED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF INVESTMENT HOUSE K.S.C. (CLOSED)****Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Investment House K.S.C. (Closed) (the "Parent Company") and its subsidiaries (the "Group") as at 30 June 2013 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 month 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 consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim 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 Articles of Association and Memorandum of Incorporation during the six months period ended 30 June 2013 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 material 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 2013.



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



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

Gulf Investment House K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 June 2013 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 KD	2012 KD	2013 KD	2012 KD
<b>INCOME</b>					
Wakala income		-	9,996	4,295	21,774
Realised gain on sale of financial assets at fair value through profit or loss		337,859	1,621	541,023	1,621
Unrealised gain on financial assets at fair value through profit or loss	6	199,264	227,826	383,339	617,298
Realised gain (loss) on sale of financial assets available for sale		-	6,784	-	(4,423)
Share of results of associates	7	69,092	381,690	213,000	903,895
Dividend income		3,571	420	18,571	32,383
Rental income from investment properties		21,132	38,195	52,972	85,547
Other income		6,572	255,719	25,208	270,981
<b>TOTAL INCOME</b>		<b>637,490</b>	<b>922,251</b>	<b>1,238,408</b>	<b>1,929,076</b>
<b>EXPENSES</b>					
Administrative expenses		(70,173)	(62,074)	(153,283)	(124,049)
Staff cost		(169,630)	(188,267)	(368,047)	(387,179)
Foreign exchange gain		3,260	20,397	21,918	21,642
Reversal of (provision for) credit losses		143,917	(100)	158,423	(218)
Impairment of financial assets available for sale		-	-	(3,560)	-
Murabaha charges		(410,846)	(592,954)	(814,860)	(1,190,302)
Investment expenses		(62,729)	(27,098)	(119,960)	(77,144)
<b>TOTAL EXPENSES</b>		<b>(566,201)</b>	<b>(850,096)</b>	<b>(1,279,369)</b>	<b>(1,757,250)</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>71,289</b>	<b>72,155</b>	<b>(40,961)</b>	<b>171,826</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		71,289	72,155	(40,961)	171,826
<b>Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company</b>					
	4	0.17 fils	0.17 fils	(0.10) fils	0.41 fils

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

Gulf Investment House K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2013 (Unaudited)

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2013</i> <i>KD</i>	<i>2012</i> <i>(Restated)*</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>(Restated)*</i> <i>KD</i>
<b>Profit for the period</b>	<b>71,289</b>	72,155	<b>(40,961)</b>	171,826
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to consolidated statement of income in subsequent periods:</i>				
Financial assets available for sale				
- Net change in fair values	(16,922)	131,263	28,403	152,276
- Transfer to interim condensed consolidated statement of income on impairment	-	-	3,560	-
- Transfer to interim condensed consolidated statement of income on sale	-	(6,784)	-	4,423
Share of other comprehensive income of associates (Note 7)	455,455	2,551	747,633	131,084
Foreign currency translation adjustments	7,874	22,734	27,910	44,918
<b>Other comprehensive income for the period</b>	<b>446,407</b>	149,764	<b>807,506</b>	332,701
<b>Total comprehensive income for the period</b>	<b>517,696</b>	221,919	<b>766,545</b>	504,527
<b>Attributable to:</b>				
Equity holders of the Parent Company	516,909	219,646	761,808	503,186
Non-controlling interests	787	2,273	4,737	1,341
	<b>517,696</b>	221,919	<b>766,545</b>	504,527

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

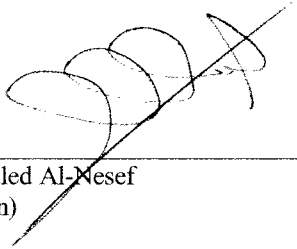
The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

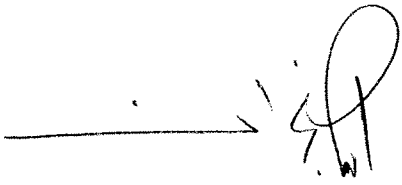
Gulf Investment House K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013 (Unaudited)

		30 June 2013 KD	(Audited) 31 December 2012 (Restated)* KD	30 June 2012 (Restated)* KD
<b>ASSETS</b>				
Bank balances and short-term deposits	5	4,860,951	8,186,353	3,936,456
Financial assets at fair value through profit or loss	6	3,323,939	6,781,407	7,051,695
Financial assets available for sale		11,942,444	8,320,532	10,301,843
Wakala receivables		-	1,436,072	1,450,232
Investment in associates	7	33,760,698	32,912,396	38,789,252
Investment properties		6,471,465	6,443,555	6,023,957
Other assets		808,032	601,770	406,456
Furniture and equipment		10,991	18,149	26,965
<b>TOTAL ASSETS</b>		<b>61,178,520</b>	<b>64,700,234</b>	<b>67,986,856</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		44,219,114	44,219,114	44,219,114
Share options reserve		737,322	737,322	737,322
Statutory reserve		6,907,296	6,907,296	6,907,296
Cumulative changes in fair values		753,014	(26,582)	(322,867)
Foreign currency translation reserve		53,979	30,806	13,796
Treasury shares	8	(7,847,874)	(7,847,874)	(7,847,874)
Treasury shares reserve		940,578	940,578	940,578
Accumulated losses		(26,332,127)	(26,291,166)	(25,784,657)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>19,431,302</b>	<b>18,669,494</b>	<b>18,862,708</b>
Non-controlling interests		317,482	312,745	234,160
<b>Total equity</b>		<b>19,748,784</b>	<b>18,982,239</b>	<b>19,096,868</b>
<b>Liabilities</b>				
Murabaha payables	9	40,265,645	42,860,126	47,436,174
Other liabilities		1,164,091	2,857,869	1,453,814
<b>Total liabilities</b>		<b>41,429,736</b>	<b>45,717,995</b>	<b>48,889,988</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>61,178,520</b>	<b>64,700,234</b>	<b>67,986,856</b>

  
Talal Khaled Al-Nesef  
(Chairman)

  
Bashar N. Al-Tuwaijri  
(Acting Chief Executive Officer)

\* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2012 and interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

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

Gulf Investment House K.S.C. (Closed) and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2013 (Unaudited)

	Notes	Six months ended 30 June	
		2013 KD	2012 (Restated)* KD
<b>OPERATING ACTIVITIES</b>			
(Loss) profit for the period		(40,961)	171,826
<i>Non-cash adjustment to reconcile (loss) profit for the period to net cash flows:</i>			
Depreciation		7,158	9,640
Share of results of associates	7	(213,000)	(903,895)
Realised loss on sale of financial assets available for sale		-	4,423
Dividend income		(18,571)	(32,383)
Rental income from investment properties		(52,972)	(85,547)
(Reversal of) provision for credit losses		(158,423)	218
Impairment of financial assets available for sale		3,560	-
Murabaha charges		814,860	1,190,302
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		(504,104)	(419,204)
Wakala receivables		1,450,433	(21,774)
Other assets		(37,700)	50,862
Other liabilities		(1,679,008)	18,639
Net cash flows used in operating activities		(428,728)	(16,893)
<b>INVESTING ACTIVITIES</b>			
Additions to financial assets available for sale		-	(9,223)
Capital redemption of financial assets available for sale		47,237	679,947
Investment in associates		-	(162,685)
Rental income received		43,472	85,547
Dividends received from associates	7	433,157	713,429
Dividends received from others		3,571	32,383
Proceeds from sale of investment properties		-	544,958
Net cash flows from investing activities		527,437	1,884,356
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(14,770)	(65,651)
Repayment of murabaha payables		(3,005,327)	(2,147,103)
Murabaha charges paid		(404,014)	(2,311,840)
Net movement in restricted bank accounts		14,770	65,651
Net cash flows used in financing activities		(3,409,341)	(4,458,943)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(3,310,632)	(2,591,480)
Cash and cash equivalents at beginning of the period		7,885,847	6,219,531
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	4,575,215	3,628,051

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

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

## Gulf Investment House K.S.C. (Closed) and Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2013 (Unaudited)

	Attributable to equity holders of the Parent Company												
	Share capital KD	Share premium KD	Share options reserve KD	Statutory reserve KD	Voluntary 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 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 3)	-	-	-	-	-	(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	-	-	-	-	-	779,596	23,173	-	-	(40,961)	(40,961)	-	(40,961)
Other comprehensive income	-	-	-	-	-	779,596	23,173	-	-	-	802,769	4,737	807,506
Total comprehensive income	-	-	-	-	-	779,596	23,173	-	-	(40,961)	761,808	4,737	766,545
<b>As at 30 June 2013</b>	<b>44,219,114</b>	<b>-</b>	<b>737,322</b>	<b>6,907,296</b>	<b>-</b>	<b>753,014</b>	<b>53,979</b>	<b>(7,847,874)</b>	<b>940,578</b>	<b>(26,332,127)</b>	<b>19,431,302</b>	<b>317,482</b>	<b>19,748,784</b>
As at 1 January 2012 (as previously reported)	44,219,114	658,108	737,322	8,755,890	6,265,204	(1,114,933)	-	(7,847,874)	940,578	(34,235,053)	18,378,356	-	18,378,356
Adjustments for the adoption of IFRS 10 (Note 3)	-	-	-	-	-	504,283	(29,781)	-	-	(493,336)	(18,834)	232,819	213,985
As at 1 January 2012 (restated)	44,219,114	658,108	737,322	8,755,890	6,265,204	(610,650)	(29,781)	(7,847,874)	940,578	(34,728,389)	18,359,522	232,819	18,592,341
Profit for the period	-	-	-	-	-	-	-	-	-	171,826	171,826	-	171,826
Other comprehensive income (restated)	-	-	-	-	-	287,783	43,577	-	-	-	331,360	1,341	332,701
Total comprehensive income (restated)	-	-	-	-	-	287,783	43,577	-	-	-	503,186	1,341	504,527
Accumulated losses written-off	-	(658,108)	-	(1,848,594)	(6,265,204)	-	-	-	-	8,771,906	-	-	-
<b>As at 30 June 2012 (restated)</b>	<b>44,219,114</b>	<b>-</b>	<b>737,322</b>	<b>6,907,296</b>	<b>-</b>	<b>(322,867)</b>	<b>13,796</b>	<b>(7,847,874)</b>	<b>940,578</b>	<b>(25,784,657)</b>	<b>18,862,708</b>	<b>234,160</b>	<b>19,096,868</b>

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 June 2012 and reflect adjustments made as detailed in Note 3.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION

30 June 2013 (Unaudited)

**1 CORPORATE INFORMATION**

This interim condensed consolidated financial information of Gulf Investment House K.S.C. (Closed) (the "Parent Company") and its subsidiaries (the "Group") for the period ended 30 June 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 13 August 2013.

The Parent Company is a Kuwaiti 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 Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, 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).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Ministry of Commerce and Industry by 26 September 2013 will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.

The Annual General Assembly for the year ended 31 December 2012 was held on 26 May 2013 and no dividend was approved for the year ended 31 December 2012.

**2 BASIS OF PRESENTATION**

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

The audited consolidated financial statements for the year ended 31 December 2012 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 2012. 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 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

**Changes in accounting policy and disclosures**

The accounting policies used in the preparation of these 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 2012, except for the adoption of the following new standards and interpretations effective as of 1 January 2013. The adoption of new IFRS also resulted in amendments to policies on 'basis of consolidation' during the period.

*IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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30 June 2013 (Unaudited)

**2 BASIS OF PRESENTATION (continued)****Changes in accounting policy and disclosures (continued)***IAS 28 Investments in Associates and Joint Ventures*

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group.

*IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The adoption of this standard did not have any material impact on the interim condensed consolidated financial information of the Group and the relevant disclosures will be made in the annual consolidated financial statements of the Group.

*IFRS 10: Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore, are required to be consolidated by the Group, compared with the requirements that were in IAS 27. The Group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the entity. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Once control is established, the standard requires the Group to start consolidating the investee from the date the investor obtains control of the investee and cease consolidation when the investor loses control of the investee. This resulted in a change in the accounting policy for basis of consolidation as described below.

The adoption of IFRS 10 resulted in the establishment of control over Extended Hotel Equity Ltd., Commercial Equity Co. and GIH India Diversified Co. which were previously accounted for as financial assets available for sale. The factors considered by the Group included the voting rights and contractual arrangements between the Group and other shareholders. Accordingly, these entities have been consolidated in the Group's consolidated financial statements retrospectively from the following dates, being the dates on which the Group obtained control.

<i>Name of the company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>	<i>Consolidation date</i>
Extended Hotel Equity Ltd.	Cayman Island	Undertaking Islamic Investments	22 May 2008
Commercial Equity Co.	Cayman Island	Undertaking Islamic Investments	22 May 2008
GIH India Diversified Co.	Cayman Island	Undertaking Islamic Investments	26 June 2008

The impact of the adoption of IFRS 10 on the interim condensed consolidated financial information is explained in Note 3, which includes quantification of the effect on the interim condensed consolidated financial information.

*IFRS 12 – Disclosure of Involvement with Other Entities*

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to disclose information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of the consolidated entities. The Group will provide the additional disclosures in the annual consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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30 June 2013 (Unaudited)

**2 BASIS OF PRESENTATION (continued)****Changes in accounting policy and disclosures (continued)***IFRS 13 – Fair Value measurement*

IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The adoption of this standard does not have any material impact on the financial position or performance of the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial information. The Group has provided these disclosures in Note 12. The other disclosures will be made in the annual consolidated financial statements.

**Basis of consolidation**

The accounting policy for basis of consolidation is consistent with that used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012 except that definition of control is now amended as stated below.

Control is achieved where the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**3 IMPACT OF THE ADOPTION OF IFRS 10**

As a result of the adoption of IFRS 10 described in Note 2 above, total equity of the Group at 1 January 2012 increased by KD 213,985. Following adjustments were made to the interim condensed consolidated financial information as at 31 December 2012 and as at and for the period ended 30 June 2012:

	<i>31 December 2012 KD</i>	<i>30 June 2012 KD</i>
<b>Consolidated statement of financial position:</b>		
<b>Increase (decrease) in assets:</b>		
Bank balances and short term deposits	297,039	297,039
Financial assets available for sale	(3,563,903)	(3,124,348)
Investment properties	3,907,454	3,376,555
<b>Net increase in assets</b>	<u>640,590</u>	<u>549,246</u>
<b>Increase in liabilities:</b>		
Other liabilities	290,343	290,343
<b>Net increase in liabilities</b>	<u>290,343</u>	<u>290,343</u>
<b>Increase (decrease) in equity:</b>		
Cumulative changes in fair values	(58,136)	504,283
Foreign currency translation reserve	30,806	13,796
Accumulated losses	64,832	(493,336)
Equity attributable to equity holders of the Parent Company	37,502	24,743
Non controlling interest	312,745	234,160
<b>Net increase in equity</b>	<u>350,247</u>	<u>258,903</u>
<b>Net increase in liabilities and equity</b>	<u>640,590</u>	<u>549,246</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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30 June 2013 (Unaudited)

## 3 IMPACT OF THE ADOPTION OF IFRS 10 (continued)

	<i>Three months ended 30 June 2012 KD</i>	<i>Six months ended 30 June 2012 KD</i>
<b>Interim condensed consolidated statement of comprehensive income:</b>		
Foreign currency translation adjustments	22,734	44,918
<b>Increase in other comprehensive income</b>	<u>22,734</u>	<u>44,918</u>
<b>Increase in total comprehensive income</b>	<u><u>22,734</u></u>	<u><u>44,918</u></u>

There was no material impact on interim condensed consolidated statement of income and basic and diluted earnings per share attributable to equity holders of the Parent Company.

## 4 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is computed by dividing the profit (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 profit (loss) and share data used in the basic and diluted earnings (loss) per share computations:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2013 KD</i>	<i>2012 KD</i>	<i>2013 KD</i>	<i>2012 KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<u>71,289</u>	<u>72,155</u>	<u>(40,961)</u>	<u>171,826</u>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares for basic and diluted earnings per share (excluding treasury shares)	<u>421,655,945</u>	<u>421,655,945</u>	<u>421,655,945</u>	<u>421,655,945</u>
	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>	<i>Fils</i>
<b>Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company</b>	<u><u>0.17</u></u>	<u><u>0.17</u></u>	<u><u>(0.10)</u></u>	<u><u>0.41</u></u>

## 5 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2013 KD</i>	<i>(Audited) 31 December 2012 (Restated) KD</i>	<i>30 June 2012 (Restated) KD</i>
Bank balances and short-term deposits	4,860,951	8,186,353	3,936,456
Less: balances in restricted bank accounts	<u>(285,736)</u>	<u>(300,506)</u>	<u>(308,405)</u>
	<u><u>4,575,215</u></u>	<u><u>7,885,847</u></u>	<u><u>3,628,051</u></u>

Gulf Investment House K.S.C. (Closed) and Subsidiaries

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6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
<i>Held for Trading:</i>			
Quoted securities	384,000	-	-
<i>Designated at fair value through profit or loss:</i>			
Quoted securities	660,605	767,615	1,329,893
Unquoted securities	1,822,196	5,565,413	5,209,311
Quoted funds managed by external fund managers	457,138	448,379	512,491
	<u>3,323,939</u>	<u>6,781,407</u>	<u>7,051,695</u>

Unrealised gain (loss) is analysed as follows:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>	<i>2013</i> <i>KD</i>	<i>2012</i> <i>KD</i>
<i>Held for Trading:</i>				
Quoted securities	(14,482)	-	(14,482)	-
<i>Designated at fair value through profit or loss:</i>				
Quoted securities	75,157	162,587	210,582	26,053
Unquoted securities	129,910	68,161	178,479	607,172
Quoted funds managed by external fund managers	8,679	(2,922)	8,760	(15,927)
	<u>199,264</u>	<u>227,826</u>	<u>383,339</u>	<u>617,298</u>

Fair values of certain unquoted securities are determined using valuation techniques that are not based on observable market prices or rates (Note 12).

7 INVESTMENT IN ASSOCIATES

	<i>30 June</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 June</i> <i>2012</i> <i>KD</i>
<i>Carrying amount of investment in associates</i>			
Balance at the beginning of the period	32,912,396	38,305,017	38,305,017
Addition	320,826	162,687	162,685
Disposal	-	(4,992,812)	-
Share of results	213,000	(43,092)	903,895
Share of other comprehensive income	747,633	194,026	131,084
Dividends	(433,157)	(713,430)	(713,429)
Balance at the end of the period	<u>33,760,698</u>	<u>32,912,396</u>	<u>38,789,252</u>

During the period, the Parent Company acquired an additional equity interest in Afkar Holding Company K.S.C. ("Afkar") in exchange for shares of a certain financial asset available for sale at its carrying value of KD 320,826. Following this additional acquisition, the Parent Company's equity interest in Afkar increased from 28.97% to 30.58%.

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**8 TREASURY SHARES**

	<i>30 June</i> <b>2013</b>	<i>(Audited)</i> <i>31 December</i> <b>2012</b>	<i>30 June</i> <b>2012</b>
Number of treasury shares	<b>20,535,195</b>	20,535,195	20,535,195
Percentage of issued shares	<b>4.64%</b>	4.64%	4.64%
Market value (KD)	<b>1,232,112</b>	872,746	513,380

**9 MURABAHA PAYABLES**

	<i>30 June</i> <b>2013</b> <b>KD</b>	<i>(Audited)</i> <i>31 December</i> <b>2012</b> <b>KD</b>	<i>30 June</i> <b>2012</b> <b>KD</b>
Gross amount	<b>42,188,524</b>	44,969,341	47,629,966
Less: deferred cost	<b>(1,922,879)</b>	(2,109,215)	(193,792)
	<b>40,265,645</b>	42,860,126	47,436,174

Murabaha payables are secured by certain financial assets at fair value through profit or loss, financial assets available for sale and shares in associates.

**10 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>Associates</i> <b>KD</b>	<i>Major shareholders</i> <b>KD</b>	<i>30 June</i> <b>2013</b> <b>KD</b>	<i>(Audited)</i> <i>31 December</i> <b>2012</b> <b>KD</b>	<i>30 June</i> <b>2012</b> <b>KD</b>
Bank balances	-	<b>1,011,617</b>	<b>1,011,617</b>	1,084,702	692,368
Wakala receivables	-	-	-	1,436,072	1,450,232
Investment properties	<b>2,536,101</b>	-	<b>2,536,101</b>	2,536,101	2,647,402
Due from related parties	<b>18,890</b>	-	<b>18,890</b>	18,417	30,019
Due to a related party	-	-	-	1,363,575	-
Murabaha payables	-	<b>40,265,645</b>	<b>40,265,645</b>	42,860,126	43,881,718
Other liabilities	-	-	-	56,250	56,250

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

	<i>Major shareholders</i> <b>KD</b>	<i>Other related parties</i> <b>KD</b>	<i>Six months ended</i> <i>30 June</i>	
			<b>2013</b> <b>KD</b>	<b>2012</b> <b>KD</b>
Wakala income	-	<b>4,295</b>	<b>4,295</b>	21,774
Murabaha charges	<b>814,860</b>	-	<b>814,860</b>	1,082,785

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

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	<b>69,998</b>	102,957
Terminal benefits	<b>8,308</b>	5,498
	<b>78,306</b>	108,455

**11 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>
<b>Six months ended 30 June 2013</b>					
Segment income	<u>4,295</u>	<u>1,155,933</u>	<u>52,972</u>	<u>25,208</u>	<u>1,238,408</u>
Segment result	<u>162,718</u>	<u>217,553</u>	<u>52,972</u>	<u>(474,204)</u>	<u>(40,961)</u>
<b>As at 30 June 2013</b>					
Segment assets	<u>-</u>	<u>54,696,064</u>	<u>6,471,465</u>	<u>10,991</u>	<u>61,178,520</u>
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<b>Six months ended 30 June 2012</b>					
Segment income	<u>21,774</u>	<u>1,550,774</u>	<u>85,547</u>	<u>270,981</u>	<u>1,929,076</u>
Segment result	<u>21,556</u>	<u>283,328</u>	<u>85,547</u>	<u>(218,605)</u>	<u>171,826</u>
<b>As at 30 June 2012 (Restated)</b>					
Segment assets	<u>1,450,232</u>	<u>60,485,470</u>	<u>6,023,957</u>	<u>27,197</u>	<u>67,986,856</u>

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**12 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 6,320,300 (31 December 2012: KD 7,277,305 and 30 June 2012: KD 7,207,882), 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>KD</i>	<i>Level: 3</i> <i>KD</i>	<i>Total fair value</i> <i>KD</i>
<b>30 June 2013</b>			
<b><i>Financial assets at fair value through income statement:</i></b>			
- Quoted securities	1,044,605	-	1,044,605
- Unquoted securities	-	1,822,196	1,822,196
- Quoted funds managed by external fund managers	-	457,138	457,138
	<u>1,044,605</u>	<u>2,279,334</u>	<u>3,323,939</u>
<b><i>Financial assets available for sale:</i></b>			
- Unquoted investments	-	5,176,902	5,176,902
- Unquoted funds managed by external fund managers	-	445,242	445,242
	<u>-</u>	<u>5,622,144</u>	<u>5,622,144</u>
<b>31 December 2012</b>			
<b><i>Financial assets at fair value through income statement:</i></b>			
- Quoted securities	767,615	-	767,615
- Unquoted securities	-	5,565,413	5,565,413
- Quoted funds managed by external fund managers	-	448,379	448,379
	<u>767,615</u>	<u>6,013,792</u>	<u>6,781,407</u>
<b><i>Financial assets available for sale:</i></b>			
- Unquoted investments	-	489,649	489,649
- Unquoted funds managed by external fund managers	-	553,578	553,578
	<u>-</u>	<u>1,043,227</u>	<u>1,043,227</u>

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## 12 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

30 June 2012	Level: 1 KD	Level: 3 KD	Total fair value KD
<b>Financial assets at fair value through income statement:</b>			
- Quoted securities	1,329,893	-	1,329,893
- Unquoted securities	-	5,209,311	5,209,311
- Quoted funds managed by external fund managers	-	512,491	512,491
	<u>1,329,893</u>	<u>5,721,802</u>	<u>7,051,695</u>
<b>Financial assets available for sale:</b>			
- Unquoted investments	-	2,511,128	2,511,128
- Unquoted funds managed by external fund managers	-	582,833	582,833
	<u>-</u>	<u>3,093,961</u>	<u>3,093,961</u>

There were no transfers between fair value hierarchies during the period ended 30 June 2013.