

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 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 June 2014 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the six months period ended 30 June 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 six months period ended 30 June 2014 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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2014

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|-----------------------------------------------------------------------------------------------------------------|-------|-------------------------------|------------------|-----------------------------|--------------------|
| | | 2014 KD | 2013 KD | 2014 KD | 2013 KD |
| INCOME | | | | | |
| Wakala income | | - | - | - | 4,295 |
| Management fees | | 281,130 | - | 281,130 | - |
| Realised gain on sale of financial assets at fair value through profit or loss | | 6,362 | 337,859 | 83,221 | 541,023 |
| Unrealised (loss) gain on financial assets at fair value through profit or loss | 5 | (99,686) | 199,264 | (147,842) | 383,339 |
| Realised loss on sale of financial assets available for sale | | (27,624) | - | (27,624) | - |
| Share of results of associates | 6 | 124,599 | 69,092 | 636,599 | 213,000 |
| Dividend income | | 18,061 | 3,571 | 26,193 | 18,571 |
| Rental income from investment properties | | - | 21,132 | - | 52,972 |
| Other income | | 6,581 | 6,572 | 371,675 | 25,208 |
| TOTAL INCOME | | 309,423 | 637,490 | 1,223,352 | 1,238,408 |
| EXPENSES | | | | | |
| Administrative expenses | | (81,114) | (70,173) | (142,676) | (153,283) |
| Staff cost | | (118,507) | (169,630) | (257,808) | (368,047) |
| Foreign exchange gain (loss) | | 652 | 3,260 | (823) | 21,918 |
| Reversal of provision for credit losses | | - | 143,917 | - | 158,423 |
| Impairment loss on financial assets available for sale | | (8,866) | - | (172,818) | (3,560) |
| Murabaha charges | | (421,405) | (410,846) | (838,072) | (814,860) |
| Investment expenses | | (43,455) | (62,729) | (75,533) | (119,960) |
| TOTAL EXPENSES | | (672,695) | (566,201) | (1,487,730) | (1,279,369) |
| (LOSS) PROFIT FOR THE PERIOD | | (363,272) | 71,289 | (264,378) | (40,961) |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | (363,272) | 71,289 | (264,378) | (40,961) |
| Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company | 3 | (0.86) fils | 0.17 fils | (0.63) fils | (0.10) fils |

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2014

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|-------------|-------------------------|-------------|
| | <i>30 June</i> | | <i>30 June</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) PROFIT FOR THE PERIOD | (363,272) | 71,289 | (264,378) | (40,961) |
| 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 | 14,693 | (16,922) | (541,450) | 28,403 |
| - Transfer to interim condensed consolidated statement of income on sale of financial assets available for sale | 27,624 | - | 27,624 | - |
| - Transfer to interim condensed consolidated statement of income on impairment | 8,866 | - | 172,818 | 3,560 |
| Share of other comprehensive income of associates | (8,516) | 455,455 | (13,428) | 747,633 |
| Foreign currency translation adjustments | 108,977 | 7,874 | 105,963 | 27,910 |
| Other comprehensive income (loss) for the period | 151,644 | 446,407 | (248,473) | 807,506 |
| Total comprehensive (loss) income for the period | (211,628) | 517,696 | (512,851) | 766,545 |
| Attributable to: | | | | |
| Equity holders of the Parent Company | (223,423) | 516,909 | (523,987) | 761,808 |
| Non-controlling interests | 11,795 | 787 | 11,136 | 4,737 |
| | (211,628) | 517,696 | (512,851) | 766,545 |


The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

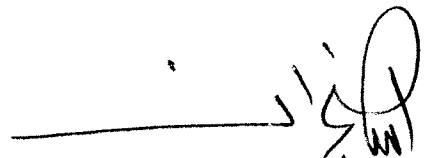
Gulf Investment House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2014

| | | (Audited) | |
|--------------------------------------------------------------------|-------|-----------------------|---------------------------|
| | Notes | 30 June 2014 KD | 31 December 2013 KD |
| | | 30 June 2013 KD | |
| ASSETS | | | |
| Bank balances and short-term deposits | 4 | 5,517,221 | 4,860,951 |
| Financial assets at fair value through profit or loss | 5 | 846,632 | 3,323,939 |
| Financial assets available for sale | | 9,923,463 | 11,942,444 |
| Investment in associates | 6 | 35,056,338 | 33,760,698 |
| Investment properties | | 3,377,998 | 6,471,465 |
| Other assets | | 777,186 | 819,023 |
| TOTAL ASSETS | | 55,498,838 | 61,178,520 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 44,219,114 | 44,219,114 |
| Share options reserve | | 737,322 | 737,322 |
| Statutory reserve | | 6,907,296 | 6,907,296 |
| Cumulative changes in fair values | | (22,117) | 753,014 |
| Foreign currency translation reserve | | (256,605) | 53,979 |
| Treasury shares | 7 | (7,847,874) | (7,847,874) |
| Treasury shares reserve | | 940,578 | 940,578 |
| Accumulated losses | | (28,314,140) | (26,332,127) |
| Equity attributable to equity holders of the Parent Company | | 16,363,574 | 19,431,302 |
| Non-controlling interests | | 269,872 | 317,482 |
| TOTAL EQUITY | | 16,633,446 | 19,748,784 |
| Liabilities | | | |
| Murabaha payables | | 37,855,440 | 40,265,645 |
| Other liabilities | | 1,009,952 | 1,164,091 |
| TOTAL LIABILITIES | | 38,865,392 | 41,429,736 |
| TOTAL EQUITY AND LIABILITIES | | 55,498,838 | 61,178,520 |


Talal Khaled Al-Nesef
Chairman


Bashar N. Al-Tuwaijri
Acting Chief Executive Officer

The attached notes 1 to 10 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 June 2014

| | Notes | Six months ended 30 June | |
|-----------------------------------------------------------------------------------------|-------|--------------------------|-------------------------|
| | | 2014 KD | 2013 KD |
| OPERATING ACTIVITIES | | | |
| (Loss) profit for the period | | (264,378) | (40,961) |
| <i>Non-cash adjustment to reconcile (loss) profit for the period to net cash flows:</i> | | | |
| Depreciation | | 3,662 | 7,158 |
| Share of results of associates | 6 | (636,599) | (213,000) |
| Dividend income | | (26,193) | (18,571) |
| Realised loss on sale of financial asset available for sale | | 27,624 | - |
| Rental income from investment properties | | - | (52,972) |
| Reversal of provision for credit losses | | - | (158,423) |
| Impairment of financial assets available for sale | | 172,818 | 3,560 |
| Murabaha charges | | 838,072 | 814,860 |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Financial assets at fair value through profit or loss | | 1,056,912 | (504,104) |
| Wakala receivables | | - | 1,450,433 |
| Other assets | | 1,126,694 | (37,700) |
| Other liabilities | | (45,321) | (1,679,008) |
| Net cash flows from (used in) operating activities | | <u>2,253,291</u> | <u>(428,728)</u> |
| INVESTING ACTIVITIES | | | |
| Disposal of financial assets available for sale | | 542,618 | 47,237 |
| Rental income received | | - | 43,472 |
| Dividends received from associates | 6 | 595,330 | 433,157 |
| Dividends received from others | | 26,193 | 3,571 |
| Net cash flows from investing activities | | <u>1,164,141</u> | <u>527,437</u> |
| FINANCING ACTIVITIES | | | |
| Dividends paid | | (33,591) | (14,770) |
| Repayment of murabaha payables | | (2,830,000) | (3,005,327) |
| Murabaha charges paid | | (618,277) | (404,014) |
| Net movement in restricted bank accounts | | 33,591 | 14,770 |
| Net cash flows used in financing activities | | <u>(3,448,277)</u> | <u>(3,409,341)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (30,845) | (3,310,632) |
| 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><u>5,268,265</u></u> | <u><u>4,575,215</u></u> |

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 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 | - | - | - | - | - | - | - | (264,378) | (264,378) | - | (264,378) |
| Other comprehensive (loss) income | - | - | - | (354,436) | 94,827 | - | - | - | (259,609) | 11,136 | (248,473) |
| Total comprehensive (loss) income | - | - | - | (354,436) | 94,827 | - | - | (264,378) | (523,987) | 11,136 | (512,851) |
| As at 30 June 2014 | 44,219,114 | 737,322 | 6,907,296 | (22,117) | (256,605) | (7,847,874) | 940,578 | (28,314,140) | 16,363,574 | 269,872 | 16,633,446 |
| 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 |
| Adjustment for 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 | - | - | - | - | - | - | - | (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 |
| As at 30 June 2013 | 44,219,114 | 737,322 | 6,907,296 | 753,014 | 53,979 | (7,847,874) | 940,578 | (26,332,127) | 19,431,302 | 317,482 | 19,748,784 |

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 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 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 12 August 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.

Subsequent to the reporting date, on 6 July 2014, the Extra Ordinary General Assembly (EGM) of the shareholders 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 26,789,388 and cancellation of share options issued amounting to KD 1,009,482. The effect of this cancellation will be recorded in the interim condensed consolidated financial statements once, the Articles of Association of the Parent Company will be amended and approved by Ministry of Commerce and Industries and relevant regulatory authorities.

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 June 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 June 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) 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, less treasury shares, outstanding during the period.

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

| | <i>Three months ended 30 June</i> | | <i>Six months ended 30 June</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) profit for the period attributable to equity holders of the Parent Company | (363,272) | 71,289 | (264,378) | (40,961) |
| | <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 (excluding treasury shares) | 421,655,945 | 421,655,945 | 421,655,945 | 421,655,945 |
| | <i>Fils</i> | <i>Fils</i> | <i>Fils</i> | <i>Fils</i> |
| Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company | (0.86) | 0.17 | (0.63) | (0.10) |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 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 June | <i>(Audited)</i> | |
|--------------------------------------------|-------------------------|--------------------|------------------|
| | 2014 | 31 December | 30 June |
| | KD | 2013 | 2013 |
| | | KD | KD |
| Bank balances and short-term deposits | 5,517,221 | 5,581,657 | 4,860,951 |
| Less: balances in restricted bank accounts | (248,956) | (282,547) | (285,736) |
| | <u>5,268,265</u> | <u>5,299,110</u> | <u>4,575,215</u> |

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June | <i>(Audited)</i> | |
|---------------------------------------------------------|-----------------------|--------------------|------------------|
| | 2014 | 31 December | 30 June |
| | KD | 2013 | 2013 |
| | | KD | KD |
| <i>Held for Trading:</i> | | | |
| Quoted securities | - | 474,000 | 384,000 |
| <i>Designated at fair value through profit or loss:</i> | | | |
| Quoted securities | 421,404 | 557,425 | 660,605 |
| Unquoted securities | 349,932 | 1,367,963 | 1,822,196 |
| Quoted funds managed by external fund managers | 75,296 | 481,927 | 457,138 |
| | <u>846,632</u> | <u>2,881,315</u> | <u>3,323,939</u> |

Unrealised (loss) gain is analysed as follows:

| | <i>Three months ended</i> | | <i>Six months ended</i> | |
|---------------------------------------------------------|---------------------------|----------------|-------------------------|----------------|
| | <i>30 June</i> | | <i>30 June</i> | |
| | 2014 | 2013 | 2014 | 2013 |
| | KD | KD | KD | KD |
| <i>Held for Trading:</i> | | | | |
| Quoted securities | - | (14,482) | - | (14,482) |
| <i>Designated at fair value through profit or loss:</i> | | | | |
| Quoted securities | (79,049) | 75,157 | (24,315) | 210,582 |
| Unquoted securities | 1,492 | 129,910 | (98,684) | 178,479 |
| Quoted funds managed by external fund managers | (22,129) | 8,679 | (24,843) | 8,760 |
| | <u>(99,686)</u> | <u>199,264</u> | <u>(147,842)</u> | <u>383,339</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2014

6 INVESTMENT IN ASSOCIATES

| | <i>30 June</i> <i>2014</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i> | <i>30 June</i> <i>2013</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 | 636,599 | 669,381 | 213,000 |
| Share of other comprehensive income | (13,428) | 581,280 | 747,633 |
| Dividends | (595,330) | (433,157) | (433,157) |
| Balance at the end of the period | <u>35,056,338</u> | <u>34,050,726</u> | <u>33,760,698</u> |

During the period, the Parent Company acquired an additional equity interest in Afkar Holding Company K.S.C. (Holding) ("Afkah") 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>30 June</i> <i>2014</i> | <i>(Audited)</i> <i>31 December</i> <i>2013</i> | <i>30 June</i> <i>2013</i> |
|-----------------------------|-------------------------------|-------------------------------------------------------|-------------------------------|
| Number of treasury shares | 20,536,596 | 20,536,596 | 20,535,195 |
| Percentage of issued shares | 4.64% | 4.64% | 4.64% |
| Market value (KD) | 462,042 | 985,689 | 1,232,112 |

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</i> <i>shareholders</i> <i>KD</i> | <i>30 June</i> <i>2014</i> <i>KD</i> | <i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i> | <i>30 June</i> <i>2013</i> <i>KD</i> |
|-----------------------------------------------------|--------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|
| Bank balances and short-term deposits | 973,430 | 973,430 | 2,486,286 | 1,011,617 |
| Investment properties | - | - | - | 2,536,101 |
| Due from related parties (included in other assets) | - | - | 1,225,790 | 18,890 |
| Murabaha payables | 37,855,440 | 37,855,440 | 40,465,645 | 40,265,645 |

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

| | <i>Major</i> <i>shareholders</i> <i>KD</i> | <i>Six months ended</i> <i>30 June</i> | |
|------------------|--------------------------------------------------|-------------------------------------------|--------------------------|
| | | <i>2014</i> <i>KD</i> | <i>2013</i> <i>KD</i> |
| Wakala income | - | - | 4,295 |
| Murabaha charges | 838,072 | 838,072 | 814,860 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2014

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

| | <i>Six months ended</i> | |
|----------------------------------------|-------------------------|---------------|
| | <i>30 June</i> | |
| | <i>2014</i> | <i>2013</i> |
| | <i>KD</i> | <i>KD</i> |
| Salaries and other short-term benefits | 55,650 | 69,998 |
| Terminal benefits | 1,531 | 8,308 |
| | <u>57,181</u> | <u>78,306</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> |
|------------------------------------------|-------------------------------------|--------------------------|---------------------------|---------------------------|---------------------|
| Six months ended 30 June 2014 | | | | | |
| Segment income | - | 851,677 | - | 371,675 | 1,223,352 |
| Segment result | - | (234,744) | - | (29,634) | (264,378) |
| As at 30 June 2014 | | | | | |
| Segment assets | - | 52,120,840 | 3,377,998 | - | 55,498,838 |
| | | | | | |
| | <i>Islamic financing KD</i> | <i>Investment KD</i> | <i>Real estate KD</i> | <i>Unallocated KD</i> | <i>Total KD</i> |
| Six months ended 30 June 2013 | | | | | |
| Segment income | 4,295 | 1,155,933 | 52,972 | 25,208 | 1,238,408 |
| Segment result | 162,718 | 217,553 | 52,972 | (474,204) | (40,961) |
| As at 30 June 2013 | | | | | |
| Segment assets | - | 54,696,064 | 6,471,465 | 10,991 | 61,178,520 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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30 June 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 June 2013: KD 6,320,300), 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 June 2014 | <i>Level: 1</i> <i>KD</i> | <i>Level: 3</i> <i>KD</i> | <i>Total fair value</i> <i>KD</i> |
|----------------------------------------------------------------------|------------------------------|------------------------------|--------------------------------------|
| <i>Financial assets at fair value through profit or loss:</i> | | | |
| - Quoted securities | 421,404 | - | 421,404 |
| - Unquoted securities | - | 349,932 | 349,932 |
| - Quoted funds managed by external fund managers | - | 75,296 | 75,296 |
| | <u>421,404</u> | <u>425,228</u> | <u>846,632</u> |
| <i>Financial assets available for sale:</i> | | | |
| - Unquoted investments | - | 5,577,401 | 5,577,401 |
| - Unquoted funds managed by external fund managers | - | 307,150 | 307,150 |
| | <u>-</u> | <u>5,884,551</u> | <u>5,884,551</u> |
| 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 |
| - Quoted 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> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2014

10 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

30 June 2013

Financial assets at fair value through profit or loss:

| | | | |
|--------------------------------------------------|------------------|------------------|------------------|
| - 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> |

Financial assets available for sale:

| | | | |
|----------------------------------------------------|----------|------------------|------------------|
| - 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> |

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2014 (Unaudited)

10 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

| | At 1 January KD | Unrealised (loss) gain recorded in the interim consolidated statement of income KD | Unrealised loss recorded in interim condensed consolidated statement of comprehensive income KD | Impairment recorded in interim consolidated statement of income KD | Net sales KD | At 30 June KD |
|---------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------|------------------|
| 30 June 2014: | | | | | | |
| Assets measured at fair value | | | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | | | |
| - Unquoted equity securities | 1,367,963 | (98,684) | - | - | (919,347) | 349,932 |
| - Unquoted funds | 481,927 | (24,843) | - | - | (381,788) | 75,296 |
| <i>Financial assets available for sale:</i> | | | | | | |
| - Unquoted equity securities | 6,626,431 | - | (328,107) | (172,818) | (548,105) | 5,577,401 |
| - Unquoted funds | 342,189 | - | (35,039) | - | - | 307,150 |
| | 8,818,510 | (123,527) | (363,146) | (172,818) | (1,849,240) | 6,309,778 |
| 30 June 2013 (restated): | | | | | | |
| Assets measured at fair value | | | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | | | |
| - Unquoted equity securities | 5,565,413 | 178,479 | - | - | (3,921,697) | 1,822,195 |
| - Unquoted funds | 448,379 | 8,759 | - | - | - | 457,138 |
| <i>Financial assets available for sale:</i> | | | | | | |
| - Unquoted equity securities | 1,238,851 | 94,518 | - | (3,560) | 3,847,092 | 5,176,901 |
| - Unquoted funds | 553,578 | (62,554) | - | - | (45,782) | 445,242 |
| | 7,806,221 | 219,202 | - | (3,560) | (120,387) | 7,901,476 |