

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2014 (UNAUDITED)



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

Rödl
Middle East

Ali Al Hassawi & Partners
P.O. Box: 22351 Safat 13084 Kuwait
Sharq – Dasman Complex – Block 2 – 9 Floor
Tel: 22464574-6 /22426862-3
Fax: 22414956
Email: info-kuwait@rodme.com
www.rodme.com

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 31 March 2014 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three 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 three months period ended 31 March 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 three months period ended 31 March 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
LICENCE NO. 30 A
RÖDL MIDDLE EAST
BURGAN - INTERNATIONAL ACCOUNTANTS

7 May 2014
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 March 2014 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2014 KD</i>	<i>2013 KD</i>
INCOME			
Wakala income		-	4,295
Realised gain on sale of financial assets at fair value through profit or loss		76,859	203,164
Unrealised (loss) gain on financial assets at fair value through profit or loss	6	(48,156)	184,075
Share of results of associates	7	512,000	143,908
Dividend income		8,132	15,000
Rental income from investment properties		-	31,840
Other income		365,094	18,636
TOTAL INCOME		913,929	600,918
EXPENSES			
Administrative expenses		(61,562)	(83,110)
Staff cost		(139,301)	(198,417)
Foreign exchange (loss) gain		(1,477)	18,658
Reversal of provision for credit losses		-	14,506
Impairment of financial assets available for sale		(163,952)	(3,560)
Murabaha charges		(416,666)	(404,014)
Investment expenses		(32,077)	(57,231)
TOTAL EXPENSES		(815,035)	(713,168)
PROFIT (LOSS) FOR THE PERIOD		98,894	(112,250)
Attributable to:			
Equity holders of the Parent Company		98,894	(112,250)
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	4	0.23 fils	(0.27) 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

For the period ended 31 March 2014 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
		<i>(Restated)*</i>
Profit (loss) for the period	98,894	(112,250)
Other comprehensive income:		
<i>Items to be reclassified to consolidated statement of income in subsequent periods:</i>		
Financial assets available for sale		
- Net change in fair values	(556,143)	45,325
- Transfer to interim condensed consolidated statement of income on impairment	163,952	3,560
Share of other comprehensive (loss) income of associates (Note 7)	(4,912)	292,178
Foreign currency translation adjustments	(3,014)	19,344
Other comprehensive (loss) income for the period	(400,117)	360,407
Total comprehensive (loss) income for the period	(301,223)	248,157
Attributable to:		
Equity holders of the Parent Company	(300,564)	244,112
Non-controlling interests	(659)	4,045
	(301,223)	248,157

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2013 and reflect adjustments made as detailed in Note 3.

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

As at 31 March 2014 (Unaudited)

	Notes	31 March 2014 KD	(Audited) 31 December 2013 KD	31 March 2013 KD (Restated)*
ASSETS				
Bank balances and short-term deposits	5	4,860,509	5,581,657	4,670,609
Financial assets at fair value through profit or loss	6	1,004,818	2,881,315	3,527,900
Financial assets available for sale		10,451,390	11,007,532	11,960,821
Investment in associates	7	35,278,549	34,050,726	33,098,932
Investment properties		3,269,022	3,262,912	6,462,900
Other assets		641,618	1,916,665	847,618
TOTAL ASSETS		55,505,906	58,700,807	60,568,780
EQUITY AND LIABILITIES				
Equity				
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		(64,784)	332,319	314,481
Foreign currency translation reserve		(353,787)	(351,432)	46,105
Treasury shares	8	(7,847,874)	(7,847,874)	(7,847,874)
Treasury shares reserve		940,578	940,578	940,578
Accumulated losses		(27,950,868)	(28,049,762)	(26,403,416)
Equity attributable to equity holders of the Parent Company		16,586,997	16,887,561	18,913,606
Non-controlling interests		258,077	258,736	316,790
Total equity		16,845,074	17,146,297	19,230,396
Liabilities				
Murabaha payables		37,434,035	40,465,645	39,854,799
Other liabilities		1,226,797	1,088,865	1,483,585
Total liabilities		38,660,832	41,554,510	41,338,384
TOTAL EQUITY AND LIABILITIES		55,505,906	58,700,807	60,568,780

Talal Khaled Al-Nesef
(Chairman)

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

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2013 and reflect adjustments made as detailed in Note 3.

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

For the period ended 31 March 2014 (Unaudited)

	Notes	Three months ended 31 March	
		2014 KD	2013 (Restated)* KD
OPERATING ACTIVITIES			
Profit (loss) for the period		98,894	(112,250)
<i>Non-cash adjustment to reconcile profit (loss) for the period to net cash flows:</i>			
Depreciation		3,579	3,579
Share of results of associates	7	(512,000)	(143,908)
Dividend income		(8,132)	(15,000)
Rental income from investment properties		-	(31,840)
Reversal of provision for credit losses		-	(14,506)
Impairment of financial assets available for sale		163,952	3,560
Murabaha charges		416,666	404,014
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		907,060	(387,239)
Wakala receivables		-	1,450,578
Other assets		1,262,435	33,273
Other liabilities		139,610	(1,366,571)
Net cash flows from (used in) operating activities		2,472,064	(176,310)
INVESTING ACTIVITIES			
Capital redemption of financial assets available for sale		-	45,782
Acquisition of additional interest in an associate		(8,424)	-
Rental income received		-	31,840
Dividends received from associates	7	257,036	-
Dividends received from others		8,132	-
Net cash flows from investing activities		256,744	77,622
FINANCING ACTIVITIES			
Dividends paid		(1,680)	(7,714)
Repayment of murabaha payables		(2,830,000)	(3,005,328)
Murabaha charges paid		(618,276)	(404,014)
Net movement in restricted bank accounts		1,680	7,714
Net cash flows used in financing activities		(3,448,276)	(3,409,342)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(719,468)	(3,508,030)
Cash and cash equivalents at beginning of the period		5,299,110	7,885,847
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	4,579,642	4,377,817

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

For the period ended 31 March 2014 (Unaudited)

	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
Profit for the period	-	-	-	-	-	-	-	98,894	98,894	-	98,894
Other comprehensive (loss) income	-	-	-	(397,103)	(2,355)	-	-	-	(399,458)	(659)	(400,117)
Total comprehensive (loss) income	-	-	-	(397,103)	(2,355)	-	-	98,894	(300,564)	(659)	(301,223)
As at 31 March 2014	44,219,114	737,322	6,907,296	(64,784)	(353,787)	(7,847,874)	940,578	(27,950,868)	16,586,997	258,077	16,845,074
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 consolidation (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	-	-	-	-	-	-	-	(112,250)	(112,250)	-	(112,250)
Other comprehensive income (restated)*	-	-	-	341,063	15,299	-	-	-	356,362	4,045	360,407
Total comprehensive income (loss) (restated)*	-	-	-	341,063	15,299	-	-	(112,250)	244,112	4,045	248,157
As at 31 March 2013 (restated)*	44,219,114	737,322	6,907,296	314,481	46,105	(7,847,874)	940,578	(26,403,416)	18,913,606	316,790	19,230,396

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2013 and reflect adjustments made as detailed in Note 3.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2014 (Unaudited)

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 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 7 May 2014.

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 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 for the year ended 31 December 2013 has not been held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2013 have not yet been approved.

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

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2014 (Unaudited)

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)*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.

3 COMPARATIVE INFORMATION

The comparative information for the period ended 31 March 2013 has been restated to reflect the consolidation of “Extended Hotel Equity Ltd.”, “Commercial “Equity Co”. and “GIH India Diversified Co.” in accordance with “IFRS 10: Consolidated Financial Statements”.

Following adjustments have been made to the interim condensed consolidated financial information as at and for the period ended 31 March 2013.

	<i>31 March 2013 KD</i>	<i>1 January 2013 KD</i>
Consolidated statement of financial position:		
Increase (decrease) in assets:		
Bank balances and short term deposits	297,039	297,039
Financial assets available for sale	(3,563,903)	(3,563,903)
Investment properties	3,926,799	3,907,454
Net increase in assets	<u>659,935</u>	<u>640,590</u>
Increase in liabilities:		
Other liabilities	290,343	290,343
Net increase in liabilities	<u>290,343</u>	<u>290,343</u>
(Decrease) increase in equity:		
Cumulative changes in fair values	(58,136)	(58,136)
Foreign currency translation reserve	46,106	30,806
Accumulated losses	64,832	64,832
Equity attributable to equity holders of the Parent Company	52,802	37,502
Non controlling interest	316,790	312,745
Net increase in equity	<u>369,592</u>	<u>350,247</u>
Net increase in liabilities and equity	<u>659,935</u>	<u>640,590</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2014 (Unaudited)

3 COMPARATIVE INFORMATION (continued)

	<i>Three months ended 31 March 2013 KD</i>
Interim condensed consolidated statement of comprehensive income:	
Foreign currency translation adjustments	19,344
Increase in other comprehensive income	<u>19,344</u>
Increase in total comprehensive income	<u><u>19,344</u></u>
Attributable to:	
Equity holders of the Parent Company	15,269
Non-controlling interests	4,075
	<u><u>19,344</u></u>

There was no material impact on the interim condensed consolidated statement of income and interim condensed consolidated statement of cash flows.

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 31 March</i>	
	<i>2014</i>	<i>2013</i>
	<i>KD</i>	<i>KD</i>
Profit (loss) for the period attributable to equity holders of the Parent Company	<u>98,894</u>	<u>(112,250)</u>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of shares for basic and diluted earnings (loss) per share (excluding treasury shares)	<u>421,655,945</u>	<u>421,655,945</u>
	<i>Fils</i>	<i>Fils</i>
Basic and diluted earnings (loss) per share attributable to equity holders of the Parent Company	<u><u>0.23</u></u>	<u><u>(0.27)</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2014 (Unaudited)

5 CASH AND CASH EQUIVALENTS

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

	<i>31 March</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>31 March</i> <i>2013</i> <i>KD</i> <i>(Restated)</i>
Bank balances and short-term deposits	4,860,509	5,581,657	4,670,609
Less: balances in restricted bank accounts	(280,867)	(282,547)	(292,792)
	<u>4,579,642</u>	<u>5,299,110</u>	<u>4,377,817</u>

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March</i> <i>2014</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2013</i> <i>KD</i>	<i>31 March</i> <i>2013</i> <i>KD</i>
<i>Held for Trading:</i>			
Quoted securities	-	474,000	-
<i>Designated at fair value through profit or loss:</i>			
Quoted securities	558,953	557,425	903,040
Unquoted securities	348,440	1,367,963	2,176,400
Quoted funds managed by external fund managers	97,425	481,927	448,460
	<u>1,004,818</u>	<u>2,881,315</u>	<u>3,527,900</u>

Unrealised (loss) gain is analysed as follows:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
<i>Designated at fair value through profit or loss:</i>		
Quoted securities	54,734	135,425
Unquoted securities	(100,176)	48,569
Quoted funds managed by external fund managers	(2,714)	81
	<u>(48,156)</u>	<u>184,075</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2014 (Unaudited)

7 INVESTMENT IN ASSOCIATES

	31 March 2014 KD	<i>(Audited)</i> 31 December 2013 KD	31 March 2013 KD
<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	-
Share of results	512,000	669,381	143,908
Share of other comprehensive (loss) income	(4,912)	581,280	292,178
Dividends	(257,036)	(433,157)	(249,550)
Balance at the end of the period	<u>35,278,549</u>	<u>34,050,726</u>	<u>33,098,932</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%.

8 TREASURY SHARES

	31 March 2014	<i>(Audited)</i> 31 December 2013	31 March 2013
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)	924,084	985,689	1,191,041

9 RELATED PARTY TRANSACTIONS

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

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

	Major shareholders KD	31 March 2014 KD	<i>(Audited)</i> 31 December 2013 KD	31 March 2013 KD
Bank balances	796,276	796,276	2,486,286	484,076
Investment properties	-	-	-	2,536,101
Due from related parties (included in other assets)	-	-	1,225,790	18,401
Murabaha payables	37,434,035	37,434,035	40,465,645	39,854,799
Other liabilities	-	-	-	56,250

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

	Major shareholders KD	<i>Three months ended 31 March</i>	
		2014 KD	2013 KD
Wakala income	-	-	4,295
Murabaha charges	416,666	416,666	404,014

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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31 March 2014 (Unaudited)

9 RELATED PARTY TRANSACTIONS (continued)

Key management compensation:

	<i>Three months ended 31 March</i>	
	<i>2014</i> <i>KD</i>	<i>2013</i> <i>KD</i>
Salaries and other short-term benefits	27,825	44,691
Terminal benefits	3,087	3,257
	<u>30,912</u>	<u>47,948</u>

10 SEGMENT INFORMATION

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

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

	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Three months ended 31 March 2014					
Segment income	-	548,835	-	365,094	913,929
Segment result	-	(63,860)	-	162,754	98,894
As at 31 March 2014					
Segment assets	-	52,236,636	3,269,022	248	55,505,906
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Three months ended 31 March 2013					
Segment income	4,295	546,147	31,840	18,636	600,918
Segment result	18,801	81,342	31,840	(244,233)	(112,250)
As at 31 March 2013 (restated)					
Segment assets	-	54,091,310	6,462,900	14,570	60,568,780

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION

31 March 2014 (Unaudited)

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. As at the reporting date, the fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 4,038,912 (31 December 2013: KD 4,038,912 and 31 March 2013: KD 6,321,756), 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>
31 March 2014			
<i>Financial assets at fair value through profit or loss:</i>			
- Quoted securities	558,953	-	558,953
- Unquoted securities	-	348,440	348,440
- Quoted funds managed by external fund managers	-	97,425	97,425
	<u>558,953</u>	<u>445,865</u>	<u>1,004,818</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	6,280,003	6,280,003
- Unquoted funds managed by external fund managers	-	132,475	132,475
	<u>-</u>	<u>6,412,478</u>	<u>6,412,478</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

31 March 2014 (Unaudited)

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 March 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	903,040	-	903,040
- Unquoted securities	-	2,176,400	2,176,400
- Quoted funds managed by external fund managers	-	448,460	448,460
	<u>903,040</u>	<u>2,624,860</u>	<u>3,527,900</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	5,124,362	5,124,362
- Unquoted funds managed by external fund managers	-	514,703	514,703
	<u>-</u>	<u>5,639,065</u>	<u>5,639,065</u>

There were no transfers between fair value hierarchies during the period ended 31 March 2014.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2014 (Unaudited)

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	At January KD	Unrealised loss recorded in the interim consolidated statement of income KD	Unrealised loss recorded in interim condensed statement of comprehensive income KD	Impairment recorded in interim consolidated statement of income KD	Net sales KD	At 31 March KD
31 March 2014:						
Assets measured at fair value						
<i>Financial assets at fair value through profit or loss:</i>						
- Unquoted equity securities	1,367,963	(100,176)	-	-	(919,347)	348,440
- Unquoted funds	481,927	(2,714)	-	-	(381,788)	97,425
<i>Financial assets available for sale:</i>						
- Unquoted equity securities	5,855,171	-	(391,729)	(163,952)	-	5,299,490
- Unquoted funds	1,113,449	-	(461)	-	-	1,112,988
	8,818,510	(102,890)	(392,190)	(163,952)	(1,301,135)	6,858,343
31 March 2013 (restated):						
Assets measured at fair value						
<i>Financial assets at fair value through profit or loss:</i>						
- Unquoted equity securities	5,565,413	48,569	-	-	(3,437,583)	2,176,399
- Unquoted funds	448,379	81	-	-	-	448,460
<i>Financial assets available for sale:</i>						
- Unquoted equity securities	1,238,851	-	41,979	(3,560)	3,847,092	5,124,362
- Unquoted funds	553,578	-	6,907	-	(45,782)	514,703
	7,806,221	48,650	48,886	(3,560)	363,727	8,263,924