

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 SEPTEMBER 2013 (UNAUDITED)



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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. (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 September 2013 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine 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 nine months period ended 30 September 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 nine months period ended 30 September 2013.

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BURGAN – INTERNATIONAL ACCOUNTANTS

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2013 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 KD	2012 KD	2013 KD	2012 KD
INCOME					
Wakala income		-	10,141	4,295	31,915
Realised gain on sale of financial assets at fair value through profit or loss		10,566	-	551,589	1,621
Unrealised gain (loss) on financial assets at fair value through profit or loss	6	7,721	(52,168)	391,060	565,130
Realised gain (loss) on sale of financial assets available for sale		13,278	-	13,278	(4,423)
Share of results of associates	7	176,767	186,692	389,767	1,090,587
Realised gain on sale of investment in an associate		-	2,607,158	-	2,607,158
Dividend income		-	-	18,571	32,383
Realised gain on sale of investment properties		274,437	-	274,437	-
Rental income from investment properties		25,320	31,379	78,292	116,926
Other income		17,124	2,054	42,332	273,035
TOTAL INCOME		525,213	2,785,256	1,763,621	4,714,332
EXPENSES					
Administrative expenses		(61,966)	(57,805)	(215,249)	(181,854)
Staff cost		(115,784)	(166,712)	(483,831)	(553,891)
Foreign exchange (loss) gain		(13,324)	6,701	8,594	28,343
(Provision for) reversal of credit losses		-	(299,826)	158,423	(300,044)
Impairment of financial assets available for sale		(306,661)	(479,712)	(310,221)	(479,712)
Murabaha charges		(414,262)	(576,637)	(1,229,122)	(1,766,939)
Investment expenses		(64,206)	(33,548)	(184,166)	(110,692)
TOTAL EXPENSES		(976,203)	(1,607,539)	(2,255,572)	(3,364,789)
(LOSS) PROFIT BEFORE ZAKAT AND NATIONAL LABOUR SUPPORT TAX ("NLST")		(450,990)	1,177,717	(491,951)	1,349,543
Zakat		-	(5,383)	-	(5,383)
NLST		-	(22,244)	-	(22,244)
(LOSS) PROFIT FOR THE PERIOD		(450,990)	1,150,090	(491,951)	1,321,916
Attributable to:					
Equity holders of the Parent Company		(450,990)	1,150,090	(491,951)	1,321,916
Basic and diluted (loss) earnings per share attributable to equity holders of the Parent Company					
	4	(1.07) fils	2.73 fils	(1.17) fils	3.14 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 September 2013 (Unaudited)

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</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>
(Loss) profit for the period	(450,990)	1,150,090	(491,951)	1,321,916
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	(89,025)	(436,072)	(60,622)	(283,796)
- Transfer to interim condensed consolidated statement of income on impairment	306,661	479,712	310,221	479,712
- Transfer to interim condensed consolidated statement of income on sale	(13,278)	-	(13,278)	4,423
Share of other comprehensive income of associates (Note 7)	63,794	(34,196)	811,427	96,888
Foreign currency translation adjustments	(320,957)	(68,384)	(293,047)	(23,466)
Other comprehensive (loss) income for the period	(52,805)	(58,940)	754,701	273,761
Total comprehensive (loss) income for the period	(503,795)	1,091,150	262,750	1,595,677
Attributable to:				
Equity holders of the Parent Company	(471,538)	1,095,840	290,270	1,599,026
Non-controlling interests	(32,257)	(4,690)	(27,520)	(3,349)
	(503,795)	1,091,150	262,750	1,595,677

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 2013 (Unaudited)

		(Audited) 30 September 2013 KD	31 December 2012 (Restated)* KD	30 September 2012 (Restated)* KD
ASSETS				
Bank balances and short-term deposits	5	5,355,064	8,186,353	7,998,360
Financial assets at fair value through profit or loss	6	3,300,860	6,781,407	6,931,962
Financial assets available for sale		11,768,625	8,320,532	9,863,036
Wakala receivables		-	1,436,072	1,133,057
Investment in associates	7	34,001,259	32,912,396	33,948,937
Investment properties		3,696,755	6,443,555	5,732,998
Other assets		2,886,992	601,770	385,053
Furniture and equipment		7,406	18,149	22,359
TOTAL ASSETS		61,016,961	64,700,234	66,015,762
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		1,021,166	(26,582)	(313,423)
Foreign currency translation reserve		(234,721)	30,806	(49,898)
Treasury shares	8	(7,847,874)	(7,847,874)	(7,847,874)
Treasury shares reserve		940,578	940,578	940,578
Accumulated losses		(26,783,117)	(26,291,166)	(24,634,567)
Equity attributable to equity holders of the Parent Company		18,959,764	18,669,494	19,958,548
Non-controlling interests		285,225	312,745	229,470
Total equity		19,244,989	18,982,239	20,188,018
Liabilities				
Murabaha payables	9	40,679,907	42,860,126	44,428,712
Other liabilities		1,092,065	2,857,869	1,399,032
Total liabilities		41,771,972	45,717,995	45,827,744
TOTAL EQUITY AND LIABILITIES		61,016,961	64,700,234	66,015,762

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 September 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 September 2013 (Unaudited)

	Notes	Nine months ended 30 September	
		2013 KD	2012 KD (Restated)*
OPERATING ACTIVITIES			
(Loss) profit for the period before Zakat and NLST		(491,951)	1,349,543
<i>Non-cash adjustment to reconcile (loss) profit for the period to net cash flows:</i>			
Depreciation		10,738	14,246
Share of results of associates	7	(389,767)	(1,090,587)
Realised gain on sale of investment in an associate		-	(2,607,158)
Realised (gain) loss on sale of financial assets available for sale		(13,278)	4,423
Realised gain on sale of investment properties		(274,437)	-
Dividend income		(18,571)	(32,383)
Rental income from investment properties		(78,292)	(116,926)
(Reversal of) provision for credit losses		(158,423)	300,044
Impairment of financial assets available for sale		310,221	479,712
Murabaha charges		1,229,122	1,766,939
<i>Changes in operating assets and liabilities:</i>			
Financial assets at fair value through profit or loss		(481,021)	(299,471)
Wakala receivables		1,450,433	(4,381)
Other assets		(2,126,163)	72,265
Other liabilities		(1,748,356)	(57,511)
Net cash flows used in operating activities		(2,779,745)	(221,245)
INVESTING ACTIVITIES			
Additions to financial assets available for sale		-	(35,157)
Capital redemption of financial assets available for sale		118,756	679,948
Acquisition of additional interest in an associate		-	(162,687)
Proceeds from sale of investment in an associate		-	7,599,968
Proceeds from sale of financial assets available for sale		13,278	-
Rental income received		78,292	116,926
Dividends received from associates	7	433,157	713,430
Dividends received from others		3,571	32,383
Proceeds from sale of investment properties		2,728,190	796,158
Net cash flows from investing activities		3,375,244	9,740,969
FINANCING ACTIVITIES			
Dividends paid		(17,447)	(71,910)
Repayment of murabaha payables		(3,005,327)	(5,154,565)
Murabaha charges paid		(404,014)	(2,888,476)
Net movement in restricted bank accounts		17,447	71,910
Net cash flows used in financing activities		(3,409,341)	(8,043,041)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,813,842)	1,476,683
Cash and cash equivalents at beginning of the period		7,885,847	6,219,531
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	5,072,005	7,696,214

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 2013 (Unaudited)

	Attributable to equity holders of the Parent Company										Total equity KD		
	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
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	-	-	-	-	-	-	-	-	-	(491,951)	(491,951)	-	(491,951)
Other comprehensive income (loss)	-	-	-	-	-	1,047,748	(265,527)	-	-	-	782,221	(27,520)	754,701
Total comprehensive income (loss)	-	-	-	-	-	1,047,748	(265,527)	-	-	(491,951)	290,270	(27,520)	262,750
As at 30 September 2013	44,219,114	-	737,322	6,907,296	-	1,021,166	(234,721)	(7,847,874)	940,578	(26,783,117)	18,959,764	285,225	19,244,989
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	-	-	-	-	-	-	-	-	-	1,321,916	1,321,916	-	1,321,916
Other comprehensive income (loss) (restated)	-	-	-	-	-	297,227	(20,117)	-	-	-	277,110	(3,349)	273,761
Total comprehensive income (loss) (restated)	-	-	-	-	-	297,227	(20,117)	-	-	1,321,916	1,599,026	(3,349)	1,595,677
Accumulated losses written-off	-	(658,108)	-	(1,848,594)	(6,265,204)	-	-	-	-	8,771,906	-	-	-
As at 30 September 2012 (restated)	44,219,114	-	737,322	6,907,296	-	(313,423)	(49,898)	(7,847,874)	940,578	(24,634,567)	19,958,548	229,470	20,188,018

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 September 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 September 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 14 November 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 have been issued by the Ministry of Industry and Commerce near the period end, these Executive Regulations 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 September 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 12Group's financial position or performance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 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
INFORMATION

30 September 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 September 2012:

	<i>31 December 2012</i>	<i>30 September 2012</i>
	<i>KD</i>	<i>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)	(3,152,973)
Investment properties	3,907,454	3,336,796
Net increase in assets	<u>640,590</u>	<u>480,862</u>
Increase in liabilities:		
Other liabilities	290,343	290,343
Net increase in liabilities	<u>290,343</u>	<u>290,343</u>
Increase (decrease) in equity:		
Cumulative changes in fair values	(58,136)	504,283
Foreign currency translation reserve	30,806	(49,898)
Accumulated losses	64,832	(493,336)
Equity attributable to equity holders of the Parent Company	37,502	(38,951)
Non-controlling interest	312,745	229,470
Net increase in equity	<u>350,247</u>	<u>190,519</u>
Net increase in liabilities and equity	<u>640,590</u>	<u>480,862</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2013 (Unaudited)

3 IMPACT OF THE ADOPTION OF IFRS 10 (continued)

Interim condensed consolidated statement of comprehensive income:	<i>Three months ended 30 September 2012 KD</i>	<i>Nine months ended 30 September 2012 KD</i>
Foreign currency translation adjustments	(68,384)	(23,466)
Decrease in other comprehensive income	(68,384)	(23,466)
Decrease in total comprehensive income	(68,384)	(23,466)

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 (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 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013 KD</i>	<i>2012 KD</i>	<i>2013 KD</i>	<i>2012 KD</i>
(Loss) profit for the period attributable to equity holders of the Parent Company	(450,990)	1,150,090	(491,951)	1,321,916
	<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)	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	(1.07)	2.73	(1.17)	3.14

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 September 2013 KD</i>	<i>(Audited) 31 December 2012 (Restated) KD</i>	<i>30 September 2012 (Restated) KD</i>
Bank balances and short-term deposits	5,355,064	8,186,353	7,998,360
Less: balances in restricted bank accounts	(283,059)	(300,506)	(302,146)
	5,072,005	7,885,847	7,696,214

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6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 September</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 September</i> <i>2012</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	614,712	767,615	776,485
Unquoted securities	1,727,433	5,565,413	5,705,934
Quoted funds managed by external fund managers	484,715	448,379	449,543
	<u>3,300,860</u>	<u>6,781,407</u>	<u>6,931,962</u>

Unrealised gain (loss) is analysed as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<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	90,000	-	75,518	-
<i>Designated at fair value through profit or loss:</i>				
Quoted securities	(15,093)	(5,034)	195,489	21,019
Unquoted securities	(94,762)	(35,319)	83,717	571,853
Quoted funds managed by external fund managers	27,576	(11,815)	36,336	(27,742)
	<u>7,721</u>	<u>(52,168)</u>	<u>391,060</u>	<u>565,130</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 September</i> <i>2013</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2012</i> <i>KD</i>	<i>30 September</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	162,687
Disposal	-	(4,992,812)	(4,992,812)
Share of results	389,767	(43,092)	1,090,587
Share of other comprehensive income	811,427	194,026	96,888
Dividends	(433,157)	(713,430)	(713,430)
Balance at the end of the period	<u>34,001,259</u>	<u>32,912,396</u>	<u>33,948,937</u>

During the period, the Parent Company acquired an additional equity interest in Afkar Holding Company K.S.C. ("Afkah") in exchange for shares of a certain financial asset available for sale. 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 September 2013</i>	<i>(Audited) 31 December 2012</i>	<i>30 September 2012</i>
Number of treasury shares	20,535,195	20,535,195	20,535,195
Percentage of issued shares	4.64%	4.64%	4.64%
Market value (KD)	1,047,295	872,746	687,929

9 MURABAHA PAYABLES

	<i>30 September 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 September 2012 KD</i>
Gross amount	42,806,800	44,969,341	44,428,712
Less: deferred cost	(2,126,893)	(2,109,215)	-
	<u>40,679,907</u>	<u>42,860,126</u>	<u>44,428,712</u>

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>Other related parties KD</i>	<i>Major shareholders KD</i>	<i>30 September 2013 KD</i>	<i>(Audited) 31 December 2012 KD</i>	<i>30 September 2012 KD</i>
Bank balances	-	2,134,177	2,134,177	1,084,702	778,478
Wakala receivables	-	-	-	1,436,072	-
Investment properties	-	-	-	2,536,101	-
Due from related parties (included in other assets)	2,225,790	-	2,225,790	18,417	18,417
Due to a related party	-	-	-	1,363,575	-
Murabaha payables	-	40,679,907	40,679,907	42,860,126	44,428,712
Other liabilities	-	-	-	56,250	-

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

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>Nine months ended 30 September</i>	
			<u>2013 KD</u>	<u>2012 KD</u>
Wakala income	-	4,295	4,295	31,915
Murabaha charges	1,229,122	-	1,229,122	1,629,779

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10 RELATED PARTY TRANSACTIONS (continued)

Key management compensation:

	<i>Nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	86,045	154,805
Terminal benefits	12,109	7,702
	<u>98,154</u>	<u>162,507</u>

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>
Nine months ended 30 September 2013					
Segment income	4,295	1,364,265	352,729	42,332	1,763,621
Segment result	<u>162,718</u>	<u>(359,245)</u>	<u>352,729</u>	<u>(648,153)</u>	<u>(491,951)</u>
As at 30 September 2013					
Segment assets	<u>-</u>	<u>57,312,800</u>	<u>3,696,755</u>	<u>7,406</u>	<u>61,016,961</u>
	<i>Islamic financing KD</i>	<i>Investment KD</i>	<i>Real estate KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Nine months ended 30 September 2012					
Segment income	31,915	4,292,456	116,926	273,035	4,714,332
Segment result	<u>(268,129)</u>	<u>1,935,113</u>	<u>116,926</u>	<u>(461,994)</u>	<u>1,321,916</u>
As at 30 September 2012 (Restated)					
Segment assets	<u>1,133,057</u>	<u>59,127,348</u>	<u>5,372,998</u>	<u>22,359</u>	<u>66,015,762</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 4,388,871 (31 December 2012: KD 7,277,305 and 30 September 2012: KD 6,555,226), 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> KD	<i>Level: 3</i> KD	<i>Total fair value</i> KD
30 September 2013			
<i>Financial assets at fair value through income statement:</i>			
- Quoted securities	1,088,712	-	1,088,712
- Unquoted securities	-	1,727,433	1,727,433
- Quoted funds managed by external fund managers	-	484,715	484,715
	<u>1,088,712</u>	<u>2,212,148</u>	<u>3,300,860</u>
<i>Financial assets available for sale:</i>			
- Unquoted investments	-	7,010,084	7,010,084
- Unquoted funds managed by external fund managers	-	369,670	369,670
	<u>-</u>	<u>7,379,754</u>	<u>7,379,754</u>
31 December 2012			
<i>Financial assets at fair value through income statement:</i>			
- 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>
<i>Financial assets available for sale:</i>			
- 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 September 2012	Level: 1 KD	Level: 3 KD	Total fair value KD
Financial assets at fair value through income statement:			
- Quoted securities	776,485	-	776,485
- Unquoted securities	-	5,705,934	5,705,934
- Quoted funds managed by external fund managers	-	449,543	449,543
	<u>776,485</u>	<u>6,155,477</u>	<u>6,931,962</u>
Financial assets available for sale:			
- Unquoted investments	-	2,709,674	2,709,674
- Unquoted funds managed by external fund managers	-	598,136	598,136
	<u>-</u>	<u>3,307,810</u>	<u>3,307,810</u>

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