

**GLOBAL INVESTMENT HOUSE K.S.C.
(CLOSED)
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

31 MARCH 2019

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Global Investment House K.S.C. (Closed) (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2019 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 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.

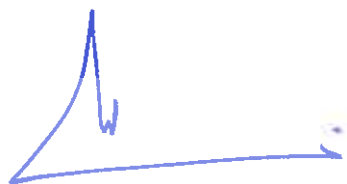
Report on Other Legal and Regulatory Requirements

Further, 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. 1 of 2016 as amended and its executive regulations, as amended, or of the Parent Company’s Articles of Association and Memorandum of Incorporation during the three months period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

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

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our audit, 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, as amended, concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

5 May 2019
Kuwait

Global Investment House K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2019

| | <i>Notes</i> | <i>Three months ended 31 March</i> | |
|--|--------------|--|------------------------------|
| | | <i>2019</i> KD 000 | <i>2018</i> KD 000 |
| INCOME | | | |
| Fees and commission income | 4 | 3,515 | 2,487 |
| Interest and similar income | | 312 | 317 |
| Net (loss) gain on financial assets designated at fair value through profit or loss | | (90) | 754 |
| Net loss on sale of investment properties | | - | (90) |
| Foreign exchange gain (loss) | | 90 | (88) |
| Other operating income | | 761 | 519 |
| TOTAL INCOME | | 4,588 | 3,899 |
| EXPENSES | | | |
| Personnel expenses | | 1,986 | 1,632 |
| Other operating expenses | | 710 | 635 |
| Depreciation of property and equipment | | 116 | 187 |
| Charge of expected credit losses on other financial assets | | 8 | 80 |
| Write back of provision for credit losses | | (21) | (246) |
| TOTAL EXPENSES | | 2,799 | 2,288 |
| PROFIT BEFORE PROVISION FOR CONTRIBUTION TO KFAS, ZAKAT AND DIRECTOR'S REMUNERATION | | 1,789 | 1,611 |
| Provision for contribution to Kuwait Foundation for Advancement of Science (KFAS) | | (16) | (15) |
| Provision for Zakat | | (17) | (15) |
| Director's remuneration | | (31) | - |
| PROFIT FOR THE PERIOD | | 1,725 | 1,581 |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 1,714 | 1,582 |
| Non-controlling interests | | 11 | (1) |
| | | 1,725 | 1,581 |

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Global Investment House K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2019

| | <i>Three months ended</i> | |
|--|---------------------------|---------------|
| | <i>31 March</i> | |
| | <i>2019</i> | <i>2018</i> |
| | <i>KD 000</i> | <i>KD 000</i> |
| Profit for the period | 1,725 | 1,581 |
| Other comprehensive income (loss) income: | | |
| <i>Items of other comprehensive income (loss) that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i> | | |
| Exchange differences on translation of foreign operations | 62 | (134) |
| <i>Items of other comprehensive (loss) income that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i> | | |
| Net change on equity instruments designated at fair value through other comprehensive income | (261) | 187 |
| Net other comprehensive (loss) income for the period | (199) | 53 |
| Total comprehensive income for the period | 1,526 | 1,634 |
| Attributable to: | | |
| Equity holders of the Parent Company | 1,512 | 1,638 |
| Non-controlling interests | 14 | (4) |
| | 1,526 | 1,634 |

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Global Investment House K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2019

| | | 31 March | (Audited) 31 December | 31 March |
|--|--------------|-----------------|--|-----------------|
| | <i>Notes</i> | 2019 | 2018 | 2018 |
| | | KD 000 | KD 000 | KD 000 |
| ASSETS | | | | |
| Bank balances and deposits | 5 | 29,160 | 28,159 | 30,586 |
| Investment securities | 6 | 22,412 | 25,411 | 27,394 |
| Loans and advances | | 6,004 | 6,000 | 4,611 |
| Investments in associates | | 123 | 124 | 137 |
| Investment properties | | 659 | 657 | 684 |
| Property and equipment | | 7,295 | 7,397 | 7,801 |
| Other assets | 7 | 12,252 | 10,590 | 10,698 |
| TOTAL ASSETS | | 77,905 | 78,338 | 81,911 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 8 | 49,517 | 49,517 | 57,017 |
| Share premium | | 8,796 | 8,796 | 8,796 |
| Treasury shares | 8 | (8,780) | (8,780) | (8,796) |
| Statutory reserve | | 2,654 | 2,654 | 2,173 |
| General reserve | | 2,654 | 2,654 | 2,173 |
| Cumulative changes in fair values | | 381 | 271 | 226 |
| Foreign currency translation reserve | | 1,282 | 1,220 | 1,043 |
| Retained earnings | | 9,456 | 8,116 | 8,856 |
| Equity attributable to equity holders of the Parent Company | | 65,960 | 64,448 | 71,488 |
| Non-controlling interests | | 1,519 | 1,505 | 1,490 |
| Total equity | | 67,479 | 65,953 | 72,978 |
| Liabilities | | | | |
| Other liabilities | | 10,426 | 12,385 | 8,933 |
| Total liabilities | | 10,426 | 12,385 | 8,933 |
| TOTAL EQUITY AND LIABILITIES | | 77,905 | 78,338 | 81,911 |

Faisal Sarkhou
Chairman

Sulaiman Mohammad Al Rubaie
Acting Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Global Investment House K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2019

| | <i>Note</i> | <i>Three months ended 31 March</i> | |
|--|-------------|--|-------------------------|
| | | <i>2019 KD '000</i> | <i>2018 KD '000</i> |
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 1,725 | 1,581 |
| Adjustments for: | | | |
| Depreciation | | 116 | 187 |
| Write back of provision for credit losses | | (21) | (246) |
| Charge of expected credit losses on other financial assets | | 8 | 80 |
| Interest and similar income | | (312) | (317) |
| Dividend income | | (552) | (307) |
| Net loss on sale of investment properties | | - | 90 |
| | | <u>964</u> | <u>1,068</u> |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Financial assets designated at fair value through profit or loss | | 244 | 29 |
| Loans and advances | | 44 | 210 |
| Financial assets designated at fair value through other comprehensive income | | 395 | - |
| Financial assets designated at amortised cost | | 64 | - |
| Other assets | | 362 | (2,511) |
| Other liabilities | | (1,800) | (1,038) |
| Cash flows from (used in) operations | | <u>273</u> | <u>(2,242)</u> |
| Interest and similar income received | | 312 | 304 |
| Dividend income received | | 552 | - |
| Net cash flows from (used in) operating activities | | <u>1,137</u> | <u>(1,938)</u> |
| INVESTING ACTIVITIES | | | |
| Proceeds from sale of investment properties | | - | 717 |
| Purchase of property and equipment | | (10) | |
| Net movement in deposits | | (4,648) | (718) |
| Net cash flows used in investing activities | | <u>(4,658)</u> | <u>(1)</u> |
| FINANCING ACTIVITIES | | | |
| Dividends paid to shareholders of the Parent Company | | (21) | (6) |
| Capital reduction amount paid to shareholders of the Parent Company | | (105) | (70) |
| Net cash flows used in financing activities | | <u>(126)</u> | <u>(76)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | <u>(3,647)</u> | <u>(2,015)</u> |
| Cash and cash equivalents at 1 January | 5 | 23,449 | 28,941 |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | 5 | <u>19,802</u> | <u>26,926</u> |

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Attributable to the equity holders of the Parent Company

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

1 CORPORATE INFORMATION

The Group comprises of Global Investment House K.S.C. (Closed) (the "Parent Company") and its Subsidiaries (collectively the "Group"). The Parent Company is a Kuwaiti shareholding company (closed) incorporated under the laws of the State of Kuwait on 16 June 1998. The Parent Company is regulated by the Capital Markets Authority (CMA) of Kuwait as an investment company and Central Bank of Kuwait (CBK) for financing activities.

The Group is principally engaged in provision of asset management, investment banking and brokerage activities. Its registered office is at Global Tower, Sharq, Al Shuhada St, P.O. Box 28807, Safat 13149, Kuwait. The Group primarily operates in the Gulf Co-operation Council (GCC) and other Middle Eastern and North African (MENA) countries. The Ultimate Parent Company of the Group is Kuwait Projects Company Holding K.S.C.P., an entity which is listed on Boursa Kuwait.

The shareholders at Annual General Assembly (AGM) held on 15 April 2019 approved the consolidated financial statements for the year ended 31 December 2018.

This interim condensed consolidated financial information for the period ended 31 March 2019 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 5 May 2019.

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2019 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting.

The interim condensed consolidated financial information for the three months ended 31 March 2019 is prepared in accordance with the regulations issued by the Central Bank of Kuwait ("CBK") for financial services institutions in the State of Kuwait. These regulations require the expected credit loss ("ECL") on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait). The ECL on loans and advances computed under IFRS 9 in accordance with the CBK guidelines amounted to KD 3,110 as at 31 March 2019 (31 December 2018: KD 3,244), which is lower than the provision required by CBK instructions.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

Further, results for the three months period ended 31 March 2019, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 "leases". The nature and effect of these changes are disclosed below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

3 IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (continued)

IFRS 16 Leases (continued)

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 but do not have an impact on the interim condensed consolidated financial information of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2019 did not have any material impact on the accounting policies, financial position or performance of the Group.

4 FEES AND COMMISSION INCOME

| | <i>Three months ended 31 March</i> | |
|--|--|------------------------|
| | <i>2019 KD 000</i> | <i>2018 KD 000</i> |
| Management fees on assets under management | 1,739 | 1,932 |
| Incentive fees on assets under management | 1,409 | 171 |
| Placement/initial/redemption/ fees – managed funds | 31 | 65 |
| Investment banking and advisory fees | 2 | 177 |
| Brokerage | 334 | 142 |
| | <u>3,515</u> | <u>2,487</u> |

5 BANK BALANCES AND DEPOSITS

| | <i>(Audited)</i> | | |
|---|-------------------------------------|--|-------------------------------------|
| | <i>31 March 2019 KD 000</i> | <i>31 December 2018 KD 000</i> | <i>31 March 2018 KD 000</i> |
| Bank balances and cash | 2,271 | 2,938 | 3,296 |
| Bank balances and cash arising on consolidation | 5,604 | 4,001 | 3,970 |
| Deposits with banks arising on consolidation | 5,667 | 5,954 | 5,737 |
| Deposits with banks | 15,618 | 15,266 | 17,583 |
| | <u>29,160</u> | <u>28,159</u> | <u>30,586</u> |
| Less: deposits with banks with maturity of more than three months | (9,358) | (4,710) | (3,660) |
| Cash and cash equivalents in the interim condensed consolidated statement of cash flows | <u>19,802</u> | <u>23,449</u> | <u>26,926</u> |

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

6 INVESTMENT SECURITIES

| | 31 March 2019 KD 000 | <i>(Audited)</i> 31 December 2018 KD 000 | 31 March 2018 KD 000 |
|--|-------------------------------------|--|-------------------------------------|
| Financial assets designated at fair value through profit or loss | 18,042 | 18,286 | 20,269 |
| Financial assets designated at fair value through other comprehensive income | 4,284 | 6,975 | 6,977 |
| Financial assets designated at amortised cost | 86 | 150 | 148 |
| | 22,412 | 25,411 | 27,394 |

7 OTHER ASSETS

Other assets include KD 1,500 thousand (31 December 2018 and 31 March 2018: KD 1,500 thousand) deposited in a bank under an escrow arrangement with the Parent Company's legal counsel for certain legal claims. Based on the advice of the legal counsel, this escrow arrangement does not represent any deterioration in the Group's legal position and no provision is required relating to these legal claims as at 31 March 2019.

8 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

| | <i>Authorised</i> <i>(Audited)</i> 31 | | | <i>Issued and fully paid</i> <i>(Audited)</i> 31 | | |
|-------------------------|--|-------------------------------------|-------------------------------------|---|-------------------------------------|-------------------------------------|
| | 31 March 2019 KD 000 | December 2018 KD 000 | 31 March 2018 KD 000 | 31 March 2019 KD 000 | December 2018 KD 000 | 31 March 2018 KD 000 |
| Shares of KD 0.100 each | 49,517 | 49,517 | 57,017 | 49,517 | 49,517 | 57,017 |

The shareholders at Annual General Assembly (AGM) held on 15 April 2019 approved the consolidated financial statements for the year ended 31 December 2018.

The Extraordinary General Meeting (EGM) held on 6 September 2018 approved to reduce the Share Capital of the Parent Company by KD 7,500 thousand. This resulted in the reduction of authorized, issued and fully paid share capital of the Parent Company from KD 57,017 thousand to KD 49,517 thousand and the number of issued and fully paid up shares reduced from 570,168,980 shares to 495,168,980 shares. The shareholders were entitled to KD 0.100 cash for each share cancelled. The amount of capital reduction has been paid subsequent to the approval.

(ii) Treasury shares

| | 31 March 2019 | <i>(Audited)</i> 31 December 2018 | 31 March 2018 |
|----------------------------------|--------------------------|---|--------------------------|
| Number of shares (000) | 13,248 | 13,248 | 13,254 |
| Percentage holding | 2.68% | 2.68% | 2.32% |
| Cost of treasury shares (KD 000) | 8,780 | 8,780 | 8,796 |

Market value of the treasury shares was non-determinable, as the Parent Company shares are not listed.

An amount equivalent to the cost of purchased of treasury shares have been earmarked as non-distributable from share premium throughout the holding period of treasury shares.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

9 RELATED PARTY TRANSACTIONS

In the normal course of business, the Group enters into various transactions with related parties (i.e. associates, major shareholders, directors and executive officers of the Parent Company) concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

| | 31 March 2019 KD 000 | (Audited) 31 December 2018 KD 000 | 31 March 2018 KD 000 |
|--|-------------------------------------|--|-------------------------------------|
| Interim condensed consolidated statement of financial position | | | |
| Other assets | - | - | 89 |
| Other liabilities | - | - | 1,786 |
| Bank balances and deposits | - | 1,500 | - |
| Transactions included in interim condensed consolidated statement of income | | | |
| Fee and commission income | - | - | 242 |
| Interest and similar income | - | 10 | - |
| Independent directors fee (2019: fees is subject to AGM approval) | - | 6 | 13 |
| Board and board committees sitting fee, travel and other incidental expenses | - | 6 | 4 |
| Directors remuneration subject to AGM approval | - | 31 | - |
| Key management personnel compensation | | | |
| Short-term employee benefits | - | 134 | 197 |
| End of service benefits | - | 14 | 19 |
| | | 148 | 216 |

10 SEGMENTAL INFORMATION

For management purposes the continuing operations of the Group is organised into four major business segments:

- Assets Management: Managing of GCC, MENA and international managed funds, discretionary and non-discretionary portfolio management, custody services and co-investments in the Group's Asset Management products.
- Investment Banking and Advisory: Private placement of equities and debt, advising and managing listings, initial public offerings (IPOs), arranging conventional and Islamic debt, buy and sell side advisory, advising on strategy, privatisation, mergers, reverse mergers, acquisitions and debt restructuring.
- Brokerage: Quoted and unquoted equity and debt instruments brokerage activities and margin financing.
- Group Treasury and Asset based Income: Managing the Group's liquidity and foreign currency requirements, lending to corporate and individual customers and extremely limited and selective investing activities.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

10 SEGMENTAL INFORMATION (continued)

| | Three months ended 31 March 2019 | | | | |
|------------------------------|----------------------------------|--|----------------------|--|------------------|
| | Asset management KD '000 | Investment banking and advisory KD '000 | Brokerage KD '000 | Group treasury and asset based income KD '000 | Total KD '000 |
| Revenue – fee based | 3,179 | 2 | 334 | - | 3,515 |
| Revenue – asset based | 148 | - | 60 | 865 | 1,073 |
| Total segment revenue | 3,327 | 2 | 394 | 865 | 4,588 |
| Segment result – fee based | 955 | (163) | 75 | - | 867 |
| Segment result – asset based | 148 | - | (11) | 721 | 858 |
| Total segment result | 1,103 | (163) | 64 | 721 | 1,725 |

| | Three months ended 31 March 2018 | | | | |
|------------------------------|----------------------------------|--|----------------------|--|------------------|
| | Asset management KD '000 | Investment banking and advisory KD '000 | Brokerage KD '000 | Group treasury and asset based income KD '000 | Total KD '000 |
| Revenue – fee based | 2,168 | 177 | 142 | - | 2,487 |
| Revenue – asset based | 531 | - | 128 | 753 | 1,412 |
| Total segment revenue | 2,699 | 177 | 270 | 753 | 3,899 |
| Segment result – fee based | 345 | (76) | (79) | - | 190 |
| Segment result – asset based | 531 | - | 42 | 818 | 1,391 |
| Total segment result | 876 | (76) | (37) | 818 | 1,581 |

| | <i>Asset management KD '000</i> | <i>Investment banking and advisory KD '000</i> | <i>Brokerage KD '000</i> | <i>Group treasury and asset based income KD '000</i> | <i>Total KD '000</i> |
|-----------------------------------|-------------------------------------|--|------------------------------|--|--------------------------|
| 31 March 2019 | | | | | |
| Total segment assets | 22,055 | 90 | 19,949 | 35,811 | 77,905 |
| Total segment liabilities | 3,883 | - | 825 | 5,718 | 10,426 |
| 31 December 2018 (Audited) | | | | | |
| Total segment assets | 21,945 | 91 | 19,693 | 36,609 | 78,338 |
| Total segment liabilities | 2,585 | - | 764 | 9,036 | 12,385 |
| 31 March 2018 | | | | | |
| Total segment assets | 23,272 | 176 | 19,368 | 39,095 | 81,911 |
| Total segment liabilities | 2,482 | - | 676 | 5,775 | 8,933 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

11 FIDUCIARY ACCOUNTS

The Group manages portfolios on behalf of others, mutual funds, and maintains cash balances and securities in fiduciary accounts, which are not reflected in the Group's interim condensed consolidated statement of financial position.

The aggregate value of assets held in a fiduciary capacity by the Group at 31 March 2019 amounted to KD 867 million (31 December 2018: KD 863 million and 31 March 2018: KD 926 million).

12 CONTINGENT LIABILITIES AND COMMITMENTS

The total outstanding contingent liabilities and commitments are as follows:

| | <i>31 March</i> | <i>(Audited)</i> | |
|---|-----------------|--------------------|-----------------|
| | <i>2019</i> | <i>31 December</i> | <i>31 March</i> |
| | <i>KD 000</i> | <i>2018</i> | <i>2018</i> |
| | | <i>KD 000</i> | <i>KD 000</i> |
| Commitments | | | |
| Commitments to invest in private equity funds | 518 | 516 | 510 |
| Uncalled share capital | 74 | 75 | 92 |
| Contingent liability | | | |
| Irrevocable and unconditional bank guarantee | 613 | 611 | 605 |

Commitments to invest in private equity funds

Commitments to invest in private equity funds represent the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

Parent Company in its capacity as an investment manager for a fund has given a guarantee to a foreign bank for future investment obligations in connection with a real estate transaction of the fund. The additional investment, which is highly unlikely in the event of the guarantee being exercised, is estimated to be maximum of KD 2,000 thousand (31 December 2018 : 2,000 thousand and 31 March 2018: KD Nil).

The Group is engaged in litigation cases, which involve claims made by and against the Group which have arisen in the ordinary course of business. The management of the Group, after reviewing the claims pending against the Parent Company and Group companies and based on the advice of the relevant professional legal advisors, are satisfied that the outcome of these claims will not have a material adverse effect on the interim condensed consolidated financial statement of the Group. Refer note 7 for details on amounts deposited under escrow arrangements for certain legal losses.

13 FAIR VALUES MEASUREMENT**Financial instruments:**

Financial liabilities consist of other liabilities.

Fair values of all financial instruments are not materially different from their carrying values. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

13 FAIR VALUES MEASUREMENT (continued)

| 31 March 2019 | Level 1 KD 000 | Level 2 KD 000 | Level 3 KD 000 | Total KD 000 |
|--|--------------------|--------------------|--------------------|------------------|
| <i>Financial assets at fair value through profit or loss :</i> | | | | |
| Unquoted equity securities | - | - | 85 | 85 |
| Quoted equity securities | 809 | - | - | 809 |
| Managed funds and portfolios | - | 12,931 | 4,217 | 17,148 |
| <i>Financial assets at fair value through other comprehensive income :</i> | | | | |
| Unquoted securities | - | - | 755 | 755 |
| Quoted equity securities | 3,529 | - | - | 3,529 |
| 31 December 2018 (Audited) | Level 1 KD 000 | Level 2 KD 000 | Level 3 KD 000 | Total KD 000 |
| <i>Financial assets at fair value through profit or loss :</i> | | | | |
| Unquoted equity securities | - | - | 85 | 85 |
| Quoted equity securities | 424 | - | - | 424 |
| Managed funds and portfolios | - | 12,947 | 4,830 | 17,777 |
| <i>Financial assets at fair value through other comprehensive income :</i> | | | | |
| Unquoted equity securities | - | - | 2,897 | 2,897 |
| Quoted equity securities | 4,078 | - | - | 4,078 |
| 31 March 2018 | Level 1 KD '000 | Level 2 KD '000 | Level 3 KD '000 | Total KD '000 |
| <i>Financial assets at fair value through profit or loss :</i> | | | | |
| Unquoted equity securities | - | - | 95 | 95 |
| Quoted equity securities | 591 | - | - | 591 |
| Managed funds and portfolios | - | 12,451 | 7,132 | 19,583 |
| <i>Financial assets at fair value through other comprehensive income :</i> | | | | |
| Unquoted securities | - | - | 3,192 | 3,192 |
| Quoted equity securities | 3,785 | - | - | 3,785 |

During the period ended 31 March 2019, equity investment at FVTPL amounting to KD 576 thousand (31 December 2018 and 31 March 2018: KD Nil) were transferred from level 2 to level 1 and equity investment at FVOCI amounting to KD 70 thousand (31 December 2018 and 31 March 2018: KD Nil) was transferred from Level 3 to Level 1 due to listing of the underlying securities on stock exchange.

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 FAIR VALUES MEASUREMENT (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 assets which are recorded at fair value.

| | At 1 January 2019 KD 000 | Loss recorded in the interim consolidated statement of income KD 000 | (Sales and settlements) , Net purchases KD 000 | Transfer out from level 3 KD 000 | (Loss)gain recorded in interim consolidated statement of comprehensive income KD 000 | At 31 March 2019 KD 000 |
|--|-----------------------------------|--|--|--|---|---|
| 31 March 2019 | | | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | | | |
| Unquoted equity securities | 85 | - | - | - | - | 85 |
| Managed funds and portfolio | 4,830 | (610) | (3) | - | - | 4,217 |
| <i>Financial assets at fair value through other comprehensive income:</i> | | | | | | |
| Unquoted securities | 2,897 | - | (2,043) | (70) | (29) | 755 |
| <i>Non-financial assets:</i> | | | | | | |
| Investment properties | 657 | - | - | - | 2 | 659 |
| | | Gain (loss) recorded in the consolidated statement of income KD 000 | (Sales and settlements), Net purchases KD 000 | Transfer out from Level 3 KD 000 | Loss recorded in other comprehensive income KD 000 | As at 31 December 2018 KD 000 |
| 31 December 2018 (Audited) | | | | | | |
| <i>Financial assets at fair value through profit or loss:</i> | | | | | | |
| Unquoted equity securities | 316 | 81 | (312) | - | - | 85 |
| Managed Funds and portfolio | 6,989 | (939) | (1,220) | - | - | 4,830 |
| <i>Financial assets at fair value through other comprehensive income :</i> | | | | | | |
| Unquoted securities | 3,007 | - | 83 | - | (193) | 2,897 |
| <i>Non-financial assets:</i> | | | | | | |
| Investment properties | 1,404 | (124) | (626) | - | 3 | 657 |

Global Investment House K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 March 2019

13 FAIR VALUES MEASUREMENT (continued)

| | At 1 January 2018 KD 000's | Gain (loss) recorded in the interim condensed consolidated statement of income KD 000's | Net purchases, (sales and settlements) KD 000's | Transfer out from Level 3 KD 000's | Loss recorded in interim condensed consolidated statement of comprehensive income KD 000's | At 31 March 2018 KD 000's |
|---|-------------------------------------|--|---|--|---|---------------------------------|
| <i>Financial assets at fair value through profit or loss:</i> | | | | | | |
| Unquoted equity securities | 316 | 95 | (316) | - | - | 95 |
| Managed funds and portfolio | 6,989 | 132 | 11 | - | - | 7,132 |
| <i>Financial assets at fair value through other comprehensive income:</i> | | | | | | |
| Unquoted securities | 3,007 | - | 80 | - | 105 | 3,192 |
| <i>Non-financial assets:</i> | | | | | | |
| Investment properties | 1,404 | (90) | (628) | - | (3) | 683 |

The Group recorded net loss of KD 610 thousand (31 December 2018: KD 858 thousand and 31 March 2018: net gain of KD 137 thousand) in the interim condensed consolidated statement of income with respect to assets classified under level 3.

Description of significant unobservable inputs to valuation of assets:

Unquoted equity securities are valued based on book value and price to book multiple method, multiples using latest financial statements available of the investee entities and adjusted for lack of marketability discount in the range of 25% to 50%. The Group has determined that market participants would take into account these discounts when pricing the investments.

Funds and managed portfolio have been valued based on Net Asset Value (NAV) of the fund provided by the custodian of the fund or portfolio and certain managed funds were adjusted for lack of marketability discount by 15% to 25%.

A change in assumptions used for valuing the Level 3 financial instruments, by possible using an alternative $\pm 5\%$ higher or lower liquidity and market discount could have resulted in increase or decrease in the results by KD 215 thousand (31 December 2018: KD 246 thousand and 31 March 2018: KD 361 thousand) and increase or decrease in other comprehensive income by KD 38 thousand (31 December 2018: KD 145 thousand and 31 March 2018: KD 160 thousand).

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in interest rates. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating certain assumptions such as credit spreads that are appropriate in the circumstances.

Non-financial instruments:

Investment properties are fair valued and are classified under level 3 of the fair value hierarchy.