

**GLOBAL INVESTMENT HOUSE K.P.S.C.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 June 2015 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Global Investment House K.P.S.C. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 June 2015, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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

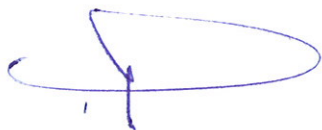
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

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

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 and its executive regulations, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the six months period ended 30 June 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the six months ended 30 June 2015 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

29 July 2015
Kuwait

Global Investment House K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 KD '000	2014 KD '000	2015 KD '000	2014 KD '000
INCOME					
Fees and commission income	3	3,261	3,280	6,811	6,639
Interest and similar income		259	636	664	938
Net gain (loss) on financial assets designated at fair value through profit or loss		361	(33)	(118)	1,221
Net gain on sale of financial assets available for sale		90	-	90	-
Share of results of associates		(48)	-	(48)	(48)
Gain on disposal of associates		-	405	-	405
Net loss on investment properties		(15)	-	(15)	(24)
Foreign exchange gain (loss)		332	12	1,733	(58)
Other operating income		203	203	850	1,546
TOTAL INCOME		4,443	4,503	9,967	10,619
EXPENSES					
Personnel expenses		2,282	1,907	4,773	3,843
Other operating expenses		969	762	1,784	1,631
Depreciation of property and equipment		251	273	493	581
Impairment losses		613	339	640	374
(Write back) charge of provision for credit losses		(668)	144	(531)	24
TOTAL EXPENSES		3,447	3,425	7,159	6,453
PROFIT BEFORE PROVISION FOR CONTRIBUTION TO KAFAS AND ZAKAT		996	1,078	2,808	4,166
Provision for contribution to Kuwait Foundation for Advancement of Science (KFAS)		(11)	-	(26)	-
Provision for Zakat		(12)	(11)	(29)	(42)
PROFIT FOR THE PERIOD		973	1,067	2,753	4,124
Attributable to:					
Equity holders of the Parent Company		993	1,073	2,782	4,139
Non-controlling interests		(20)	(6)	(29)	(15)
		973	1,067	2,753	4,124
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	1 fils	1 fils	4 fils	5 fils

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

Global Investment House K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2015

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015 KD '000</i>	<i>2014 KD '000</i>	<i>2015 KD '000</i>	<i>2014 KD '000</i>
Profit for the period	973	1,067	2,753	4,124
Other comprehensive income (loss) to be reclassified to the interim condensed consolidated statement of income in subsequent periods:				
Net unrealised gain arising on financial assets available for sale	108	9	105	38
Exchange differences on translation of foreign operations	99	(99)	573	(67)
Total other comprehensive income (loss) to be reclassified to the interim condensed consolidated statement of income in subsequent periods	207	(90)	678	(29)
Transferred to interim condensed consolidated statement of income on sale of financial assets available for sale	(90)	-	(90)	-
Net other comprehensive income (loss) for the period	117	(90)	588	(29)
Total comprehensive income for the period	1,090	977	3,341	4,095
Attributable to:				
Equity holders of the Parent Company	1,062	982	3,359	4,072
Non-controlling interests	28	(5)	(18)	23
	1,090	977	3,341	4,095

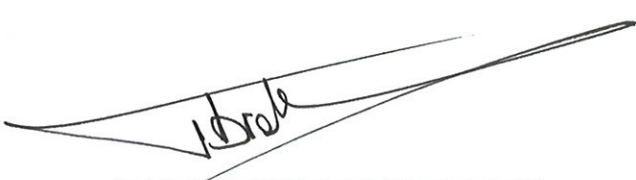
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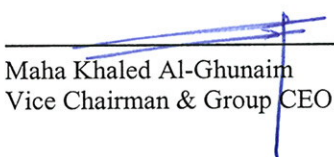
Global Investment House K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)

As at 30 June 2015

			(Audited)	
	Notes	30 June 2015 KD'000	31 December 2014 KD'000	30 June 2014 KD'000
ASSETS				
Cash and cash equivalents	5	50,340	54,639	49,478
Financial assets designated at fair value through profit or loss		18,334	16,523	17,012
Murabaha receivables		2,920	2,770	3,143
Loans and advances		3,161	2,979	3,492
Financial assets available for sale		1,315	2,117	1,326
Investments in associates		152	266	289
Investment properties		842	692	654
Property and equipment		10,227	10,539	10,876
Intangible assets		287	278	268
Other assets		10,520	9,355	10,404
TOTAL ASSETS		98,098	100,158	96,942
EQUITY AND LIABILITIES				
Equity				
Share capital	6	79,923	79,923	174,620
Share premium		8,796	8,796	19,218
Treasury shares	6	(8,796)	(8,796)	(19,218)
Statutory reserve		862	862	187
General reserve		862	862	187
Cumulative changes in fair values		(30)	(45)	(31)
Foreign currency translation reserve		1,113	551	(54)
Retained earnings (accumulated losses)		4,002	5,150	(90,557)
Equity attributable to equity holders of the Parent Company		86,732	87,303	84,352
Non-controlling interests		1,838	1,856	1,929
Total equity		88,570	89,159	86,281
Liabilities				
Other liabilities		9,528	10,999	10,661
Total liabilities		9,528	10,999	10,661
TOTAL EQUITY AND LIABILITIES		98,098	100,158	96,942


 Ibrahim Saad
 Chairman


 Maha Khaled Al-Ghunaim
 Vice Chairman & Group CEO

Global Investment House K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 KD '000	2014 KD '000
OPERATING ACTIVITIES			
Profit for the period		2,753	4,124
Adjustments for:			
Depreciation on properties and equipment		493	581
Charge of provision for credit losses		(531)	24
Impairment losses		640	374
Interest and similar income		(664)	(938)
Dividend income		(260)	(109)
Share of results of associates		48	48
Net loss on investment properties		15	24
Net gain on disposal of associates		-	(405)
		<u>2,494</u>	<u>3,723</u>
<i>Changes in operating assets and liabilities:</i>			
Financial assets designated at fair value through profit or loss		(1,811)	(712)
Murabaha receivables		-	564
Loans and advances		740	15
Financial assets available for sale		882	(185)
Other assets		(1,775)	(586)
Other liabilities		(1,761)	893
Cash flows (used in) from operations		<u>(1,231)</u>	<u>3,712</u>
Interest and similar income received		699	947
Dividend income received		260	109
Net cash flows (used in) from operating activities		<u>(272)</u>	<u>4,768</u>
INVESTING ACTIVITIES			
Proceeds from capital redemption/disposal of associates		-	596
Purchase of investment properties		(139)	-
Investment in associates		-	(42)
Purchase of property and equipment		(181)	(39)
Investment in deposits		(61)	(5,703)
Net cash flows used in investing activities		<u>(381)</u>	<u>(5,188)</u>
FINANCING ACTIVITY			
Dividends paid to shareholders of the Parent Company	6	(3,707)	-
Net cash flows used in financing activity		<u>(3,707)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(4,360)</u>	<u>(420)</u>
Cash and cash equivalents at 1 January	5	45,283	44,195
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	<u>40,923</u>	<u>43,775</u>

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

Global Investment House K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2015

Attributable to the equity holders of the Parent Company

	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory reserve KD '000	General reserve KD '000	Cumulative changes in fair values KD '000	Foreign currency translation reserve KD '000	Retained earnings (Accumulated Losses) KD '000	Sub total KD '000	Non-controlling interests KD '000	Total KD '000
At 1 January 2015	79,923	8,796	(8,796)	862	862	(45)	551	5,150	87,303	1,856	89,159
Profit (loss) for the period	-	-	-	-	-	-	-	2,782	2,782	(29)	2,753
Other comprehensive income	-	-	-	-	-	15	562	-	577	11	588
Total comprehensive income (loss) for the period	-	-	-	-	-	15	562	2,782	3,359	(18)	3,341
Dividend paid (Note 6)	-	-	-	-	-	-	-	(3,930)	(3,930)	-	(3,930)
Balance at 30 June 2015	79,923	8,796	(8,796)	862	862	(30)	1,113	4,002	86,732	1,838	88,570
At 1 January 2014	174,620	19,218	(19,218)	187	187	(56)	38	(94,696)	80,280	1,906	82,186
Profit (loss) for the period	-	-	-	-	-	-	-	4,139	4,139	(15)	4,124
Other comprehensive (loss)	-	-	-	-	-	25	(92)	-	(67)	38	(29)
Total comprehensive income for the period	-	-	-	-	-	25	(92)	4,139	4,072	23	4,095
Balance at 30 June 2014	174,620	19,218	(19,218)	187	187	(31)	(54)	(90,557)	84,352	1,929	86,281

†

Global Investment House K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

1 CORPORATE INFORMATION

The Group comprises of Global Investment House K.P.S.C. (the "Parent Company") and its Subsidiaries (collectively the "Group"). The Parent Company is a Kuwaiti public shareholding company incorporated under the laws of the State of Kuwait on 16 June 1998. The Parent Company's shares are listed on Bahrain Stock Exchange (BSE). However, trading of its shares on BSE remains suspended. The Parent Company is regulated by the Capital Markets Authority of Kuwait as an investment company and Central Bank of Kuwait for financing activities. During the interim period the Parent Company's Global Depository Receipts (GDRs) were delisted from London Stock Exchange (LSE). The Company served notice on the Depositary to terminate the GDR Deposit Agreement, with such termination to take effect on 30 August 2015.

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 NCH Ventures S.P.C., an entity established in the Kingdom of Bahrain.

This interim condensed consolidated financial information for the period ended 30 June 2015 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 29 July 2015.

2 BASIS OF PRESENTATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Capital Markets Authority of Kuwait and 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 (CBK) requirement for a minimum general provision.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards. 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 six months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For more details refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2014.

Global Investment House K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2015

3 FEES AND COMMISSION INCOME

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>
Management fees on assets under management	2,637	2,654	5,459	5,304
Incentive fees on assets under management	67	-	371	172
Placement fees/redemption fees – managed funds	5	27	8	32
Investment banking and advisory fees	316	261	418	429
Brokerage	236	338	555	702
	<u>3,261</u>	<u>3,280</u>	<u>6,811</u>	<u>6,639</u>

**4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY
HOLDERS OF THE PARENT COMPANY**

Basic earnings per share is computed by dividing the profit for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares.

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Profit for the period attributable to the equity holders of the Parent Company (KD'000)	<u>993</u>	<u>1,073</u>	<u>2,782</u>	<u>4,139</u>
Weighted average number of ordinary shares for basic earnings per share (excluding treasury shares) (in '000)	<u>785,962</u>	<u>785,962</u>	<u>785,962</u>	<u>785,962</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company	<u>1 fils</u>	<u>1 fils</u>	<u>4 fils</u>	<u>5 fils</u>

In accordance with International Accounting Standard IAS 33: "Earning per share", the prior period comparative information has been restated for the effect of reduction of share capital and cancellation of treasury shares (Note 6).

As there are no dilutive instruments outstanding, basic and dilutive earning per share are identical.

Global Investment House K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

5 CASH AND CASH EQUIVALENTS

	30 June 2015 KD'000	(Audited) 31 December 2014 KD'000	30 June 2014 KD'000
Bank balances and cash	9,163	8,637	8,522
Bank balances and cash arising on consolidation	9,044	11,205	12,766
Deposits with banks arising on consolidation	1,500	1,500	-
Deposits with banks	30,633	33,297	28,190
	<u>50,340</u>	<u>54,639</u>	<u>49,478</u>
Less: Deposits with banks with maturity of more than three months	(9,417)	(9,356)	(5,703)
	<u>40,923</u>	<u>45,283</u>	<u>43,775</u>

Bank balances earn interest at floating rates.

6 SHARE CAPITAL AND TREASURY SHARES

(i) Share capital

	Authorised (Audited)			Issued and fully paid (Audited)		
	30 June 2015 KD'000	31 December 2014 KD'000	30 June 2014 KD'000	30 June 2015 KD'000	31 December 2014 KD'000	30 June 2014 KD'000
Shares of KD 0.100 each	<u>79,923</u>	<u>79,923</u>	<u>174,620</u>	<u>79,923</u>	<u>79,923</u>	<u>174,620</u>

The shareholders, in their Annual General Assembly held on 28 May 2015, approved the consolidated financial statement for the year ended 31 December 2014 approved a cash dividend of 5 fils per share for the year ended 31 December 2014 (31 December 2013: KD Nil) and subsequently paid.

The extra-ordinary general meeting (EGM) of the shareholders held on 21 October 2014 approved the write-off of accumulated losses amounting to KD 94,697 thousand against share capital. Pro-rata cancellation of treasury shares amounting to KD 10,422 thousand was made against share premium. The effect of this cancellation was recorded in the Articles of Association of the Parent Company.

(ii) Treasury shares

	30 June 2015	(Audited) 31 December 2014	30 June 2014
Number of shares ('000)	13,272	13,272	28,998
Percentage holding	1.66%	1.66%	1.66%
Cost of treasury shares (KD'000)	8,796	8,796	19,218

The market value of the treasury shares were not determinable as the Parent Company shares are delisted / suspended from trading.

An amount equivalent to the cost of purchase of treasury shares have been earmarked as non-distributable from general reserve, statutory reserve, retained earnings and share premium throughout the holding period of treasury shares.

Global Investment House K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

7 RELATED PARTY TRANSACTIONS

In the normal course of business, the Group entered 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:

	<i>Other related parties</i>	<i>30 June 2015</i>	<i>(Audited) 31 December 2014</i>	<i>30 June 2014</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Interim condensed consolidated statement of financial position				
Loans and advances	-	-	100	100
Other assets	217	217	202	216
Other liabilities	959	959	929	895

	<i>Other related parties</i>	<i>Six months ended</i>	
	<i>KD'000</i>	<i>30 June 2015</i>	<i>30 June 2014</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Transactions included in interim condensed consolidated statement of income			
Fee and commission income	1,092	1,092	1,076
Other operating expenses			
- Independent directors fee	25	25	30
- Board & board committees sitting fee, travel and other incidental expenses	25	25	15

	<i>Six months ended</i>	
	<i>30 June 2015</i>	<i>30 June 2014</i>
	<i>KD'000</i>	<i>KD'000</i>
Key management personnel compensation		
Short-term employee benefits	727	708
Termination benefits	50	27
	<u>777</u>	<u>735</u>

8 SEGMENTAL INFORMATION

For management purposes the continuing operations of 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 and reverse mergers and 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 Parent Company's liquidity and foreign currency requirements, lending to corporate and individual customers and extremely limited and selective investing activities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

8 SEGMENTAL INFORMATION (continued)

<i>Six months ended 30 June 2015</i>					
	<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>
Revenue – fee based	5,838	418	555	-	6,811
Revenue – asset based	71	-	266	2,819	3,156
Total segment revenue	5,909	418	821	2,819	9,967
Segment result – fee based	869	(187)	(1,373)	-	(691)
Segment result – asset based	72	-	266	3,106	3,444
Total segment result	941	(187)	(1,107)	3,106	2,753
<i>Six months ended 30 June 2014</i>					
	<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>
Revenue – fee based	5,508	429	702	-	6,639
Revenue – asset based	575	-	245	3,160	3,980
Total segment revenue	6,083	429	947	3,160	10,619
Segment result – fee based	1,359	(55)	(718)	-	586
Segment result – asset based	575	-	(129)	3,092	3,538
Total segment result	1,934	(55)	(847)	3,092	4,124
	<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>
30 June 2015					
Total segment assets	17,724	564	17,515	62,295	98,098
Total segment liabilities	1,741	115	1,310	6,362	9,528
31 December 2014 (Audited)					
Total segment assets	18,926	508	18,201	62,523	100,158
Total segment liabilities	1,888	450	1,304	7,357	10,999
30 June 2014					
Total segment assets	19,090	4,581	15,295	57,976	96,942
Total segment liabilities	1,206	1,202	1,191	7,062	10,661

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

9 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 30 June 2015 amounted to KD 1,192 million (31 December 2014: KD 1,188 million and 30 June 2014: KD 1,193 million).

10 CONTINGENT LIABILITIES AND COMMITMENTS

The total outstanding contingent liabilities and commitments are as follows:

	30 June 2015 KD'000	(Audited) 31 December 2014 KD'000	30 June 2014 KD'000
Commitments			
Commitments to invest in private equity funds	303	294	243
Uncalled share capital	113	126	124
Contingent liability			
Irrevocable and unconditional bank guarantee	623	605	644

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.

Legal claims

Legal claims related to compensation by an individual raised in Turkey for a cancelled private equity acquisition transaction amounted to KD 1.36 million (31 December 2014: KD 1.53 million and 30 June 2014: KD 1.61 million). On 21 May 2014, the Court of First Instance rejected the claim and ruled in the favour of the Parent Company. However, the claimant has appealed in the Court of Appeal. In a similar case for a claim amounting to KD 0.04 million the Court of Appeal had rejected the claim and ruled in the favour of the Parent Company. The Parent Company has been advised by its legal advisors that it is possible, but not probable, that the action will succeed.

The Parent Company had a lawsuit against a bank in UAE. The Court of Appeals of Dubai ruled to accept the settlement agreement between the Parent Company and the bank, thereby bringing to an end a long pending legal dispute. This settlement has no impact on the Company's cash flows or income streams since the associated rewards and certain risks of this litigation were transferred to the Company's legacy Financiers in context of the debt restructuring transaction concluded in 2013. Refer note 21 of the annual consolidated financial statements as at 31 December 2014 of the Group for details.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, financial assets designated at fair value through profit or loss, financial assets available for sale, murabaha receivables, loans and advances and other assets.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2015

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 June 2015	Level 1 KD '000	Level 2 KD '000	Level 3 KD '000	Total KD '000
<i>Financial assets designated at fair value through profit or loss</i>				
Unquoted equity securities	-	-	1,550	1,550
Quoted equity securities	4,526	-	-	4,526
Managed funds and portfolios	-	10,698	1,560	12,258
<i>Financial assets available for sale</i>				
Quoted equity securities	317	-	-	317
Unquoted securities	-	-	998	998
<i>Investment properties</i>	-	-	842	842
31 December 2014 (Audited)	Level 1 KD '000	Level 2 KD '000	Level 3 KD '000	Total KD '000
<i>Financial assets designated at fair value through profit or loss</i>				
Unquoted equity securities	-	-	1,534	1,534
Quoted equity securities	4,605	-	-	4,605
Managed funds and portfolios	-	8,801	1,583	10,384
<i>Financial assets available for sale</i>				
Quoted equity securities	287	-	-	287
Unquoted securities	-	-	830	830
Managed funds and portfolios	-	1,000	-	1,000
<i>Investment properties</i>	-	-	692	692
30 June 2014	Level 1 KD '000	Level 2 KD '000	Level 3 KD '000	Total KD '000
<i>Financial assets designated at fair value through profit or loss</i>				
Unquoted equity securities	-	-	1,559	1,559
Quoted equity securities	4,129	-	-	4,129
Managed funds and portfolios	-	9,476	1,848	11,324
<i>Financial assets available for sale</i>				
Quoted equity securities	516	-	-	516
Unquoted securities	-	-	810	810
<i>Investment properties</i>	-	-	654	654

During the period ended 30 June 2015, there were no transfer between level 1 and level 2 fair value measurement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 June 2015

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

	At 1 January 2015 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	Gain recorded in interim condensed consolidated statement of comprehensive income KD 000's	At 30 June 2015 KD 000's
30 June 2015					
<i>Financial assets designated at fair value through income statement</i>					
Unquoted equity securities	1,534	18	(2)	-	1,550
Managed funds and portfolio	1,583	(19)	(4)	-	1,560
<i>Financial assets available for sale</i>					
Unquoted securities	830	-	-	168	998
<i>Investment properties</i>	692	(15)	139	26	842
	As at 1 January 2014 KD 000's	Gain (loss) recorded in the consolidated statement of income KD 000's	Net purchases, sales and settlements KD 000's	Gain recorded in other comprehensive income KD 000's	As at 31 December 2014 KD 000's
31 December 2014					
<i>Financial assets designated at fair value through profit or loss</i>					
Unquoted equity securities	1,423	18	93	-	1,534
Managed Funds and portfolio	2,012	8	(437)	-	1,583
<i>Financial assets available for sale</i>					
Unquoted securities	856	-	(26)	-	830
<i>Investment properties</i>	679	(12)	-	25	692
	At 1 January 2014 KD 000's	Gain recorded in the interim consolidated statement of income KD 000's	Net purchases, sales and settlements KD 000's	Gain recorded in other comprehensive income KD 000's	At 30 June 2014 KD 000's
30 June 2014					
<i>Financial assets designated at fair value through income statement</i>					
Unquoted equity securities	1,423	29	107	-	1,559
Managed Funds and portfolio	2,012	116	(280)	-	1,848
<i>Financial assets available for sale</i>					
Unquoted securities	856	-	45	(91)	810
<i>Investment properties</i>	679	(24)	655	(1)	654

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2015

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Group recorded net loss of KD 16 thousand (31 December 2014: net gain of KD 14 thousand and 30 June 2014: net gain of KD 121 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 financial 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 33% 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 20%.

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 156 thousand (31 December 2014: KD 156 thousand and 30 June 2014: KD 170 thousand) and increase or decrease in other comprehensive income by KD 50 thousand (31 December 2014: KD 41 thousand and 30 June 2014: KD 41 thousand).

Description of significant unobservable inputs to valuation of non-financial assets:

Investment properties are stated at fair values which have been determined based on valuations performed by accredited independent valuers. Fair value of investment properties were determined using Mark to Market method, conducted by valuers considering transaction prices of the property and similar properties. The significant unobservable valuation input used for the purpose of valuation is the market price per square foot / meter and varies from property to property. A reasonable change in this input would result in an equivalent amount of change in fair value.

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.