

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 SEPTEMBER 2017 (UNAUDITED)**

## **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 30 September 2017 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 nine 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.

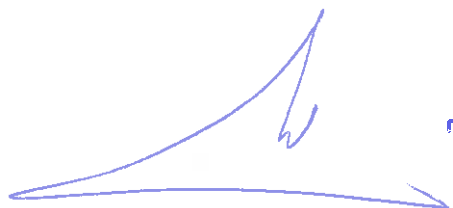
### **Report on Other Legal and Regulatory Requirements**

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. 1 of 2016 as amended and its executive regulations, or of the Parent Company’s Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2017 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 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 nine months ended 30 September 2017 that might have had a material effect on the business of the Parent Company or on its financial position.



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

18 October 2017  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 30 September 2017

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
<b>INCOME</b>					
Fees and commission income	3	2,185	3,106	7,960	8,874
Interest and similar income		292	360	1,024	1,122
Net gain (loss) on financial assets designated at fair value through profit or loss		1,025	30	2,057	(474)
Net (loss) gain on sale of financial assets available for sale		-	(1)	-	13
Net loss on disposal of subsidiary		-	(99)	-	(99)
Share of results of associates		-	-	-	2
Foreign exchange gain (loss)		19	(103)	(252)	(933)
Other operating income		155	525	1,270	1,159
<b>TOTAL INCOME</b>		<b>3,676</b>	<b>3,818</b>	<b>12,059</b>	<b>9,664</b>
<b>EXPENSES</b>					
Personnel expenses		2,178	2,180	6,242	6,455
Other operating expenses		498	517	2,055	1,872
Depreciation of property and equipment		233	256	707	747
Impairment losses		2	288	23	423
Net write back of provision for credit losses		(61)	(4)	(546)	(1,278)
<b>TOTAL EXPENSES</b>		<b>2,850</b>	<b>3,237</b>	<b>8,481</b>	<b>8,219</b>
<b>PROFIT BEFORE PROVISION FOR CONTRIBUTION TO KFAS AND ZAKAT</b>		<b>826</b>	<b>581</b>	<b>3,578</b>	<b>1,445</b>
Provision for contribution to Kuwait Foundation for Advancement of Science (KFAS)		(7)	(6)	(33)	(14)
Provision for Zakat		(9)	(5)	(32)	(18)
<b>PROFIT FOR THE PERIOD</b>		<b>810</b>	<b>570</b>	<b>3,513</b>	<b>1,413</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		808	677	3,488	1,572
Non-controlling interests		2	(107)	25	(159)
		<b>810</b>	<b>570</b>	<b>3,513</b>	<b>1,413</b>

The attached notes 1 to 10 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 30 September 2017

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>
<b>Profit for the period</b>	<b>810</b>	<b>570</b>	<b>3,513</b>	<b>1,413</b>
<b>Other comprehensive income (loss)</b>				
<i>Items of other comprehensive income (loss) that are or may be reclassified to the consolidated statement of income in subsequent periods:</i>				
Net unrealised gain (loss) on financial assets available for sale	44	(13)	64	(73)
Impairment loss on financial assets available for sale transferred to interim condensed consolidated statement of income	-		8	132
Exchange loss transferred to interim condensed consolidated statement of income on sale of subsidiary	-	27	-	27
Exchange differences on translation of foreign operations	(38)	(42)	(213)	(119)
Gain (loss) transferred to interim condensed consolidated statement of income on sale of financial assets available for sale	-	1	-	(13)
<b>Net other comprehensive income (loss) for the period</b>	<b>6</b>	<b>(27)</b>	<b>(141)</b>	<b>(46)</b>
<b>Total comprehensive income for the period</b>	<b>816</b>	<b>543</b>	<b>3,372</b>	<b>1,367</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	816	650	3,361	1,515
Non-controlling interests	-	(107)	11	(148)
	<b>816</b>	<b>543</b>	<b>3,372</b>	<b>1,367</b>

The attached notes 1 to 10 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 30 September 2017

			(Audited)	
	Notes	30 September 2017 KD'000	31 December 2016 KD'000	30 September 2016 KD'000
<b>ASSETS</b>				
Cash and cash equivalents	4	47,698	53,001	56,155
Financial assets designated at fair value through profit or loss		24,234	24,025	22,587
Loans and advances		3,446	4,149	4,093
Financial assets available for sale		3,313	1,235	1,506
Investments in associates		135	141	144
Investment properties		1,417	853	839
Property and equipment		8,203	8,880	9,085
Other assets		9,644	10,371	8,511
<b>TOTAL ASSETS</b>		<b>98,090</b>	<b>102,655</b>	<b>102,920</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	5	57,017	79,923	79,923
Share premium		8,796	8,796	8,796
Treasury shares	5	(8,796)	(8,796)	(8,796)
Statutory reserve		1,902	1,902	1,549
General reserve		1,902	1,902	1,549
Cumulative changes in fair values		22	(45)	(99)
Foreign currency translation reserve		1,240	1,434	1,113
Retained earnings		8,831	5,343	4,182
<b>Equity attributable to equity holders of the Parent Company</b>		<b>70,914</b>	<b>90,459</b>	<b>88,217</b>
Non-controlling interests		1,511	1,500	1,461
<b>Total equity</b>		<b>72,425</b>	<b>91,959</b>	<b>89,678</b>
<b>Liabilities</b>				
Other liabilities	5	25,665	10,696	13,242
<b>Total liabilities</b>		<b>25,665</b>	<b>10,696</b>	<b>13,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>98,090</b>	<b>102,655</b>	<b>102,920</b>



Hareb Al Darmaki  
Chairman



Abdul Wahab Al-Halabi  
Director and Chief Executive Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2017

	Note	Nine months ended 30 September	
		2017 KD '000	2016 KD '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		3,513	1,413
Adjustments for:			
Depreciation on property and equipment		707	747
Net write back of provision for credit losses		(546)	(1,278)
Impairment losses		23	423
Interest and similar income		(1,024)	(1,122)
Dividend income		(787)	(803)
Share of results of associates		-	(2)
Net loss on disposal of subsidiary		-	99
		<u>1886</u>	<u>(523)</u>
<i>Changes in operating assets and liabilities:</i>			
Financial assets designated at fair value through profit or loss		763	749
Loans and advances		1,093	(1,676)
Financial assets available for sale		(2,025)	2,144
Murabaha receivables		-	3,180
Other assets		(1,034)	734
Other liabilities		(1,956)	(473)
Cash flows (used in) from operations		<u>(1,273)</u>	<u>4,135</u>
Interest and similar income received		1,194	1,002
Dividend income received		787	803
Net cash flows from operating activities		<u>708</u>	<u>5,940</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(30)	(30)
Net cash outflow on disposal of subsidiary		-	(115)
Proceeds from (investment in) deposits		20,187	(10,950)
Net cash flows from (used in) investing activities		<u>20,157</u>	<u>(11,095)</u>
<b>FINANCING ACTIVITY</b>			
Dividends paid to shareholders of the Parent Company		(171)	(942)
Capital reduction amount paid to shareholders of the Parent Company	5	(5,810)	-
Net cash flows used in financing activity		<u>(5,981)</u>	<u>(942)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<u>14,884</u>	<u>(6,097)</u>
Cash and cash equivalents at 1 January	4	24,936	40,302
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	4	<u>39,820</u>	<u>34,205</u>

The attached notes 1 to 10 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 10 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)

As at 30 September 2017

### 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 of Kuwait as an investment company and Central Bank of Kuwait 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 NCH Ventures S.P.C., an entity established in the Kingdom of Bahrain.

This interim condensed consolidated financial information for the period ended 30 September 2017 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 18 October 2017.

### 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 2016 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 (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 2016, 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 January 2017 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 nine months ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017. For more details refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2016.

### 3 FEES AND COMMISSION INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>
Management fees on assets under management	2,060	2,363	6,754	7,057
Incentive fees on assets under management	(18)	-	18	2
Placement/initial/redemption/ fees – managed funds	5	-	126	186
Investment banking and advisory fees	2	610	425	1,144
Brokerage	136	133	637	485
	<u>2,185</u>	<u>3,106</u>	<u>7,960</u>	<u>8,874</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2017

### 4 CASH AND CASH EQUIVALENTS

	<b>30 September 2017 KD'000</b>	<b>(Audited) 31 December 2016 KD'000</b>	<b>30 September 2016 KD'000</b>
Bank balances and cash	19,881	5,665	17,213
Bank balances and cash arising on consolidation	2,691	3,477	4,013
Deposits with banks arising on consolidation	5,592	6,086	5,987
Deposits with banks	19,534	37,773	28,942
	<b>47,698</b>	<b>53,001</b>	<b>56,155</b>
Less: Deposits with banks with maturity of more than three months	<b>(7,878)</b>	<b>(28,065)</b>	<b>(21,950)</b>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<b>39,820</b>	<b>24,936</b>	<b>34,205</b>

### 5 SHARE CAPITAL AND TREASURY SHARES

#### (i) Share capital

	<b>Authorised</b>			<b>Issued and fully paid</b>		
	<b>(Audited)</b>			<b>(Audited)</b>		
	<b>30 September 2017 KD'000</b>	<b>31 December 2016 KD'000</b>	<b>30 September 2016 KD'000</b>	<b>30 September 2017 KD'000</b>	<b>31 December 2016 KD'000</b>	<b>30 September 2016 KD'000</b>
Shares of KD 0.100 each	<b>57,017</b>	<b>79,923</b>	<b>79,923</b>	<b>57,017</b>	<b>79,923</b>	<b>79,923</b>

The Annual General Assembly (AGM) of shareholders held on 22 June 2017 approved the consolidated financial statements for the year ended 31 December 2016.

The Extraordinary General Meeting (EGM) held on 22 June 2017 approved the reduction of share capital of the Parent Company by KD 22,907 thousand. This resulted in the reduction of authorized, issued and fully paid share capital of the Parent Company from KD 79,923 thousand to KD 57,017 thousand and the number of issued and fully paid up shares reduced from 799,233,980 to 570,168,980. The shareholders are entitled to KD 0.100 cash for each share cancelled. As on 30 September 2017, unclaimed proceeds for capital reduction amounted to KD 17,096 thousand and it is included in the other liabilities.

#### (ii) Treasury shares

	<b>30 September 2017</b>	<b>(Audited) 31 December 2016</b>	<b>30 September 2016</b>
Number of shares ('000)	13,254	13,272	13,272
Percentage holding	2.32%	1.66%	1.66%
Cost of treasury shares (KD'000)	8,796	8,796	8,796

The market value of the treasury shares was not determinable, as the Parent Company shares are not listed.

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.S.C. (Closed) and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2017

### 6 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:

	<b>30 September 2017 KD'000</b>	<b>(Audited) 31 December 2016 KD'000</b>	<b>30 September 2016 KD'000</b>
<b>Interim condensed consolidated statement of financial position</b>			
Other assets	87	565	148
Other liabilities	1,788	1,615	1,589
		<b>Nine months ended 30 September</b>	
		<b>2017 KD'000</b>	<b>2016 KD'000</b>
<b>Transactions included in interim condensed consolidated statement of income</b>			
Fee and commission income		959	1,302
Other operating expenses			
- Directors remuneration for 2016 approved by AGM held on 22 June 2017		131	-
- Independent directors fee		18	25
- Board & board committees sitting fee, travel and other incidental expenses		30	47
		<b>Nine months ended 30 September</b>	
		<b>2017 KD'000</b>	<b>2016 KD'000</b>
<b>Key management personnel compensation</b>			
Short-term employee benefits		914	962
Termination benefits		57	76
		<b>971</b>	<b>1,038</b>

### 7 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, 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 Parent Company'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)

As at 30 September 2017

7 SEGMENTAL INFORMATION (continued)

Nine months ended 30 September 2017					
	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	6,898	425	637	-	7,960
Revenue – asset based	1,506	-	381	2,212	4,099
Total segment revenue	8,404	425	1,018	2,212	12,059
Segment result – fee based	142	(264)	(147)	-	(269)
Segment result – asset based	1,506	-	92	2,184	3,782
Total segment result	1,648	(264)	(55)	2,184	3,513

	Nine months ended 30 September 2016				
	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	7,245	1,144	485	-	8,874
Revenue – asset based	94	22	312	362	790
Total segment revenue	7,339	1,166	797	362	9,664
Segment result – fee based	826	452	(1,747)	-	(469)
Segment result – asset based	94	22	312	1,454	1,882
Total segment result	920	474	(1,435)	1,454	1,413

	<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>
<b>30 September 2017</b>					
Total segment assets	23,417	261	17,578	56,834	98,090
Total segment liabilities	2,456	-	576	22,633	25,665
<b>31 December 2016 (Audited)</b>					
Total segment assets	21,449	783	17,086	63,337	102,655
Total segment liabilities	665	-	429	9,602	10,696
<b>30 September 2016</b>					
Total segment assets	21,360	832	16,872	63,856	102,920
Total segment liabilities	631	100	481	12,030	13,242

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

As at 30 September 2017

**8 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 September 2017 amounted to KD 949 million (31 December 2016: KD 988 million and 30 September 2016: KD 1,008 million).

**9 CONTINGENT LIABILITIES AND COMMITMENTS**

The total outstanding contingent liabilities and commitments are as follows:

	<b>30 September 2017 KD'000</b>	<b>(Audited) 31 December 2016 KD'000</b>	<b>30 September 2016 KD'000</b>
<b>Commitments</b>			
Commitments to invest in private equity funds	514	522	450
Uncalled share capital	90	96	109
<b>Contingent liability</b>			
Irrevocable and unconditional bank guarantee	610	630	621

**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.

**10 MEASUREMENT OF FAIR VALUES**

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.

**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, 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 2017

**10 MEASUREMENT OF FAIR VALUES (continued)**

<b>30 September 2017</b>	<b>Level 1 KD '000</b>	<b>Level 2 KD '000</b>	<b>Level 3 KD '000</b>	<b>Total KD '000</b>
<i>Financial assets designated at fair value through profit or loss :</i>				
Unquoted equity securities	-	-	3,370	3,370
Quoted equity securities	4,378	-	-	4,378
Managed funds and portfolios	-	10,417	6,069	16,486
<i>Financial assets available for sale :</i>				
Unquoted securities	-	-	552	552
Quoted equity securities	310	-	-	310
Managed funds and portfolio	-	2,451	-	2,451
<b>31 December 2016 (Audited)</b>	<b>Level 1 KD '000</b>	<b>Level 2 KD '000</b>	<b>Level 3 KD '000</b>	<b>Total KD '000</b>
<i>Financial assets designated at fair value through profit or loss :</i>				
Unquoted equity securities	-	-	4,615	4,615
Quoted equity securities	4,176	-	-	4,176
Managed funds and portfolios	-	9,156	6,078	15,234
<i>Financial assets available for sale :</i>				
Unquoted equity securities	-	-	571	571
Quoted equity securities	260	-	-	260
Managed funds and portfolios	-	404	-	404
<b>30 September 2016</b>	<b>Level 1 KD '000</b>	<b>Level 2 KD '000</b>	<b>Level 3 KD '000</b>	<b>Total KD '000</b>
<i>Financial assets designated at fair value through profit or loss :</i>				
Unquoted equity securities	-	-	4,576	4,576
Quoted equity securities	3,819	-	-	3,819
Managed funds and portfolios	-	8,404	5,788	14,192
<i>Financial assets available for sale :</i>				
Unquoted securities	-	-	919	919
Quoted equity securities	232	-	-	232
Managed funds and portfolio	-	355	-	355

During the period ended 30 September 2017, there were no transfers between level 1 and level 2 fair value measurement.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2017

10 MEASUREMENT OF FAIR VALUES (continued)

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

30 September 2017	At 1 January 2017 KD 000's	Gain (loss) recorded in the interim condensed statement of income KD 000's	Net purchases, (sales and settlements) KD 000's	Transfer from Level 2 KD 000's	Loss recorded in interim condensed statement of comprehensive income KD 000's	At 30 September 2017 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>						
Unquoted equity securities	4,615	533	(1,778)	-	-	3,370
Managed funds and portfolio	6,078	(288)	131	148	-	6,069
<i>Financial assets available for sale:</i>						
Unquoted securities	571	-	(19)			552
<i>Non-financial assets:</i>						
Investment properties	853	-	577	-	(13)	1,417
31 December 2016 (Audited)						
	As at 1 January 2016 KD 000's	Gain 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 2016 KD 000's	
<i>Financial assets designated at fair value through profit or loss:</i>						
Unquoted equity securities	3,482	735	398	-	-	4,615
Managed funds and portfolio	5,611	621	(154)	-	-	6,078
<i>Financial assets available for sale :</i>						
Unquoted equity securities	994	-	(423)	-	-	571
<i>Non-financial assets:</i>						
Investment properties	847	-	-	6	-	853

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2017

10 MEASUREMENT OF FAIR VALUES (continued)

	At 1 January 2016 KD 000's	Gain recorded in the interim condensed statement of income KD 000's	Net purchases, (sales and settlements) KD 000's	Gain (loss) recorded in interim condensed statement of comprehensive income KD 000's	At 30 September 2016 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>					
Unquoted equity securities	3,482	664	430	-	4,576
Managed funds and portfolio	5,611	458	(281)	-	5,788
<i>Financial assets available for sale:</i>					
Unquoted securities	994	-	(75)	-	919

The Group recorded net gain of KD 245 thousand (31 December 2016: net gain of KD 1,356 thousand and 30 September 2016: net loss of KD 1,122 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 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 472 thousand (31 December 2016: KD 535 thousand and 30 September 2016: KD 518 thousand) and increase or decrease in other comprehensive income by KD 28 thousand (31 December 2016: KD 29 thousand and 30 September 2016: KD 46 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. The major increase during the period represents property acquired against settlement of certain receivables included in other assets from a client.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2017

## 10 MEASUREMENT OF FAIR VALUES (continued)

	At 1 January 2016 KD 000's	Gain recorded in the interim condensed statement of income KD 000's	Net purchases, (sales and settlements) KD 000's	Gain (loss) recorded in interim condensed statement of comprehensive income KD 000's	At 30 September 2016 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>					
Unquoted equity securities	3,482	664	430	-	4,576
Managed funds and portfolio	5,611	458	(281)	-	5,788
<i>Financial assets available for sale:</i>					
Unquoted securities	994	-	(75)	-	919

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**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.

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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 472 thousand (31 December 2016: KD 535 thousand and 30 September 2016: KD 518 thousand) and increase or decrease in other comprehensive income by KD 28 thousand (31 December 2016: KD 29 thousand and 30 September 2016: KD 46 thousand).

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**Non-financial instruments:**

Investment properties are fair valued and are classified under level 3 of the fair value hierarchy. The major increase during the period represents property acquired against settlement of certain receivables included in other assets from a client.