# GEFINOR S.A.
## SOCIETE ANONYME DE TITRISATION

## CONSOLIDATED FINANCIAL STATEMENTS
## (UNAUDITED)

## JUNE 30, 2015

GEFINOR S.A.

Société Anonyme

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# MANAGEMENT REPORT

We are pleased to present to you the report on the consolidated financial statements for the period ended June 30, 2015.

**Financial statements**

Total consolidated assets at June 30, 2015 were USD 148.5 million compared with USD 151.5 million as of December 31, 2014. Consolidated stockholders' equity was USD 105.6 million at June 30, 2015 compared with USD 106.9 million at December 31, 2014. Consolidated comprehensive income for the period was a loss of USD 1.2 million for the period ending June 30, 2015 compared with a profit of USD 1.0 million for the period ending June 30, 2014.

The Company's investment portfolio is valued at market value, as required by IFRS, and, accordingly, unrealised gains and losses are included in Income (Loss) from Investments.

**Organisation and activities**

<u>Gefinor Finance Holding Limited, Gibraltar</u>

The finance activity regroups the operations of Gefinor Management Limited and Gefinor Finance SA.

The period was impacted by two extraordinary charges, one for a loss of USD 373 thousand related to a client of Gefinor Finance victim of a cyber-attack, and a second extraordinary charge related to additional costs of USD 176 thousand charged to Gefinor Management Limited in relation expenses incurred in 2014 by the former subsidiary, Gefinor Finance SAL.

Consolidated comprehensive income for the period, after foreign exchange translation adjustment, was a loss of USD 671 thousand for the period ending June 30, 2015. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a loss of USD 1,540 thousand.

<u>Gefinor Private Equity Limited (GPEL), Gibraltar</u>

The private equity holding covers investment operations in private equity.

During the period, Gefinor Private Equity Limited invested an additional USD 27 thousand in GEF Private Equity Partners SPC (GEFPEP) and USD 75 thousand in Monterro I, AB.

During the period, Gefinor Private Equity Limited received USD 858 thousand in distributions from GEFPEP, USD 701 thousand form Gefus Capital Partners II, LP and USD 146 thousand form Monterro I, AB.

For the period ending June 30, 2015 the net result is a loss of USD 31 thousand. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a profit of USD 136 thousand.

<u>Gefinor Real Estate Limited (GREL), Gibraltar</u>

During the period, the Development and Investment Company Ltd (The Garden City Project) distributed a dividend of USD 306 thousand to GREL.

For the period ending June 30, 2015 the net result is a loss of USD 543 thousand. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a profit of USD 187 thousand.

## G E F I N O R S. A.

**Management representation**
**on the consolidated financial statements as at June 30, 2015**

In compliance with the requirements of the law of January 11, 2008, we hereby certify, to the best of our knowledge and belief, that:

- The attached unaudited consolidated financial statements of Gefinor S.A., Société Anonyme de Titrisation, give a true and fair view of the assets, liabilities, financial situation and profits and losses of the company and its subsidiaries as of and for the period ended June 30, 2015 in accordance with International Financial Reporting Standards as adopted by EU;

- The management report presents fairly the operations, results and situation of the Company and its subsidiaries and a description of the principal risks and uncertainties with which they are faced.

Mohamed Ousseimi
Chief Executive Officer

William J. Beckett
Chief Financial Officer

GEFINOR S.A.

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

Year ended June 30, 2015

(expressed in thousands of US dollars except earnings per share)

| | Notes | 30.06.2015 | 30.06.2014 |
|---|---|---|---|
| **Operating Income** | | | |
| Dividends | 16 | 303 | 276 |
| Real estate income | 18 | 336 | 317 |
| Share of results of associated companies | 22 | (244) | - |
| Net realised gains / (losses) on investments | 17 | - | 1'797 |
| Net unrealised gains / (losses) on investments | 17 | 1'386 | (316) |
| Foreign exchange gains / (losses) | | (3'257) | (52) |
| **Income (Loss) from Investments** | | **(1'476)** | **2'022** |
| Management fee income | 19 | 94 | 124 |
| Net commission income / (expenses) | | (7) | (20) |
| **Income from Services** | | **87** | **104** |
| **Total Operating Income (Loss)** | | **(1'389)** | **2'126** |
| **Operating Expenses** | | | |
| Personnel | | (469) | (598) |
| Office | | (136) | (236) |
| Professional fees | | (195) | (250) |
| Management fees | | (222) | (400) |
| Other general administrative expenses | | (51) | (68) |
| Depreciation | | (24) | (55) |
| **Total Operating Expenses** | | **(1'097)** | **(1'607)** |
| **Net Operating Income (Loss)** | | **(2'486)** | **519** |
| Interest income | | 460 | 953 |
| Interest expense | | (304) | (430) |
| **Net Interest** | | **156** | **523** |
| Other income / (expenses) | | (541) | 4 |
| **Income (Loss) Before Tax** | | **(2'871)** | **1'046** |
| Income tax expenses | 14 | (183) | (278) |
| **Net Income (Loss)** | | **(3'054)** | **768** |
| Profit (loss) attributable to minority interests | | - | - |
| **Net Income (Loss) attributable to Shareholders** | | **(3'054)** | **768** |
| Other Comprehensive Income, net of tax | | | |
| Revaluation of available -for-sale investments | | - | 167 |
| Exchange difference on translating foreign operations | | 1'805 | 114 |
| **Total Comprehensive Income (Loss) for the period** | | **(1'249)** | **1'049** |
| Weighted average shares outstanding | | 39'551'142 | 39'551'142 |
| Basic and Diluted Earnings per share from continuing operations (in USD dollars per share) | | **(0.0772)** | **0.0194** |

The notes are an integral part of the consolidated financial statements

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

June 30, 2015

(expressed in thousands of US dollars)

| | Note | 30.06.2015 | 31.12.2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 5 | 16'134 | 15'716 |
| Trading investments | 6 | 563 | 534 |
| Loans and advances | 7 | 25'648 | 23'020 |
| Trade receivables and other current assets | 8 | 1'169 | 3'309 |
| **Total Current Assets** | | **43'514** | **42'579** |
| **Non-Current Assets** | | | |
| Financial assets at fair value through P&L | 6 | 40'819 | 42'300 |
| Available for sale investments | 6 | - | 1'262 |
| Investment in associated companies | 22 | 286 | 318 |
| Loans and advances | 7 | 1'466 | 3'809 |
| Investment property | 9 | 59'523 | 58'493 |
| Property, plant and equipment | 10 | 2'889 | 2'716 |
| **Total Non-Current Assets** | | **104'983** | **108'898** |
| **Total Assets** | | **148'497** | **151'477** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Bank overdrafts and short term bank debt | 11 | 4'607 | 4'277 |
| Client deposits | 12 | 23'091 | 25'388 |
| Trade and other payables | 13 | 437 | 1'109 |
| Current tax liabilities | 14 | 271 | 256 |
| **Total Current Liabilities** | | **28'406** | **31'030** |
| **Non-Current Liabilities** | | | |
| Borrowings and other long term payable | 11 | 12'937 | 12'088 |
| Deferred tax liabilities | 14 | 1'397 | 1'353 |
| **Total Non-Current Liabilities** | | **14'334** | **13'441** |
| **Equity** | | | |
| Share capital | 15 | 50'000 | 50'000 |
| Reserves | 15 | 35'448 | 35'448 |
| Reserves for revaluation AFS investments | | (357) | (357) |
| Retained earnings | | 28'816 | 17'858 |
| Treasury shares | 15 | (5'096) | (5'096) |
| Net income (loss) | | (3'054) | 9'153 |
| **Total Stockholders' Equity** | | **105'757** | **107'006** |
| Minority interest | | (119) | (119) |
| **Total Equity** | | **105'638** | **106'887** |
| **Total Liabilities** | | **148'497** | **151'477** |

The notes are an integral part of the consolidated financial statements

GEFINOR S.A.

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

June 30, 2015

(expressed in thousands of US dollars)

| | *Share capital* | *Reserves* | *Legal reserve* | *Revaluation AFS reserve* | *Treasury shares* | *Retained earnings and net income for the year* | *Sub-total attributable to owners of Gefinor SA* | *Minority interest* | *Equity* |
|---|---|---|---|---|---|---|---|---|---|
| Balance, 01.01.2014 | 50'000 | 30'448 | 5'000 | (154) | (5'096) | 20'349 | 100'547 | - | 100'547 |
| Profit for the year | - | - | - | - | - | 9'153 | 9'153 | (119) | 9'034 |
| Variation of revaluation of available-for sale investments (*) | - | - | - | (203) | - | - | (203) | - | (203) |
| Variation of exchange difference on translating foreign operations (*) | - | - | - | - | - | (2'491) | (2'491) | - | (2'491) |
| **Total comprehensive income for the year** | **50'000** | **30'448** | **5'000** | **(357)** | **(5'096)** | **27'011** | **107'006** | **(119)** | **106'887** |
| **Balance, 31.12.2014** | **50'000** | **30'448** | **5'000** | **(357)** | **(5'096)** | **27'011** | **107'006** | **(119)** | **106'887** |

| | *Share capital* | *Reserves* | *Legal reserve* | *Revaluation AFS reserve* | *Treasury shares* | *Retained earnings and net income for the year* | *Sub-total attributable to owners of Gefinor SA* | *Minority interest* | *Equity* |
|---|---|---|---|---|---|---|---|---|---|
| Balance, 01.01.2015 | 50'000 | 30'448 | 5'000 | (357) | (5'096) | 27'011 | 107'006 | (119) | 106'887 |
| | | | | | | | - | - | - |
| Profit for the period | - | - | - | - | - | (3'054) | (3'054) | - | (3'054) |
| Variation of revaluation of available-for sale investments (*) | - | - | - | - | - | - | - | - | - |
| Variation of exchange difference on translating foreign operations (*) | - | - | - | - | - | 1'805 | 1'805 | - | 1'805 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **(1'249)** | **(1'249)** | **-** | **(1'249)** |
| **Balance, 30.06.2015** | **50'000** | **30'448** | **5'000** | **(357)** | **(5'096)** | **25'762** | **105'757** | **(119)** | **105'638** |

(*) These variations ae part of the other comprehensive income, net of taxes.

The notes are an integral part of the consolidated financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the period ended June 30, 2015

(expressed in thousands of US dollars)

| | **30.06.2015** | **30.06.2014** |
|---|---|---|
| Cash Flow from Operating Activities | | |
| Real estate income paid by customers | 336 | 317 |
| Income from services paid by customers | - | (2) |
| Other operating assets and liabilities | - | (17) |
| Payments to services providers and employees | (1'257) | (2'212) |
| Income taxes paid | (183) | (84) |
| **Net Cash From Operating Activities** | **(1'104)** | **(1'998)** |
| | | |
| Cash Flow from Investing Activities | | |
| Dividends received | 303 | 272 |
| Acquisition of investments | (102) | (5'500) |
| Proceeds from sale of financial assets at FVTPL | 2'928 | 1'533 |
| Payments for property, plant and equipment | - | - |
| **Net Cash Flow from Investing Activities** | **3'129** | **(3'695)** |
| | | |
| Cash flow from Financing Activities | | |
| Interest received | 40 | 355 |
| Interest paid | (155) | (425) |
| (Increase) / decrease in loans and advances | 1'722 | (2'237) |
| Proceeds from borrowing | - | - |
| Repayment of borrowings | (32) | (201) |
| Increase /(decrease) in client deposits | (3'182) | (3'179) |
| Dividends paid | - | - |
| **Net Cash Flow from Financing Activities** | **(1'607)** | **(5'687)** |
| | | |
| **Net increase / (decrease) in cash equivalents** | **418** | **(11'380)** |
| | | |
| **Cash and cash equivalents, beginning of period** | **15'716** | **26'805** |
| | | |
| **Cash and cash equivalents, end of period** | **16'134** | **15'425** |

The notes are an integral part of the consolidated financial statements.

## NOTE 1 - GENERAL

Gefinor S.A. ("the Company") was incorporated in Luxembourg on December 31, 1968 as a "Holding" company under the law of July 31, 1929. Since January 1, 1984, the Company has been accepted for tax purposes as a "société holding milliardaire". In conformity with European Union requirements, the law on holding companies has been repealed, with the result that the fiscal regime was maintained for a transitional period until December 31, 2010 according to conditions defined by the law of December 22, 2006 amending the law of July 31, 1929. After considering the implications of this change, the Company has decided to adopt the legal form of a securitisation company under Luxembourg law. At an Extraordinary General Meeting of shareholders of Gefinor S.A., held on 8 December 2010, the articles of association of Gefinor were amended in order to make them compliant with the law on securitisation and the object and status of a securitisation company under Luxembourg law.

The registered office is at 5, rue Guillaume Kroll, Luxembourg. Since 1986, the shares of the Company have been quoted on the Luxembourg stock exchange. The activities of the Company and its subsidiaries ("the Group") are described in Note 23.

The Company's financial year coincides with the calendar year.

The financial statements are approved and authorized for issue on August 26, 2015.

## NOTE 2 - ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies that were used for the preparation of the consolidated financial statements at June 30, 2015 are the same as those used for the preparation of the consolidated financial statements at December 31, 2014.

### 2.1. New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| IFRS 9 | Financial instruments [7] |
| IFRS 15 | Revenue from Contracts with Customers [6] |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations [3] |
| Amendments to IAS 16 and IAS 38 (*) | Clarification of Acceptable Methods of Depreciation and Amortisation [4] |
| Amendments to IAS 16 and IAS 41 (*) | Agriculture: Bearer Plants [4] |
| Amendments to IAS 19 (*) | Defined Benefit Plans: Employee Contributions [5] |
| Amendments to IFRSs (*) | Annual Improvements to IFRSs 2010-2012 Cycle [2] |
| Amendments to IFRSs (*) | Annual Improvements to IFRSs 2011-2013 Cycle [1] |

*1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*
*2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*
*3 Endorsed 24 July, 2014, effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*
*4 Endorsed 19 September 2014, effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*
*5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*
*6 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*
*7 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

(*) Amendments with no impact on the consolidated financial statements of the group.

- IFRS 9, *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets.

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9 entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

Management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2018 and that the impact of the application of the Standard will have no significant impact on amounts reported in the Group's financial assets.

- *IFRS 15, Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contacts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have limited material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

- *Amendments to IFRS 11, Accounting for Acquisition of Interests in Joint Operations*

The amendments to IFRS11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS3 Business Combination. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

2.2. Standards, amendments and interpretations to existing standards that are effective in the current period and applicable to the Group

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 2.2.

- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities*

The Group has applied the amendments to IFRS10, IFRS 12 and IAS 27 *Investment Entities* for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separated financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

## NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

3.2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and non-current assets. The principal accounting policies are set out below.

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Gefinor S.A. and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. The subsidiaries of the Company ("the Group") are described in Note 23.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non- controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

3.4. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired entity. The acquired entity's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Non-controlling interests in the acquired entity are initially measured at the non-controlling interests' proportionate share of the net fair value of the assets, liabilities and contingent liabilities recognised.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

There was no business combination in 2015.

3.5. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.6. Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Revenue from the sale of investments is recognised upon transfer of title.

Revenue from the provision of services is recognised when the service is provided.

The Group's policy for recognition of revenue from operating leases is described in Note 3.7 below.

3.7. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All leases have been classified as operating leases in 2015 and 2014.

When the Group acts as lessor, rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.8. Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in US Dollars (USD), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at balance-sheet date.

3.9. Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. All benefit plans are accounted for as defined contribution plans in 2014 and 2015.

3.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

*3.10.1. Current tax*

Group tax expense results from taxable income of Gefinor SA, a securitization Company, and Group subsidiaries under tax law in their jurisdictions and corporate tax rates payable by Gefinor SA and these subsidiaries.

The tax currently payable is based on a combination of revenue, capital and taxable profit for the year. Taxable profit may differ from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*3.10.2. Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

*3.10.3. Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3.11. Property, plant and equipment

Properties held for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.12. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

3.13. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14. Financial assets

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’.

*3.14.1. Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

*3.14.2. Financial assets at FVTPL*

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of sale in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments.

Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4.

*3.14.3. AFS financial assets*

Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

*3.14.4. Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

*3.14.5. Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or
- the probability that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

*3.14.6. Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

<u>3.15. Financial liabilities and equity instruments issued by the Group</u>

*3.15.1. Classification as debt or equity*

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

*3.15.2. Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

*3.15.3. Treasury shares*

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental transaction costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.
Treasury shares owned by the Company are carried at weighted average cost and recorded directly in equity as a reduction of capital and reserves in the balance sheet.

Where such shares are subsequently reissued, any consideration received, net of any directly attributable to incremental transaction costs, is included in equity attributable to the Company's equity holders.

Under Luxembourg law, a company may own up to a maximum of 10% of its own capital, and available reserves available for distribution are decreased by an equivalent amount.

Any gain or loss on treasury shares is recorded in equity through profit (loss) brought forward.

*3.15.4. Financial liabilities*

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*3.15.5. Derecognition of financial liabilities*

The Group derecognises financial liabilities when the Group's obligations have been discharged, cancelled or expired.

## NOTE 4 - CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period affected by the revision.

The following are the critical judgments that have the most significant effect on the amounts recognised in financial statements.

4.1. Valuation of financial instruments

The carrying value less impairment of the trade receivables and other assets, and the loans and advances are assumed to approximate their fair value.

The carrying value of the financial liabilities are assumed to approximate their fair value.

The Group has defined the disclosures regarding the level 1, 2 and 3 as follows:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities. This level includes all trading investments at FVTPL and available-for-sale investments, those being the investments in quoted bonds.

Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

This level includes the following investments and corresponding valuation methods:

- Gefus Capital Partners I, LP, valued on the basis of effective ownership interest of the Group in the calculated and audited Net Assets Value of the fund as of December 31, 2014 as reported by the audited financials of the fund.
- Gefus Capital Partners II, LP, valued on the basis of effective ownership interest of the Group in the calculated and audited Net Assets Value of the fund as of December 31, 2014 as reported by the audited financials of the fund.
- GEF Private Equity Partners SPC, valued on the basis of Group’s commitment to total commitment of the fund. Total commitments represent amounts reported by each partnership. Effective ownership of the Group and share of the calculated NAV of the fund is reported by the Manager of the fund.
- Monterro I, AB, valued on the basis of effective ownership interest of the Group in the calculated and audited Net Assets Value of the fund as of June 30, 2015 as reported by the financials of the fund.
- Aquilus Inflection Fund, valued on the basis of effective ownership interest of the Group in the calculated Net Assets Value of the fund as of June 30, 2015 as reported by the Manager of the fund.

- Gef Opportunities (Cayman) Fund Ltd, valued on the basis of effective ownership interest of the Group in the calculated Net Assets Value of the fund as of June 30, 2015as reported by the Manager of the fund.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data. The Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. This level includes the following investments and corresponding valuation methods:

- New City Project valued on the basis of effective ownership interest of Gefinor Group in net assets of the company which is the owner of lands in Lebanon. Lands are measured at fair value as of the balance sheet date. The independent valuation of land was performed March 23, 2015.
- MobiTV Inc. valued on the basis of an independent fair market valuation analysis reports were available for both MobiTV's common stock and Series A-1 preferred stock for year-end 2014.
- Western Resource Investment II, LLC valued on the basis of capital account of 2014 tax return.
- SmartInst S.A.S valued on the basis of the net asset value as of December 31, 2014.

There is no transfer between levels in 2015.

4.2. Investments in Private Equity and Real Estate

4.2.1 Investments in Gefus Capital Partners I, L.P, in Gefus Capital Partners II, LP and Gef Opportunities Fund (Cayman) Ltd.

As at June 30, 2015 and December 31, 2014, the Company owns 17.34% of Gefus Capital Partners I L.P. and 57.19% of Gefus Capital Partners II, LP.

As at June 30, 2015 and December 31, 2014, the Company owns 42% of Gef Opportunities Fund (Cayman) Ltd.

Because of the structure, organization, rules and regulations applicable to these entities, the Company has no control, as defined by IFRS 10, over these investments. Consequently, these investments have been designated at inception at fair value through profit or loss in accordance with IAS 39.

4.2.2 Investments through Gef Private Equity Partners SPC and Gefus Strategic Partners I, LLC

Gef Private Equity Partners, SPC (GEFPEP) is a segregated portfolio company organized in the Cayman Islands through which Gefinor and third party investors can invest in private equity fund partnership investments principally in the US and Europe. Each segregated portfolio invests in a specific private equity fund and Gefinor has invested in a dedicated segregated portfolio.

Gefus Strategic Partners I, LLC is a company organized in Delaware, USA through which Gefinor and third party investors have invested in private equity investments principally in the US and Europe. The membership interest in Gefus Strategic Partners I, LLC is divided into series to represent the different investments and the assets, liabilities, obligations, expenses, profit and losses which are held separately from other series. Gefinor has an interest in a dedicated series.

4.2.3 Investments through the loan towards Globe Holdings SAL

Gefinor, through its subsidiary Gefinor Real Estate Limited, provided a financing to Globe Holdings SAL for a total amount of USD 42 million. Globe Holdings SAL used this financing to acquire the interests in the lands in Byblos, Kfarbedian and Aramoun, which were previously held by Gefinor, as well as two land plots in Yarzé, Beirut (the 'real estate portfolio'). The terms of the loan agreement between Gefinor Real Estate Limited and Globe Holdings SAL will give to Gefinor the same economic rights and benefits in the assets sold and the Yarzé assets as the Globe shareholders. Under the terms of the loan agreement, Globe Holdings SAL undertakes to contribute the real estate portfolio to a wholly-owned subsidiary to be incorporated in 2015, Globe Real Estate Company.

Based on the terms of the loan agreement, the Company has control as defined in IFRS 11, over the real estate portfolio and therefore accounted for this portfolio as counterpart of the loan, as detailed in note 9. In addition, as Byblos is held through an intermediary company, Real Estate Commercial Development owned 80% by Gefinor Real Estate Limited, 20% of the equity is recorded as minority interest.

4.3. Fair value of investment properties

Fair value of property investments is determined by a recent independent professional evaluation or on the basis of objective criteria relating to current local real estate market conditions. The independent valuations are performed by professional valuers who hold a recognised and relevant professional qualification and who have recent experience in the location and category of the investment property valued. The fair value measurements of the Group's land investments as of June 30, 2015 and December 31, 2014 were performed by an independent evaluator not related to the Group and were based on the market comparable approach that reflects recent transaction prices for similar properties.

There has been no change to the valuation technique during the year, and the lands are currently used at their best and highest use. The fair value hierarchy level is level 2, and no transfers from one level to another occurred during 2015.

For the Geneva building a value per square meter for each floor based on the location, the building condition and the local market conditions has been considered to calculate the fair value.

The lands in Byblos, Kfardebian and the other Middle East land plots have been evaluated by the independent valuer after a visit on the site and after taking into consideration the location and the characteristics of the land, mainly the accessibility, the surroundings and the development potential of each lot. Based on these criterias each lot of each land plot is estimated on the basis on a price in US dollar per square meter.

4.5. Useful life of property, plant and equipment

Depreciation on property, plant and equipment is charged to write off the cost over the estimated useful life using the straight-line method at 15% (furniture and equipment). Works of arts are not amortised.

## NOTE 5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of current accounts and short term deposits with banks.

## NOTE 6 - INVESTMENTS

| In $'000 | **30.06.2015** | **31.12.2014** |
|---|---|---|
| **Trading Investments** | | |
| Aquilus Inflection Fund Ltd | 563 | 534 |
| | **563** | **534** |
| **Available for sale investments** | | |
| Bond portfolio | - | 1'262 |
| | **-** | **1'262** |
| **Financial assets at fair value through profit & loss** | | |
| Gefus Capital Partners I, LP. | 209 | 209 |
| Gefus Capital Partners II, LP. | 9'258 | 9'959 |
| GEF Private Equity Partners, SPC (1) | 4'926 | 5'692 |
| Gef Opportunities Fund (Cayman) Ltd | 2'001 | 1'943 |
| Monterro 1 AB | 257 | 329 |
| Garden City project (New City) | 22'950 | 22'950 |
| MobiTV Inc. | 411 | 411 |
| Western Resource Investment II, LLC | 806 | 806 |
| SmartInst SA | 1 | 1 |
| Others | - | - |
| | **40'819** | **42'300** |

Trading investments and available-for-sale investments consist of a corporate bond portfolio and the investment in Aquilus Inflection Fund Ltd. In the period ending June 30, 2015, Gefinor Finance SA sold the remaining Bonds.

In the period ending June 30, 2015, Gefinor Private Equity Limited received USD 701 thousand in distributions from Gefus Capital Partners II, LP.

In the period ending June 30, 2015, Gefinor Private Equity Limited funded an additional USD 27 thousand in GEF Private Equity Partners, SPC (GEFPEP) funds and received USD 858 thousand in distributions from GEFPEP funds.

In the period ending June 30, 2015, Gefinor Private Equity Limited funded an additional USD 75 thousand in Monterro I, AB and received USD 146 thousand in distributions from Monterro I, AB.

## NOTE 7 - LOANS AND ADVANCES

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Short-term loans and advances | | |
| To third parties | 2 | 582 |
| To related parties | | |
| Gefinor Finance SAL | 3'681 | 1'483 |
| Globe Holding SAL | 5'684 | 5'636 |
| Basmala Establishment | 15'576 | 14'943 |
| Gefinor Capital Management Inc. | 112 | - |
| Others | 593 | 376 |
| | **25'648** | **23'020** |
| Long-term loans and advances | | |
| Gefinor Capital Management Inc. | 1'166 | 1'166 |
| Gefinor Finance SAL | - | 2'343 |
| Loans and advances to personnel | 260 | 260 |
| Other long-term loans and advances | 40 | 40 |
| | **1'466** | **3'809** |

The loan to Gefinor Finance SAL of USD 3’681 thousandis a short term loan, the interest rate applicable is 2.5% over USD Libor 3 month.

The loan to Globe Holdings SAL, amounting to USD 5’684 thousand is payable on demand and bearing interest rate of 1.5% of USD 3 month LIBOR, but with no additional rights attached.

The loan to Basmala Establishment of USD 15’576 thousand is a short term loan, the interest rate applicable is 1.5% over USD Libor 3 month. The loan is guaranteed by the pledges of 5’744’509 Gefinor SA shares.

Loans and advances to others related parties of USD 593 thousand are short term loans with interest rate applicable of USD Libor 3 month.

The sale in 2014 of the 4.4% interest in TAP was financed by a four year note of USD 1’166 thousand to Gefinor Capital Management Inc. arranged by Gefinor (USA) Inc., payable in two tranches in year 3 and year 4 and bearing interest at a rate of 6% per year.

The long-term loan repayment schedule is as follows:

| In $ '000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| In the second year | - | - |
| In the third year | 550 | 550 |
| In the fourth to fifth years inclusive | 550 | 550 |
| Subsequent years | 366 | 2'709 |
| | **1'466** | **3'809** |

Interest income on loans and advances is as follows:

| In $'000 | 30.06.2015 | 30.06.2014 |
|---|---|---|
| Bank deposits | 192 | - |
| Third party loans | 17 | 434 |
| Gef Real Estate Holding S.A. | - | 246 |
| Basmala Establishment | 181 | - |
| Gefinor Finance SAL | 60 | - |
| Other related parties | 10 | 273 |
| | **460** | **953** |

## NOTE 8 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Management fees receivable | - | 153 |
| Expenses to be reimbursed | 37 | 97 |
| Receivable on asset sale (Redco Escrow) | 863 | 2'850 |
| Receivable from a related party | 51 | 63 |
| Trade receivables | 13 | 12 |
| Prepaid expenses | 160 | 90 |
| Other receivables and other current assets | 45 | 44 |
| | **1'169** | **3'309** |

Trade receivables from related party are due at receipt and bear no interests. Of the receivable on asset sale, USD 1’987 thousand was received in February 2015.

## NOTE 9 - INVESTMENT PROPERTY

| In $'000 | 2013 | Additions - retirements | Translation adjustments | Fair value revaluation | 2014 |
|---|---|---|---|---|---|
| Gefinor Building, Geneva | 13'926 | - | (1'461) | 903 | 13'368 |
| Byblos land, Lebanon | 12'521 | - | - | 2'894 | 15'415 |
| Kfardebian land, Lebanon | 10'772 | - | - | - | 10'772 |
| Aramoun Land, Lebanon | 1'938 | - | - | - | 1'938 |
| Yarzé Land, Lebanon | - | 17'000 | - | - | 17'000 |
| **Total** | **39'157** | **17'000** | **(1'461)** | **3'797** | **58'493** |

| In $'000 | 2014 | Additions - retirements | Translation adjustments | Fair value revaluation | 2015 |
|---|---|---|---|---|---|
| Gefinor Building, Geneva | 13'368 | - | 1'030 | - | 14'398 |
| Byblos land, Lebanon | 15'415 | - | - | - | 15'415 |
| Kfardebian land, Lebanon | 10'772 | - | - | - | 10'772 |
| Aramoun Land, Lebanon | 1'938 | - | - | - | 1'938 |
| Yarzé Land, Lebanon | 17'000 | - | - | - | 17'000 |
| **Total** | **58'493** | **-** | **1'030** | **-** | **59'523** |

- The Gefinor building in Geneva is owned by Gefinor Finance S.A. a wholly owned subsidiary. The Company owns four floors of the building (approximately 55% of the building). The building was valued as of June 30 2015 based on an external valuation report performed in July 2014.

- In May 2014, Gefinor Real Estate Limited sold to Globe Holding SAL (Globe), the Byblos land, the Kfardebian land and the land in Aramoun. Gefinor Real Estate Limited has provided the financing to Globe through an initial loan for a total of USD 25 million. In December 2014, Globe acquired two land plots in Yarzé, Beirut for USD 17 million and for which Gefinor Real Estate Limited provided the financing by arranging a new loan, thus increasing the total amount of the loan to USD 42 million. Under the terms of the loan, Gefinor Real Estate Limited will keep the same economic rights and benefits in the assets sold and the Yarzé assets as the Globe shareholders. The purpose of this operation is to reorganize all the Lebanese real estate assets under the same Lebanese structure.

- The Byblos land is undeveloped real estate with a surface area of 880,877 square meters in the Byblos area of Lebanon.
- The Aramoun land is undeveloped estate with a surface area of 48’460 square meter in the Aramoun area of Lebanon.
- The Kfardebian land is an undeveloped real estate in a prime location with a surface of 8,618 square meters in Fakhra, Lebanon.

- The Yarzé land is areal estate in a prime location with a surface of 5,236 square meters in Beirut, Lebanon.

## NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

| In $'000 | 2013 | Additions | Retirements | Translation adjustments | 2014 |
|---|---|---|---|---|---|
| Cost | 5'637 | 5 | (528) | (464) | 4'650 |
| Accumulated depreciation | (2'227) | (112) | 405 | - | (1'934) |
| **Total** | **3'410** | **(107)** | **(123)** | **(464)** | **2'716** |

| In $'000 | 2014 | Additions | Retirements | Translation adjustments | 2015 |
|---|---|---|---|---|---|
| Cost | 4'650 | (7) | - | 204 | 4'847 |
| Accumulated depreciation | (1'934) | (24) | - | - | (1'958) |
| **Total** | **2'716** | **(31)** | **-** | **204** | **2'889** |

Property, plant and equipment include property investment held for own use for an amount of USD 1,290 thousand (2014: USD 1,290 thousand). The fair value of the property investment held for own use is USD 5,000 thousand (2014: USD 5,000 thousand). The charge for accumulated depreciation is disclosed on the line “depreciation” of the consolidated statement of comprehensive income.

## NOTE 11 - BANK OVERDRAFTS , BANK DEBT, BORROWINGS AND OTHER LONG TERM PAYABLES

Overdrafts and bank debt with maturity of less than 1 year:

| In $ '000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Credit Suisse Overdraft | 4'607 | 4'277 |
| | **4'607** | **4'277** |

Long-term borrowing and other long term payable:

| | | |
|---|---|---|
| Long-term borrowing (net of current portion) | 340 | 340 |
| Long-term payable | 18 | 17 |
| Mortgage (a) | 12'579 | 11'731 |
| | **12'937** | **12'088** |

USD 12.6 million of debt of Gefinor Finance SA is secured by a mortgage on the Gefinor Building in Geneva.

Debt is repayable as follows:

| In $ '000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| On demand or within one year | 4'607 | 4'277 |
| In the second year | 283 | 283 |
| In the third to fifth years | 849 | 849 |
| Subsequent years | 11'805 | 10'956 |
| | **17'544** | **16'365** |

Interest expenses by financing category were as follows:

| In $'000 | 30.06.2015 | 30.06.2014 |
|---|---|---|
| Interest on bank debts | 68 | 52 |
| Interest on mortgage financing | 87 | 163 |
| Interest on deposits | 139 | 171 |
| Interest on other financial liabilities | 10 | 44 |
| | **304** | **430** |

## NOTE 12 - CLIENT DEPOSITS

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Deposits from | | |
| Third parties, on demand | 6'326 | 8'427 |
| Third parties, short-term deposits | 9'894 | 9'963 |
| Due on demand to related parties | | |
| Due to related parties | 6'871 | 6'998 |
| | **23'091** | **25'388** |

Client deposits from third parties, short term deposits, represent term deposits of 3, 6 or 12 months of third parties clients with Gefinor Finance SA bearing an interest rate of the Libor for the corresponding term period.

The deposits due to related parties are current accounts with Gefinor Finance SA or bearing an interest rate of Libor 48 hours less 50 basis points.

## NOTE 13 - TRADE PAYABLES AND OTHER PAYABLES

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Trade payables | 148 | 477 |
| Accrued expenses | 35 | 230 |
| Management fees to be paid | 17 | 17 |
| Dividends to be paid | 18 | 18 |
| Others | 219 | 367 |
| | **437** | **1'109** |

## NOTE 14 - TAXATION

Taxes for Gefinor S.A., as a securitization company, are assessed on the basis of its net income reduced by amounts payable or committed to be paid to Gefinor's shareholders. As a result, group tax expense results from taxable income of Group subsidiaries under tax law of their jurisdictions at corporate tax rates payable by these subsidiaries.

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| Current tax liabilities | 15 | - |
| Other tax liabilities | 256 | 256 |
| | **271** | **256** |

| In $'000 | 30.06.2015 | 31.12.2014 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Geneva Building | 1'397 | 1'353 |
| | **1'397** | **1'353** |

Deferred taxes of USD 1'397 thousand (2014: USD 1'353 thousand) have been provided on the Geneva building related to the provision of a 24% deferred tax on the revaluation to fair value of the building.
Gefinor (USA) Inc. has tax losses available for carry forward for an amount of USD 7.8 million (2014: USD 7.8 million) from previous years which are not expected to be recoverable. Accordingly the Group has not recorded any deferred tax asset.

## NOTE 15 - EQUITY

### 14.1. Capital

At June 30, 2015 and December 31, 2014 the authorised and issued capital is USD 50 million. The issued capital is fully paid and represented by 40 million shares with a par value of USD 1.25 each.

### 14.2. Legal reserve

The Company is required to appropriate to the legal reserve a minimum of 5% of the annual net profit, until such reserve equals 10% of the share capital. This reserve is not available for distribution, except upon dissolution of the Company.

14.3. Other reserve

In accordance with Luxembourg company law, Gefinor SA has allocated an amount of USD 15,000,000 as non-distributable reserve in relation to the pledge of Gefinor SA shares given by Basmala Establishment to a wholly-owned subsidiary.

14.4. Treasury shares

As December 31, 2014 and June 30, 2015, Gefinor S.A. owned 448’820 (1.12%) of its own shares with a book value of USD 5.1 million.

14.5. Minority Interests

Minority interests represent 20% of Real Estate Commercial Development SAL.

## NOTE 16 – DIVIDENDS

In March 2015, the Company received a dividend of USD 303 thousand from Development & Investment Company SAL (Garden City Project) (2014: USD 272 thousand)**.**

## NOTE 17 - REALIZED AND UNREALIZED GAINS / (LOSSES) ON INVESTMENTS

| In $'000 | 30.06.2015 | 30.06.2014 |
|---|---|---|
| **Net realized gains / (losses) on investments** | | |
| Sale of Gefinor Advisors Limited | - | (33) |
| Sale of International Project Company Limited Inc. | - | 1'830 |
| | **-** | **1'797** |
| **Net unrealized gains / (losses) on investments** | | |
| Gefus Capital Partners I, LP | - | (1'109) |
| Gef Private Equity Partners, SPC (GEFPEP) | 65 | 129 |
| Geneva Building | 1'234 | 605 |
| Others investments | 87 | 59 |
| | **1'386** | **(316)** |

## NOTE 18 - REAL ESTATE INCOME

Real Estate income consists of the rental income of the Geneva building of USD 336 thousand (2014: USD 317 thousand).

## NOTE 19 - MANAGEMENT FEE INCOME

In 2015, management fee income consists of a fixed management fee received by Gefinor Finance SA from Fondation Ousseimi for administrative and accounting services. The remuneration is CHF 175 thousand per year.

In 2014, Gefinor Management Limited, a fully owned subsidiary of the Company had an agreement with Get Real Estate Holding S.A., under which Gefinor Management Limited had a general assignment consisting of, inter alia, the administrative and financial management of the principals. The remuneration received in relation to this agreement consisted of a fixed management fee of USD 50 thousand per year.

## NOTE 20 - COMMITMENTS

At June 30, 2015, the Company has funding commitments in Gef Private Equity Partners, SPC of USD 1.07 million (December 31, 2014: USD 1.07 million), funding commitment in Gefus Capital Partners II, LP of USD 5.7 million (December 31, 2015: USD 5.7 million) and a funding commitment in Monterro I, AB Fund of USD 703 thousand (December 31, 2014: USD 778 thousand).

## NOTE 21 - OTHER RELATED PARTY INFORMATION

Remuneration allocated to the Board of Directors in 2015 is USD 20 thousand (2014: USD 20 thousand).

## NOTE 22 – ASSOCIATED COMPANIES

Gefinor Advisors SA, Geneva.

In Geneva, a joint venture with a private bank resulted in the transfer in January 2014 of the Geneva advisory operations to Gefinor Advisors SA, a new entity with a share capital of CHF 1million in which Gefinor Finance SA owns 44.5% of the share capital.

For the period ending June 2015, the net income and net equity of Gefinor Advisors SA were as follows:

| In $'000 | **30.06.2015** | **31.12.2014** |
|---|---|---|
| Revenues | 910 | 1'725 |
| Expenses | (1'038) | (2'015) |
| **Net income** | **(128)** | **(290)** |
| | | |
| Total assets | 751 | 874 |
| Total Liabilities | (109) | (158) |
| **Net Equity** | **642** | **716** |

## NOTE 23 - CONSOLIDATED SUBSIDIARIES

| Subsidiaries | Country | Effective Interest % 2015 | Effective Interest % 2014 |
|---|---|---|---|
| Gefinor Finance Holding Limited | Gibraltar | 100 | 100 |
| Gefinor Management Limited | Cayman | 100 | 100 |
| Gefinor Finance SA | Switzerland | 100 | 100 |
| Gefinor Capital Services S.A. | Switzerland | 100 | 100 |
| Gefinor Private Equity Limited | Gibraltar | 100 | 100 |
| Gefinor (USA) Inc. | USA | 100 | 100 |
| Alexander Doll Company Inc. | USA | 72 | 72 |
| Gefinor Real Estate Limited | Gibraltar | 100 | 100 |

Transactions during the year ended December 31, 2014

In New York, the private equity management business includes Gefinor Capital Limited, Gefinor Capital Advisors Limited, Gefinor Capital Advisors, Inc. and GEF Private Equity Associates Limited, collectively (GCL) was sold in 2014 by the Group to the management team and an investment partner (See also management report).

In 2014, Gefinor Real Estate Limited initiated a sale process of the Société des Immeubles Modernes SAL (SIM), the company managing the restaurant in the REDCO building.

Following the restructuring of the Group's operations, Gefinor (USA) Inc. sold Gefinor Ventures Management Inc. in 2014. In addition, Gefinor (USA) Inc. was the managing member of Gefus Strategic Partners I, LLC as per December 31, 2013. From January 2014, Gefinor Capital Management Inc. is the managing member of Gefus Strategic Partners I, LLC.

In May 2014, Gefinor Real Estate Limited sold in a first step its 100% interest in Globe Holding SAL (Globe); this transaction has no impact on the consolidated financial statements of Gefinor SA. In a second step, Gefinor Real Estate Limited sold to Globe its 100% interest in International Projects Company Limited Inc. (IPCO) and in Real Estate and Commercial Development SAL.

In December 2014, Gefinor Finance Holding Limited sold its 100% interest in Gefinor Finance SAL (GFSAL). In this transaction a part of the debt of GFSAL to Gefinor Management Ltd amounting to USD 1'333 thousand has been assigned to Gefinor Finance Holding Limited.

## NOTE 24 - BUSINESS SEGMENTS

The Group is active in three business segments: private equity, real estate and finance and correspond exactly to the three investments held by Gefinor S.A.

The Private Equity segment includes all investments held by Gefinor Private Equity Limited.
The Real Estate segment includes all investments held by Gefinor Real Estate Limited.
The Finance segment includes all the operating companies held by Gefinor Finance Holding Limited.
The Corporate segment includes all the expenses incurred in the Luxembourg Securitization Company.

The figures presented below present the financial statements of the three investments held by Gefinor SA and correspond to the statements reviewed by the management and the Board of each investment.

The information about geographical areas is not available and as not relevant the cost to develop it would be excessive.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Specific business segment information for 2015 and 2014 in accordance with the requirements of IFRS 8 is as follows:

| **NET ASSETS 2014**<br>in $'000 | **Private Equity** | **Real Estate** | **Finance** | **Corporate** | **Consolidation** | **Total** |
|---|---|---|---|---|---|---|
| Segment current assets | 298 | 2'850 | 17'752 | 5'589 | (6'930) | 19'559 |
| Segment financial investments | 19'884 | 22'950 | 447 | - | (663) | 42'618 |
| Segment loans and advances | 13'192 | (1'237) | 67'183 | - | (52'309) | 26'829 |
| Segment investment property | - | 45'125 | 13'367 | - | 1 | 58'493 |
| Segment property, plant & Equipm. | 65 | - | 2'643 | - | 8 | 2'716 |
| Segment intangible assets | - | - | - | - | - | - |
| Assets classified as held for sale | - | - | 1'262 | | - | 1'262 |
| **Total Assets** | **33'439** | **69'688** | **102'654** | **5'589** | **(59'893)** | **151'477** |
| Segment current liabilities | 384 | 42'358 | 47'638 | 421 | (59'771) | 31'030 |
| Segment Non-current liabilities | - | - | 13'434 | - | 7 | 13'441 |
| Liabilities classified as held for sale | - | - | | | - | - |
| **Total Liabilities** | **384** | **42'358** | **61'072** | **421** | **(59'764)** | **44'471** |
| **Total Net Assets** | **33'055** | **27'330** | **41'582** | **5'168** | **(129)** | **107'006** |

| **NET ASSETS 2015** in $'000 | **Private Equity** | **Real Estate** | **Finance** | **Corporate** | **Consolidation** | **Total** |
|---|---|---|---|---|---|---|
| Segment current assets | 861 | 863 | 18'857 | 5'430 | (8'145) | 17'866 |
| Segment financial investments | 17'869 | 22'950 | 289 | - | (3) | 41'105 |
| Segment loans and advances | 14'775 | - | 66'910 | - | (54'571) | 27'114 |
| Segment investment property | - | 45'125 | 14'397 | - | - | 59'522 |
| Segment property, plant & Equipm. | 66 | - | 2'824 | - | - | 2'890 |
| Segment intangible assets | - | - | - | - | - | - |
| Assets classified as held for sale | - | - | - | - | - | - |
| **Total Assets** | **33'571** | **68'938** | **103'277** | **5'430** | **(62'719)** | **148'497** |
| Segment current liabilities | 546 | 42'151 | 48'144 | 282 | (62'717) | 28'406 |
| Segment Non-current liabilities | - | - | 14'334 | - | - | 14'334 |
| **Total Liabilities** | **546** | **42'151** | **62'478** | **282** | **(62'717)** | **42'740** |
| **Total Net Assets** | **33'025** | **26'787** | **40'799** | **5'148** | **(2)** | **105'757** |

| **NET INCOME 2014** in $'000 | **Private Equity** | **Real Estate** | **Finance** | **Corporate** | **Consolidation** | **Total** |
|---|---|---|---|---|---|---|
| Dividends | - | 272 | 4 | | - | 276 |
| Real estate income | - | - | 317 | - | - | 317 |
| Realised gain /(losses) on investments | - | - | - | - | - | - |
| Unrealised gain /(losses) on investments | (921) | 1'784 | 566 | - | - | 1'429 |
| Income from services | - | - | 537 | - | (432) | 105 |
| **Total Operating Income** | **(921)** | **2'056** | **1'424** | **-** | **(432)** | **2'127** |
| Operating expenses | (262) | (277) | (1'335) | (111) | 433 | (1'552) |
| Depreciation | - | - | (55) | - | - | (55) |
| **Net Operating Income** | **(1'183)** | **1'779** | **34** | **(111)** | **1** | **520** |
| Interest income | 81 | - | 1'079 | 7 | (214) | 953 |
| Interest expenses | (2) | (164) | (491) | - | 226 | (431) |
| Non operating income / (expenses) | (1) | - | 4 | - | 1 | 4 |
| **Income Before Tax** | **(1'105)** | **1'615** | **626** | **(104)** | **14** | **1'046** |
| Taxes | (3) | - | (273) | (2) | - | (278) |
| **Net Loss before discontinued operation** | **(1'108)** | **1'615** | **353** | **(106)** | **14** | **768** |
| Minority interest | - | - | - | | - | - |
| **Net Loss** | **(1'108)** | **1'615** | **353** | **(106)** | **14** | **768** |

| **NET INCOME 2015**<br>in $'000 | **Private Equity** | **Real Estate** | **Finance** | **Corporate** | **Consolidation** | **Total** |
|---|---|---|---|---|---|---|
| Profit or loss of associates | - | - | (45) | - | (176) | (221) |
| Dividends | - | 303 | - | | - | 303 |
| Real estate income | - | - | 336 | - | - | 336 |
| Realised gain /(losses) on investments | - | - | - | - | - | - |
| Unrealised gain /(losses) on investments | 150 | - | (2'096) | - | - | (1'946) |
| Income from services | - | - | 604 | - | (517) | 87 |
| **Total Operating Income** | **150** | **303** | **(1'201)** | **-** | **(693)** | **(1'441)** |
| Operating expenses | (205) | (464) | (1'075) | (22) | 693 | (1'073) |
| Depreciation | - | - | (24) | - | - | (24) |
| **Net Operating Income** | **(55)** | **(161)** | **(2'300)** | **(22)** | **-** | **(2'538)** |
| Interest income | 25 | - | 831 | 7 | (403) | 460 |
| Interest expenses | - | (382) | (320) | - | 398 | (304) |
| Non operating income / (expenses) | - | - | (509) | - | 20 | (489) |
| **Income Before Tax** | **(30)** | **(543)** | **(2'298)** | **(15)** | **15** | **(2'871)** |
| Taxes | (1) | - | (178) | (4) | - | (183) |
| **Net Loss before discontinued operation** | **(31)** | **(543)** | **(2'476)** | **(19)** | **15** | **(3'054)** |
| Profit (loss) from discontinued operation | - | - | - | | - | - |
| **Net Loss** | **(31)** | **(543)** | **(2'476)** | **(19)** | **15** | **(3'054)** |

## NOTE 25 – POST BALANCE SHEET EVENTS

No material post balance sheet event to report for the period.