

GEFINOR S.A.
Société Anonyme
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Quarterly consolidated financial report for the period ended September 30, 2016
(prepared in compliance with Art 5 para 2 of law of January 2008)

MANAGEMENT REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2016

We are pleased to present to you the management report on the consolidated financial statements accounts for the period ended September 30, 2016.

Financial statements

Total consolidated assets at September 30, 2016 were USD 167.1 million compared with USD 141.3 million as of December 31, 2015. Consolidated stockholders' equity was USD 102.8 million at September 30, 2016 compared with USD 103.4 million at December 31, 2015.

Net loss for the period of USD 1.63 million includes a foreign exchange loss of USD 1.84 million recognized by Gefinor Finance SA on its USD exposure, compensated by the foreign exchange revaluation of USD 0.7 million on the Geneva building and a translation gain of USD 1 million. The consolidated total comprehensive loss for the period of USD 604 thousand neutralizes these foreign exchange impacts and presents the net performance of the Group for the period. The overheads for the period were reduced to USD 1'475 thousand of which USD 981 thousand paid in management fees.

Organisation and activities

Gefinor Finance Holding Limited, Gibraltar

Gefinor Finance Holding Limited regroups the operations of Gefinor Finance SA, and Gefinor Finance Holding Limited.

For the period ended September 30, 2016 the net a loss was USD 612 thousand, the comprehensive income after translation gain was a profit of USD 301 thousand.

Gefinor Private Equity Limited, Gibraltar

During the period the investment portfolio performed well, all the fund investments recognizing an increase in value.

Investments

Gefinor Private Equity Limited invested an additional USD 514 in Gefus Capital Partners II, LP, USD 72 thousand in GEF Private Equity Partners SPC (GEFPEP) and USD 76 thousand in Monterro I, AB.

Distributions

During the period, Gefinor Private Equity Limited received USD 1'172 thousand in distributions from GEFPEP and USD 200 thousand from Monterro I, AB.

In January, Gefinor Private Equity Limited exited its investment in Aquilus Inflection Fund relaizing a loss of USD 7 thousand for the period, however over the five year investment period, Aquilus returned 1.3x of the investment, representing an annualized IRR of 10%.

In March 2016, Gefinor Private Equity Limited reduced its investment in Gef Value Advantage Fund by USD 600 thousand with no impact on the profit and loss for the period.

Gefinor Real Estate Limited, Gibraltar

For the period ended September 30, 2016 the result was a loss of USD 825 thousand of which a management fee paid of USD 262 thousand, interest paid of USD 771 thousand and dividends received of USD 208 thousand.

Gefinor Real Estate Limited holds investments in Lebanon in the form of a 7.7% interest in the Garden City project in Beirut (formerly New City) as well as a loan of USD 45 million financing land for development in prime areas in Lebanon. In 2016, the Development and Investment Company Ltd (The Garden City Project) distributed a dividend of USD 208 thousand to Gefinor Real Estate Limited. From the remaining Escrow account on the sale of Real Estate Development Company SAL, USD 287 thousand was received in March 2016.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended September 30, 2016

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

	<u>Notes</u>	<u>30.09.2016</u>	<u>30.09.2015</u>
Operating Income			
Dividends		208	303
Real estate income		249	452
Share of results of associated companies		-	(174)
Net realised gains / (losses) on investments		-	(47)
Net unrealised gains / (losses) on investments		977	514
Foreign exchange gains / (losses)		(1'848)	(611)
Income (Loss) from Investments		(414)	437
Management fee income		-	93
Net commission income / (expenses)		(5)	(9)
Income from Services		(5)	84
Total Operating Income (Loss)		(419)	521
Operating Expenses			
Personnel		-	(702)
Office		(207)	(206)
Professional fees		(151)	(405)
Management fees		(981)	(600)
Other general administrative expenses		(117)	(55)
Depreciation		(19)	(27)
Total Operating Expenses		(1'475)	(1'995)
Net Operating Income (Loss)		(1'894)	(1'474)
Interest income		1'297	820
Interest expense		(840)	(467)
Net Interest		457	353
Other income / (expenses)		(18)	(479)
Income (Loss) Before Tax		(1'455)	(1'600)
Income tax expenses		(176)	(174)
Net Income (Loss)		(1'631)	(1'774)
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Revaluation of available-for-sale investments		-	-
Exchange difference on translating foreign operations		1'027	595
Total Comprehensive Income (Loss) for the period		(604)	(1'179)
Weighted average shares outstanding		39'551'142	39'551'142
Basic and Diluted Earnings per share from continuing operations (in USD dollars per share)		(0.0412)	(0.0449)

The notes are an integral part of the consolidated financial statements

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended September 30, 2016

	<u>30.09.2016</u>	<u>31.12.2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	10'031	12'700
Trading investments	-	544
Loans and advances	4'155	10'033
Trade receivables and other current assets	735	1'061
Total Current Assets	<u>14'921</u>	<u>24'338</u>
Non-Current Assets		
Financial assets at fair value through P&L	83'392	84'420
Loans and advances	52'768	17'206
Investment property	13'320	12'747
Property, plant and equipment	2'711	2'614
Total Non-Current Assets	<u>152'191</u>	<u>116'987</u>
Total Assets	<u><u>167'112</u></u>	<u><u>141'325</u></u>
LIABILITIES		
Current Liabilities		
Bank overdrafts and short term bank debt	4'437	4'246
Client deposits	46'500	20'407
Trade and other payables	199	515
Current tax liabilities	139	146
Total Current Liabilities	<u>51'275</u>	<u>25'314</u>
Non-Current Liabilities		
Borrowings and other long term payable	11'811	11'381
Deferred tax liabilities	1'216	1'216
Total Non-Current Liabilities	<u>13'027</u>	<u>12'597</u>
Equity		
Share capital	50'000	50'000
Reserves	35'448	35'448
Reserves for revaluation AFS investments	-	-
Retained earnings	24'089	26'703
Treasury shares	(5'096)	(5'096)
Net income (loss)	(1'631)	(3'641)
Total Stockholders' Equity	<u>102'810</u>	<u>103'414</u>
Total Liabilities	<u><u>167'112</u></u>	<u><u>141'325</u></u>

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