GEFINOR SA

SOCIETE ANONYME DE TITRISATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

GEFINOR SA

Société Anonyme

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THE COMPANY

Gefinor SA is a company incorporated in Luxembourg and is subject to the laws and jurisdiction of Luxembourg, which is a member of the European Union. Gefinor SA's shares are listed on the Luxembourg Stock Exchange.

Pursuant to a decision of the shareholders taken at an Extraordinary General Meeting held on December, 8, 2010, at which the articles of association were amended, Gefinor SA operates as a securitization company under Luxembourg law as from January 1, 2011 and securitizes the investments of three investment vehicles.

The international investment activities, the freedom to select countries and sectors, shift investments and adapt to the need of investments throughout the world are safeguarded and the determination of the investment strategies and the implementation of these strategies are carried out without government interferences.

LETTER OF THE CHAIRMAN

The year of the demagogue, this was one of the recent Financial Times headlines that summarises the political events of the year. Had investors been told to forecast the market behaviour with the known results of the Brexit and Trump election, the consensus would have probably forecasted a 10% to 15% correction. The market's behaviour however did not seem to factor any of the potential risks that were deemed to impact the market before the results were known. By risk we mean uncertainties or a wider range of possible outcomes. Most observers now agree that lower taxes and increased infrastructure spending will add 0.5% to US economic growth and improve after-tax earnings for US corporations. This is the main positive from the Trump victory. But what about the potential of much higher budget deficits, the acceleration of the unsynchronised monetary policies, the stronger dollar, the tension with China, the potential conflict of interest of the Presidency and its Twitter and direct communication style. These factors create in our opinion substantial economic and market risk and do require a higher risk premium. The market for now is focusing exclusively on key simple facts: deregulation, lower taxes, higher infrastructure spending, which are all good for the economy. It is not taking the risks into account, and seems to be deferring dealing with them when they will occur. The situation, in our opinion, is concerning and needs to be monitored very carefully.

US equities returned 9.5% in 2016 out-performing most major developed markets with almost half of the performance coming after the US election. Brazil was the star with a 38% return after recovering from a very severe recession. In terms of sectors we need to highlight the impressive recovery of Financials that were propelled by the prospects of higher rates and deregulation in the US.

On the currency markets the attention was on the Pound that fell sharply, -16%, after the Brexit vote. It was the only casualty in the UK as both equities and bonds witnessed good return in sterling terms.

Bonds witnessed a setback in the fourth quarter (with US Treasuries losing 3.8%) as the reflationary trade impacted them. Their good performance in the previous quarters was enough to end the year with a 1% performance. Other fixed income markets did much better with US high yield for example returning 17% driven by a material change of prospects in the energy battered sector. Commodities were reborn after few years of downtrend as the new pro-growth US policies were music to the ears of investors. Oil rallied 38% while gold returned 5.5% last year despite correcting 12% in the 4th quarter, victim of the prospect of a quicker normalisation of US monetary policy.

The market moved from a search for yield thematic to a momentum growth market. Valuation metrics are increasing and are factoring much better earnings. Momentum markets indelibly lead to more complacency because of the feel good factor. One needs to be exposed to the riskier asset classes but need to remain vigilant.

Group performance in 2016 has improved from 2015, largely due to our private equity portfolio performance and the continuing efforts to reduce overheads. Net loss attributable to owners of the company was USD 0.7 million in 2016 as compared to a loss of USD 3.6 million in 2015. Total consolidated assets at December 31, 2016 increased to USD 166.3 million compared with USD 141.3 million at December 31, 2015, and consolidated stockolders' equity was 102.3 million compared with USD 103.4 million at December 31, 2015. It is important to stress that while the Group's strategy continues to emphasize long term capital appreciation and preservation over maximization of short term gains, the application of International Financial Reporting Standards (IFRS) in the presentation of the financial statements may lead to greater fluctuations in year to year income figures and asset valuations.

Private Equity: The private equity portfolio performed well globally, the group's two major investments in Gefus Capital Partners II and in GEF Private Equity Partners SPC benefited from strong appreciation in value and both increased their distributions to Gefinor while the other investments kept their upside potential.

Real Estate: Despite the instability in Syria and its negative effects on Lebanon, the Lebanese real estate market environment has held up reasonably well for land investments. The value of most of Gefinor's Lebanese real estate assets is stable. This is a tribute to the quality of the assets.

Financial Services: in 2016, the cost structure of the group has been further reduced, setting the stage for a higher long term return on equity. This considerable reduction in the group's consolidated overheads has not affected the quality of services. Gefinor SA is now an investment holding company that primarily invests its financial assets in equity and debt listed securities, in private equity mostly in the United States, and in real estate assets in Lebanon and in Europe.

Once again, I remain confident that the quality of our investment portfolio will enable us to continue to achieve our dual objectives of long term value creation and capital preservation. We are thankful for the unwavering support and confidence of our shareholders, partners, investors, investment and advisory professionals.

Mohamed Ousseimi
Chairman and Chief Executive Officer

We are pleased to present to you the report of the Board of Directors on the consolidated financial statements and the unconsolidated accounts for the year ended December 31, 2016 to be presented to the Annual General Meeting of Shareholders on June 22, 2017.

Financial statements

Total consolidated assets at December 31, 2016 were USD 166.3 million compared with USD 141.3 million as of December 31, 2015. Consolidated stockholders' equity was USD 102.3 million at December 31, 2016 compared with USD 103.4 million at December 31, 2015.

Net loss for the year of USD 739 thousand includes a foreign exchange gain of USD 607 thousand million recognized by Gefinor Finance SA on its USD exposure, compensated by the foreign exchange depreciation of USD 360 thousand on the Geneva building and a translation loss of USD 355 thousand. The Total comprehensive loss for the year of USD 1'094 thousand neutralizes these foreign exchange impacts and presents the net performance of the Group for the year ended December 31, 2016. The overheads for the year were reduced to USD 2'201 thousand from USD 2'910 thousand in 2015 and representing a decrease of 24% in one year.

Segments Reports

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

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

For the year ended December 31, 2016 the net profit was USD 303 thousand, the comprehensive income after translation loss was a loss of USD 45 thousand.

<u>Gefinor Private Equity Limited, Gibraltar</u>

For the year ended December 31, 2016 the net profit of Gefinor Private Equity Limited was USD 723 thousand net of management fees paid. During the year the investment portfolio performed well, all the fund investments, Gefus II, GEFPEP, Monterro I, AB and Gef Value Advantage recognizing an increase in value.

- Gefus II, LP which is the major fund is performing well and the value of the Fund increased by USD 1'111 thousand representing an increase of 16% in the year 2016. All the investments of Gefus II, LP present a value above their cost.
- GEFPEP investment which is also performing well and maintains a high level of distributions.
- Monterro I, AB is picking up and its portfolio is expected to perform well in the coming quarters.
- Gef Value Advantage, the hedge fund performed well during the year under review, at the same level as the benchmark with a lower risk.

<u>Investments</u>

Gefinor Private Equity Limited invested an additional USD 686 in Gefus Capital Partners II, LP, USD 81 thousand in GEF Private Equity Partners SPC (GEFPEP) and USD 98 thousand in Monterro I, AB.

<u>Distributions</u>

During the year, Gefinor Private Equity Limited received USD 1'302 thousand in distributions from GEFPEP, USD 1'627 thousand from Gefus II, LP and USD 200 thousand from Monterro I, AB.

In January, Gefinor Private Equity Limited exited its investment in Aquilus Inflection Fund realizing a loss of USD 7 thousand for the year, however over the five year investment year; proceeds from Aquilus were USD 1’951 thousand for an initial investment of USD 1’500 thousand, representing a return of 1.3x of the investment.

In March, 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 year.

Gefinor Real Estate Limited, Gibraltar

After a long year of stagnation due to the political and economic situation, the Lebanese Real Estate market has finally started showing signs of recovery. The election of a new president and the formation of a government have instilled cautioned confidence in the country. Solidere, the leading real estate company, had its share value move up by more than 20% right after the election before dropping back a little due to profit taking. But it was a clear sign that investors are back in the market.

For the year ended December 31, 2016 the result was a loss of USD 953 thousand of which a management fee paid of USD 318 thousand, interest paid of USD 607 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 44 million financing land for development in prime areas in Lebanon. The following is an update of these assets:

RECD (Byblos Land)
The main plot is benefitting from new roads that have reached it, thus bringing access and traffic. This shall impact positively the value of the land, especially the plots closer to the road. Studies with engineers und urban architects will be held in the coming year to assess the potential of the land.

Aramoun Land
The potential of this land lies in the possibility of transforming its zoning from forestry to residential. With the recent positive political developments, ways to do so will be explored.

New City
The start of the project has been delayed, nevertheless, in 2016; the Development and Investment Company Ltd (The New City Project) distributed a dividend of USD 208 thousand to Gefinor Real Estate Limited.

Others
From the remaining Escrow account on the sale of Real Estate Development Company SAL, USD 287 thousand was received in March 2017.

Share capital

The Company has an issued share capital of 40 million shares at December 31, 2016 with a par value of USD 1.25 each, of which 39’551’142 shares were outstanding. Each share carries the same rights and entitles the holder to one vote at the general meeting of shareholders. The shares, which are in both registered and bearer form, are listed on the Luxembourg Stock Exchange. There are no restrictions on the purchase or transfer of shares.

At year end, the Company owned 448’820 of its own shares, representing 1.12% of the issued capital, with a book value of USD 5.1 million.

Shareholders

The Company has been notified of the following significant holdings of voting rights based on total issued shares of 40,000,000:

Mr Khaled Ousseimi directly and indirectly holds 41.06% of the voting rights of the Company.

A.K. Al Muhaidib & Sons of Saudi Arabia holds directly 16.92% of the voting rights of the Company;

Fondation Ousseimi of Switzerland holds directly 11.01% of the voting rights of the Company;

Al Sharq Holdings of Kuwait holds directly 9.84% of the voting rights of the Company.

The Company is not aware of any agreements between shareholders, which could result in restrictions on share transfer or voting rights.

Board of Directors, appointment and powers

The members of the Board of Directors are appointed or reappointed annually by the general meeting of shareholders. The articles of association may be amended only by an extraordinary meeting of shareholders. The Board of Directors has no power to increase or decrease the share capital, except as authorised by the shareholders.

End of service indemnities

The Company has no contractual arrangements for the payment of leaving indemnities to members of the Board of Directors, management or personnel for any reason whatsoever.

Takeover bids

The Company is not a party to any contractual arrangements containing conditions which would be automatically triggered in the event of a takeover bid.

Research and development activity

The Company has no research and development activity.

Risk Management

To the overall risk management of the Group, please refer to Note 20 “Risk Management”.

The Board of Directors

CORPORATE GOVERNANCE

General

The Corporate Governance Charter, which is updated periodically by the Board, may be consulted on the Company's web site at *www.gefinor.com*. The Board is satisfied that the Company fulfils its responsibilities and obligations under the Luxembourg law on market abuse of May 9, 2006 as per article 68bis of the law of 19 december 2002.

Share ownership and control

The Company has approximately 50 institutional and individual shareholders, most of whom hold their shares in bearer form. At April 2017, based on total outstanding shares of 39'551'180, the Ousseimi family's direct or indirect interests represented 41.06% of the outstanding capital. A former director, Mr Sulaiman Al Muhaidib, or persons, whom he represents, have direct and indirect interests of 16.92% of the outstanding shares. Gefinor SA owns 1.12% of its own capital. Readers are referred to the notes to the financial statements for information concerning financial relationships with related parties.

Financial statements' presentation

The responsibilities of the Board of Directors are determined by law. In this respect the Board is responsible for the annual accounts and the fair representation thereof in accordance with EU directives as transposed into Luxembourg law, as well as of the consolidated accounts in accordance with International Financial Reporting Standards (IFRS), as set forth by EU Regulations. The Board of Directors considers that it has fully complied with these obligations.

The format of the audit report follows the requirements of the International Standards on Auditing (ISA) prepared by the International Federation of Accountants, as adopted by CSSF. The statements and opinions therein regarding the responsibilities of the Board of Directors are those of the auditors.

Directors

The Board met three times during 2016 in the presence of all the directors. The audit committee, comprised of two non-executive directors, met once during the year. There are no other permanent committees of the board.

Non-executive and non-shareholder Board members receive an annual attendance fee of USD 10 thousand each. No remuneration, direct and indirect, to officers of the Company was paid in 2016. There is no stock option program.

Financial reporting, internal control and risk management

The Company has invested in three holding structures which have the responsibility for the management of the investments, as a securitization company, Gefinor SA is a passive investor and is not involved in the management of the investments. The size of the Company, the limited number of its investments and its status of securitization Company does not justify an internal audit function.

The Board of Directors follows closely the performance of its three investments and has appointed an audit committee which liaises with the external auditors for accounting, financial and compliance matters. The Board relies on the periodical management reports of its three investments and on the audited financial statements and audit reports of its three investments, as well as the consolidated financial statements to assess the fair preparation and presentation of the financial statements, the financial performance, the risk management and the legal compliance of its investments.

DIRECTORS

Mohamed Ousseimi
Chairman

Mr Ousseimi began his career with State Street Research and Management Company before joining the investment banking division of Merrill Lynch in New York. He joined Gefinor in 1993. Mr Ousseimi serves on a number of Gefinor company boards and committees. He holds a BA in Political Economy from the University of California Berkeley and an MBA from the John E. Anderson School of Management at UCLA. Mr. Ousseimi has been a member of the Board and Chairman of Gefinor since February 2007.

Yves Prussen
Non-executive independent Director

Mr Prussen has been a member of the Luxembourg bar since receiving his degree of Doctor at Law in 1971 and has been a partner with Elvinger, Hoss & Prussen since 1975. He has contributed numerous papers and articles to professional publications in the field of securities, tax and investment law and is a member of several professional organizations and corporate boards. Mr Prussen has been a member of the Board of Gefinor since 2004.

Damien Wigny
Non-executive independent Director

Mr Wigny worked with the United Nations, ministries of the Belgian government and as director of Asian Development Bank, before joining Kredietbank SA Luxembourgeoise in 1975, where he was Chairman of the Board from 1994 through 2002. He served as Chairman of the Association of International Bond Dealers from 1982 through 1986 and is currently Chairman of the Salle de Concert Grande-Duchesse Joséphine Charlotte in Luxembourg. Mr. Wigny has degrees in Law and Economics from the Catholic University of Louvain (UCL). He has been a member of the Board of Gefinor since 2004.

FIVE YEAR FINANCIAL SUMMARY

Consolidated Statement of Financial Position	**2016**	**2015**	**2014**	**2013**	**2012**
(expressed in thousands USD)			Restated		
Total assets	166'319	141'325	151'359	155'673	189'840
Total liabilities	63'999	37'911	44'471	55'126	79'017
Total stockholder's equity	102'320	103'414	106'888	100'547	110'823
Consolidated Statement of Income					
Gross profit	-	-	-	504	507
Income from investments	1'379	(854)	11'982	(18)	(17'671)
Other income/expense (net)	(220)	(161)	148	1'739	2'368
Operating income (loss)	1'159	(1'015)	12'130	2'225	(14'796)
Operating expenses	(2'201)	(2'910)	(4'220)	(9'950)	(8'473)
Taxation	(321)	(160)	(104)	(219)	(491)
Net income (loss) before interests	(1'363)	(4'085)	7'806	(7'944)	(23'760)
Net interest	624	444	1'228	733	(44)
Net income from discontinued operations	-	-	-	-	(7'570)
Net income (loss) attributable to stockholders'	**(739)**	**(3'641)**	**9'034**	**(7'211)**	**(31'374)**
Other Comprehensive Income, net of tax	(355)	168	(2'694)	436	807
Total Comprehensive Income (Loss)	**(1'094)**	**(3'473)**	**6'340**	**(6'775)**	**(30'567)**
Average outstanding shares	39'551'142	39'551'142	39'551'142	39'065'034	37'831'602
Earnings per share (US dollars)	(0.0187)	(0.0921)	0.2284	(0.1846)	(0.8293)

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

To the Shareholders of

Gefinor SA

Société Anonyme de Titrisation

5 rue Guillaume Kroll

L-1882 Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gefinor SA, Société Anonyme and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of the consolidated financial statement that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on judgement of the *réviseur d'entreprises agréé* including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Gefinor SA, as of December 31, 2016, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of directors is responsible for the other information. The other information comprises the information included in the consolidated management report and the Corporate Governance Statement on page 7 but does not include the consolidated financial statements and our report of Réviseur d'Entreprises Agréé thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Other matter

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Raphael Charlier, *Réviseur d'entreprises agréé*
Partner

April 28, 2017

G E F I N O R SA

Management representation
on the consolidated financial statements as at December 31, 2016

In compliance with the requirements of the law of January 11, 2007, we hereby certify, to the best of our knowledge and belief, that:

- The attached consolidated financial statements of Gefinor SA, 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 year ended December 31, 2016 in accordance with International Financial Reporting Standards as adopted by EU;

- The annual accounts of Gefinor SA, Société Anonyme de Titrisation, presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and loss of the company; and

- 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.

April 28, 2017

Mohamed Ousseimi
Chief Executive Officer

GEFINOR SA

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2016

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

	Notes	31.12.2016	31.12.2015
Operating Income			
Dividends	16	208	303
Real estate income	18	331	639
Share of results of associated companies	24	-	(167)
Net realised gains / (losses) on investments	17	(82)	(374)
Net unrealised gains / (losses) on investments	17	315	(1'630)
Foreign exchange gains / (losses)		607	375
Income (Loss) from Investments		**1'379**	**(854)**
Management fee income	19	-	137
Net commission income / (expenses)		(55)	(81)
Income from Services		**(55)**	**56**
Total Operating Income (Loss)		**1'324**	**(798)**
Operating Expenses			
Personnel		-	(922)
Office		(244)	(298)
Professional fees		(552)	(742)
Management fees	22	(1'231)	(800)
Other general administrative expenses		(98)	(71)
Depreciation		(76)	(77)
Total Operating Expenses		**(2'201)**	**(2'910)**
Net Operating Income (Loss)		**(877)**	**(3'708)**
Interest income	7	1'873	1'021
Interest expense	11	(1'249)	(577)
Net Interest		**624**	**444**
Other income / (expenses)	27	(165)	(217)
Income (Loss) Before Tax		**(418)**	**(3'481)**
Income tax expenses	15	(321)	(160)
Net Income (Loss)		**(739)**	**(3'641)**
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Revaluation of available-for-sale investments		-	357
Exchange difference on translating foreign operations		(355)	(189)
Total Comprehensive Income (Loss) for the year		**(1'094)**	**(3'473)**
Weighted average shares outstanding		39'551'142	39'551'142
Basic and Diluted Earnings per share from continuing and discontinuing operations (expressed in USD dollars per share)		**(0.0187)**	**(0.0921)**
Basic and Diluted Earnings per share from continuing operations (in USD dollars per share)		**(0.0187)**	**(0.0921)**

The notes are an integral part of the consolidated financial statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2016

(expressed in thousands of US dollars)

	Notes	31.12.2016	31.12.2015
ASSETS			
Current Assets			
Cash and cash equivalents	5	9'830	12'700
Trading investments	6	-	544
Loans and advances	7	57'044	25'707
Trade receivables and other current assets	8	727	1'061
Total Current Assets		**67'601**	**40'012**
Non-Current Assets			
Financial assets at fair value through P&L	6	82'228	84'420
Loans and advances	7	1'535	1'532
Investment property	9	12'253	12'747
Property, plant and equipment	10	2'702	2'614
Total Non-Current Assets		**98'718**	**101'313**
Total Assets		**166'319**	**141'325**
LIABILITIES			
Current Liabilities			
Bank overdrafts and short term bank debt	11	4'204	4'246
Client deposits	12	46'772	20'407
Trade and other payables	13	569	515
Current tax liabilities	15	395	146
Total Current Liabilities		**51'940**	**25'314**
Non-Current Liabilities			
Borrowings and other long term payable	11	10'934	11'381
Deferred tax liabilities	15	1'125	1'216
Total Non-Current Liabilities		**12'059**	**12'597**
Equity			
Share capital	14	50'000	50'000
Reserves	14	35'448	35'448
Retained earnings	14	22'707	26'703
Treasury shares	14	(5'096)	(5'096)
Net income (loss)		(739)	(3'641)
Total Equity		**102'320**	**103'414**
Total Liabilities		**166'319**	**141'325**

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

December 31, 2016

(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*
Balance, 01.01.2015	50'000	30'448	5'000	(357)	(5'096)	26'892	106'887
Loss for the year	-	-	-	-	-	(3'641)	(3'641)
Variation of revaluation of available-for sale investments (*)	-	-	-	357	-	-	357
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	-	(189)	(189)
Total comprehensive income for the year	**-**	**-**	**-**	**357**	**-**	**(3'830)**	**(3'473)**
Balance, 31.12.2015	**50'000**	**30'448**	**5'000**	**-**	**(5'096)**	**23'062**	**103'414**

	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*
Balance, 01.01.2016	50'000	30'448	5'000	-	(5'096)	23'062	103'414
Dividend in cash	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(739)	(739)
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	-	(355)	(355)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(1'094)**	**(1'094)**
Balance, 31.12.2016	**50'000**	**30'448**	**5'000**	**-**	**(5'096)**	**21'968**	**102'320**

(*) These variations are 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

For the year ended December 31, 2016

(expressed in thousands of US dollars)

	31.12.2016	**31.12.2015**
Cash Flow from Operating Activities		
Real estate income paid by customers	351	465
Income from services paid by customers	-	5
Other operating assets and liabilities	5	(137)
Payments to services providers	(2'059)	(2'622)
Income taxes paid	(153)	(334)
Net Cash From Operating Activities	**(1'856)**	**(2'623)**
Cash Flow from Investing Activities		
Dividends received	208	303
Acquisition of investments	(865)	(458)
Sale of subsidiaries	-	154
Proceeds from sale/distributions of financial assets at FVTPL	4'266	5'553
Net Cash Flow from Investing Activities	**3'609**	**5'552**
Cash flow from Financing Activities		
Interest received	1	27
Interest paid	(294)	(349)
(Increase) / decrease in loans and advances	(1'859)	(643)
Repayment of borrowings	(282)	(326)
Increase /(decrease) in client deposits	(2'189)	(4'654)
Net Cash Flow from Financing Activities	**(4'623)**	**(5'945)**
Net increase / (decrease) in cash equivalents	**(2'870)**	**(3'016)**
Cash and cash equivalents, beginning of year	**12'700**	**15'716**
Cash and cash equivalents, end of year	**9'830**	**12'700**

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

NOTE 1 - GENERAL

Gefinor SA (the "Company") was incorporated in Luxembourg on December 31, 1968. Since January 1, 2011, the Company has adopted the legal form of a securitisation company under Luxembourg law. At an Extraordinary General Meeting of shareholders of Gefinor SA, held on December 8, 2010, the articles of association of Gefinor SA 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 Company's financial year coincides with the calendar year.

The financial statements are approved by the Board of Directors and authorized for issue on April 19, 2017. The annual general meeting that will approve the financial statements will take place on June 22, 2017.

NOTE 2 - ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies that were used for the preparation of the consolidated financial statements at December 31, 2016 are the same as those used for the preparation of the consolidated financial statements at December 31, 2015.

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 [2]
IFRS 15	Revenue from Contracts with Customers [2]
Amendments to IAS 7	Disclosure Iniative [2]
Amendments to IFRS 2 (*)	Classification and Measurement of Share-based Payment Transactions [2]
Amendments to IAS 12	Recognition of deferred tax assets for unrealized losses [1]
IFRS 16	Leases [3]
Amendments to IFRSs (*)	Annual Improvements to IFRSs 2014-2016 Cycle [1,2]

1 Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after January 1, 2019, 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.

The Directors 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 material impact on amounts reported in the Group's financial assets. The main impact will be related to the implementation of the expected credit loss model instead of current incurred loss model, and could require the Group to record additional impairments on the Group's consolidated 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 do not anticipate that the application of IFRS 15 in future will have a material impact on the Group's consolidated financial statements, as there is no material revenue for the Gefinor Group.

- *Amendments to IAS 7, Disclosure Initiative*

The amendments in Disclosure Initiative come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the *amendments* state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The application of the standard may have result in additional disclosure related to the financing activities.

- *Amendments to IAS 12, Recognition of deferred tax assets for unrealized losses*

The amendments in Recognition of Deferred Tax Assets for unrealized Losses clarify the following aspects:

- unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Directors of the Company do not anticipate that the application of IAS 12 in future will have a material impact on the Group's consolidated financial statements.

- *IFRS 16, Leases*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Directors of the Company do not anticipate that the application of IFRS 16 in future will have a material impact on the Group's consolidated financial statements, as there is no material leases for the Gefinor Group.

2.2. Standards, amendments and interpretations to existing standards that are effective in the current year 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 consolidated financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the consolidated financial statements are set out hereafter.

- *Amendments to IAS 1 Disclosure initiative*

The amendments were a response to comments that were difficulties in applying the concept of materiality in practice. The amendments clarify that materiality applies to the whole financial statement and that information which is not material need not be presented in the primary financial statements or disclosed in the notes.
The Directors of the Company do not anticipate that the application of the Amendments to IAS 1, Disclosure initiative, in future will have a material impact on the Group's consolidated financial statements.

- *Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization*

The amendments to IAS 16 prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not appropriate basis for amortisation of an intangible asset. Currently, the Gefinor Group has no intangible assets and uses straight-line method for depreciation for its property, plant and equipment.

- *Annual improvements to IFRSs 2012-2014 Cycle*

The annual improvement to IFRSs 2012-2014 cycle include a number of amendments to standards, which are summarized below, when, impacting the Group's consolidated financial statements.

The amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 Financial Instruments: Disclosures Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

The amendments to IAS 19 Employee Benefits clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

The application of these amendments has had no material impact on the Group’s consolidated financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

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

3.2. Basis of preparation

The consolidated 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.

During 2016, there were no critical judgements that had to be exercised by the management in the application of the Group accounting policies, apart from those related to the estimation (see Note 4 below).

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Gefinor SA 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 2016.

3.5. 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 the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 3.6 below.

3.6. 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 2016 and 2015.

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.

3.7. 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 year 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.

3.8. Taxation

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

3.8.1. 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.

3.8.2. 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.

3.8.3. Current and deferred tax for the year

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.

3.9. 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.

3.10. 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.

3.11. 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.

3.12. 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”.

The financial assets purchased or sold under regular way are accounted for at the trade date. There is no allowance account used to reduce the carrying amount of financial assets impaired by credit loss.

Net gain and losses are determined in financial assets as the difference between the acquisition cost/the fair value of the last reporting date and the fair value at the closing date of the current year or the selling price.

There is no financial asset renegotiated that would have been otherwise passed due or impaired.

3.12.1. 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.

3.12.2. 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.

3.12.3. AFS financial assets

AFS financial assets are non-derivatives that are designated as AFS or are not classified as:

- Loans and receivables
- Held-to-maturity
- Fair value through profit and loss

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 year.

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.

3.12.4. 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.

3.12.5. 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 assets, 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss of the year.

3.12.6. 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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognized its retained interests in the assets and associated liabilities from amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial assets and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognize and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss.

3.13. Financial liabilities and equity instruments issued by the Group

3.13.1. 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.

3.13.2. 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.

3.13.3. 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.

3.13.4. 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.

Net gain and losses are determined in financial liabilities as the difference between the initial price/the fair value of the last reporting date and the fair value at the closing date of the current period or the settling value.

3.13.5. Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations have been discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.14. Cash and cash equivalents

Cash and cash equivalents include cash on hand and current bank accounts, net of outstanding bank overdrafts, checks received but not yet deposited, checking accounts, petty cash, savings accounts and short term deposits.

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position.
All balances included are unrestricted.

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 Group measures financial assets and liabilities, and non-financial assets at fair value at each balance sheet date.

4.1.1 Fair value related disclosures for financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices in active markets for identical assets or liabilities. This level includes all trading investments at FVTPL and available-for-sale investments. No financial investments are classified in level 1 of December 31, 2015 and December 31, 2016.

- Level 2: inputs other than quoted prices included in the Level 1, which are observable for the asset or liability, either directly or indirectly. This level includes third party funds for which prices and valuations are observable. The prices and capital account statements reported by the Funds are not revalued or adjusted by the Group. This level includes the following investments and corresponding observable inputs:

- Gefus Capital Partners I, LP, a Private Equity Fund, valued on the basis of the capital account statement reported by the Fund. The capital account is calculated by the Fund based on the effective ownership interest of the Group in the Net Assets Value of the Fund as of December 31, 2016 as reported in the financials of the Fund (see 4.1.2.1 and 4.1.2.3).
- Gefus Capital Partners II, LP, a Private Equity Fund valued on the basis of the capital account statement reported by the Fund. The capital account is calculated by the Fund based on the effective ownership interest of the Group in the Net Assets Value of the Fund as of December 31, 2016 as reported in the audited financials of the Fund (see 4.1.2.1).
- GEF Private Equity Partners SPC, valued on the basis of the capital account statement reported by the Fund on the basis of Group's commitment to the total commitment of the Fund. Total commitments represent amounts reported by each partnership. The effective ownership of the Group and its share of the calculated Net Asset Value of the Fund as reported by the Manager of the Fund (see 4.1.2.1).
- Monterro I, AB, a Private Equity Fund, valued on the basis of the capital account statement reported by the Fund. The capital account is calculated by the Fund based on the effective ownership interest of the Group in the Net Asset Value of the Fund as of December 31, 2016 as reported in the audited financials of the Fund (see 4.1.2.1).
- Gef Value Advantage (Cayman) Fund Ltd, a securities Fund, valued on the basis of the capital account statement reported by the Fund. The capital account is calculated by the Fund based on the effective ownership interest of the Group in the Net Assets Value of the Fund as of December 31, 2016 as reported in the audited financials of the Fund (see 4.1.2.1).

- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity instruments and investments whose valuation is based on significant unobservable components. The Directors use their judgment in selecting an appropriate valuation technique for these financial instruments.

This level includes the following investments and corresponding valuation methods applied:

- Loan to Globe Holding SAL valued on the basis of the Net Assets Value of the pool of assets it finances. The Net Asset Value of the pool of assets is adjusted by the independent valuation reports performed on the real estate assets financed (see also Note 4.3). The independent valuations of the lands were performed in January 2017 (see 4.1.2.1).
- New City Project valued on the basis of effective ownership interest of 7.72% in the Net Asset Value of the company which is the owner of lands in Lebanon. The Net Asset Value of the company is adjusted by the independent valuation reports on the lands. The independent valuation of land was performed on January 20, 2017 (see 4.1.2.1 and 4.1.2.3).
- MobiTV Inc. valued on the basis of an independent fair market valuation analysis reports, based on earnings multiple (see 4.1.2.2) were available for both MobiTV's common stock and Series A-1 preferred stock for year-end 2016. As of December 31, 2016, the Group owned 1'116'138 common shares valued at USD 0 per share, 456'205 A-1 shares valued at USD 0.625 per share and a preferred allocation valued at USD 34 thousand.
- Western Resource Investment II, LLC valued on the basis of effective ownership interest of 11.87% in the Net Assets as reported in the capital account of 2016 tax return (see 4.1.2.1).

The fair value of the level 3 investments are dependent on and proportionate to the unobservable inputs mentioned above. The Group does not consider here there is interrelationship between the unobservable inputs.

Changing one or more unobservable inputs mentioned above to value level 3 financial instruments would affect the fair value of the concerned assets. The Group considers that as of December 31, 2016 the unobservable inputs could not vary in such a way that could change the fair value significantly.

There was no change in valuation techniques in 2015 and 2016.

4.1.2. Valuation Techniques, Description of the Inputs used and Adjustments

4.1.2.1 Net Assets Value
Description: Appropriate for businesses with low operating activity and long term asset value appreciation strategy. Used for investment in real estate and equity instruments.

Inputs: Net Asset Value or Stockholders equity as reported by the financials of the company.

Adjustments: The Net Asset Value reported by the company are assessed and adjusted by the values reported by external valuation reports to reflect the fair value of the underlying assets.

4.1.2.2 Earnings
Description: Most commonly used Private Equity valuation methodology. This methodology is used for investments which are profitable and for which it is possible to determine a set of listed companies and precedent transactions with similar characteristics.

Inputs: Earnings multiples are applied to the earning of the company to determine the enterprise value
Most common measure is earnings before interest, tax, depreciation and amortization ("EBITDA"). Earnings used are usually based on the management accounts, unless data from forecasts or the latest audited accounts provides a more reliable picture of maintainable earnings.

Adjustments: A marketability or liquidity discount is applied to the enterprise value, using factors such as our alignment with management and other investors and our investment rights in the deal structure.

4.1.2.3 External valuations
Description: External valuers are involved for valuation of significant assets, such as investment property and equity securities at fair value through profit or loss. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Inputs: The fair value determined by the external valuer in its report. For real estate, the fair value is determined by an 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 criteria each building or land is estimated on the basis of a price in USD per square meter.

4.1.3 Transfer of levels

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period. There is no transfer between levels in 2016.

4.1.4 Financial instruments not measured at fair value

For all financial instruments measured at amortized cost, notably the loans and advances, the other receivables, the deposits from clients and related parties and the other liabilities and interest-bearing liabilities, the carrying amount is a reasonable approximation of fair value.

Due to their liquid nature, financial assets and financial liabilities such as cash and cash equivalents, restricted cash, receivables, bank overdrafts, accounts payable and client deposits, are categorized in Level 2. No management assessment and no valuation technics are applied by the Group in order to determine the value of these financial assets and financial liabilities. The values of these instruments are based on the corresponding observable statements or invoices.

The loans and advances are categorized in Level 2. For loans and advances carried at amortized cost, the Group evaluates for impairment, for each individual loan or advance, the debtors' ability to pay all amounts due according to the contractual terms of the concerned assets and the existence of collaterals. The loan and advances impairment evaluation is based on the internal credit risk assessment as disclosed in note 20. The carrying value is adjusted by difference between the asset's carrying value and the present value of the estimated future cash flows as assessed. Given that interest of loans and advances are mostly variable, management estimates the impact of the change in interest rates as limited on Fair Value.

In 2015 and 2016 there was no change in the valuation technics.

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 Value Advantage Fund (Cayman) Ltd.

Gefus Capital Partners I L.P was liquidated in 2016, the Company owned 17.34% of Gefus Capital Partners I L.P as at December 31, 2015.

As at December 31, 2016 and December 31, 2015, the Company 57.19% of Gefus Capital Partners II, LP.

As at December 31, 2016, the Company owns 27.75% of Gef Value Advantage Fund (Cayman) Ltd (December 31, 2015: 35.3%).

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

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.

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.

4.2.3 Investments through the loan towards Globe Holding SAL

Nature of the loan

Gefinor, through its subsidiary Gefinor Real Estate Limited, provided a financing to Globe Holding SAL for a total amount of USD 42 million. Globe Holding SAL used this financing to acquire the interests in the lands in Byblos, Kfardebian and Aramoun, which were previously held by Gefinor, as well as two land plots in Yarzé, Beirut (together the “Assets”).

The terms of the loan agreement between Gefinor Real Estate Limited and Globe Holding SAL will give to Gefinor the same economic rights and benefits in the Assets as the Globe shareholders. Based on the terms of the loan agreement, the financial benefits received by Gefinor shall only be in relation to the Assets, to the exclusion of any other assets of Globe Holding SAL. As per the agreement, the principal amount of the loan shall fluctuate with the value of the Assets. Considering that the loan has no fixed or determinable payments and has no fixed maturity, the classification as Loans and Receivables or as Held-to-Maturity are both not applicable.

The Company has retained to classify the loan and after that the bonds as held for trading the FV through P&L as allowed by IAS 39.9. The Company invests in different types of assets, mainly Private Equity and Real Estate-related assets. The investment in these assets consists in the core business of the Company. The performance of these assets is assessed by the key Management of the Company based on their changes in fair value. Therefore the Company retained to book the financing of the Lebanese real estate using the fair value though profit or loss option as the management’s decisions are made based on the Fair Value changes of the Group’s investments.

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 December 31, 2016 and December 31, 2015 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. 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.

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 2016.

4.4. 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

In $'000	**31.12.2016**	**31.12.2015**
Petty Cash	19	16
Current bank accounts	7'061	684
Short-term deposits with banks	2'750	12'000
	9'830	**12'700**

NOTE 6 - INVESTMENTS

In $'000	**31.12.2016**	**31.12.2015**
Trading Investments		
Aquilus Inflection Fund Ltd	-	544
	-	**544**
Financial assets at fair value through profit & loss		
Loan to Globe Holding SAL	44'016	44'354
Garden City project (New City)	22'660	22'889
Gefus Capital Partners II, LP.	9'724	9'554
GEF Private Equity Partners, SPC (1)	3'400	4'341
Gef Value Advantage Fund (Cayman) Ltd	1'120	1'655
Monterro 1 AB	480	524
Western Resource Investment II, LLC	725	763
MobiTV Inc.	103	319
Gefus Capital Partners I, LP.	-	20
SmartInst SA	-	1
	82'228	**84'420**

Financial assets at Fair Value Through Profit & Loss Held for Trading

Trading investments consists of the investment in Aquilus Inflection Fund Ltd. In January 2016, Gefinor Private Equity Limited exited its investment in Aquilus Inflection Fund realizing a loss of USD 7 thousand recognized in 2016.

Financial assets at Fair Value Through Profit & Loss designated as such at initial recognition

In May 2014, Gefinor Real Estate Limited sold to Globe Holding SAL (Globe) Lebanese real estate assets for which Gefinor Real Estate Limited provided the financing by arranging a loan, of USD 42 million. Under the terms of the loan, Gefinor Real Estate Limited will keep the same economic rights and benefits in the real estate assets (the Assets) sold as the Globe shareholders. The financial benefits of the loan in form of interest are calculated on the basis of the value of the Assets financed and accordingly the amount of the loan fluctuates with the value of the Assets.

The value of the Assets is assessed every year by an external valuator. Hereafter the Net Assets Value of the subsidiaries holding the Assets as of December 31, 2016:

In $'000	**31.12.2016**	**31.12.2015**
Yarzé Land (GREL Yarzé SAL & Globe Yarzé SAL), Lebanon	16'594	16'706
Kfardebian land, Lebanon	10'772	10'772
Aramoun Land (Globe Aramoun SAL) Lebanon	1'859	1'912
Byblos Land (RECD SAL), Lebanon	14'791	14'964
Total	**44'016**	**44'354**

In 2015, Gefinor Private Equity Limited invested an additional USD 86 thousand in Gefus Capital Partners II, LP and received USD 701 thousand in distributions from Gefus Capital Partners II, LP. In 2016, Gefinor Private Equity Limited invested an additional USD 686 thousand in Gefus Capital Partners II, LP and received USD 1’627 thousand in distributions from Gefus Capital Partners II, LP

In 2015, Gefinor Private Equity Limited funded an additional USD 56 thousand in GEF Private Equity Partners, SPC (GEFPEP) funds and received USD 1’495 thousand in distributions from GEFPEP funds. In 2016, Gefinor Private Equity Limited funded an additional USD 81 thousand in GEF Private Equity Partners, SPC (GEFPEP) funds and received USD 1’302 thousand in distributions from GEFPEP funds.

In 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.

In 2015, Gefinor Private Equity Limited invested an additional USD 282 thousand in Monterro I, AB and received USD 146 thousand in distributions from Monterro I, AB. In 2016, Gefinor Private Equity Limited funded an additional USD 98 thousand in Monterro I, AB and received USD 200 thousand in distributions from Monterro I, AB.

In 2015, Gefinor (USA) Inc. invested an additional USD 33 thousand in MobiTV Inc. Series A-1 preferred shares.

(1) GEF Private Equity Partners, SPC consists of investments in the following funds:

In $'000	31.12.2016	31.12.2015
PAPEF III-Buyout Segregated Portfolio	117	186
PAPEF III-Venture Segregated Portfolio	141	220
PAPEF III-Special Situations	85	118
CHARTERHOUSE CCP VIII	1	48
TPG Capital Partners V, L.P.	187	274
First Reserve Fund XI, L.P.	28	30
PAPEF IV-Buyout Segregated	289	413
PAPEF IV-Venture Segregated	358	430
PAPEF IV-Special Situations Se	193	227
SILVER LAKE PARTNERS III, L.P.	326	322
BRAEMAR ENERGY VENTURES II, LP	136	193
BLACKSTONE CP V L.P.Co-Inv.	12	18
SANKATY CREDIT OPPORT. IV,L.P.	32	37
PAPEF V-Special Situations	355	407
OAK HILL CAPITAL PARTNERS III,LP	183	194
GENERAL ATLANTIC INVESTMENT PARTNERS I, LP	958	1'224
Total GEFPEP	**3'400**	**4'341**

NOTE 7 - LOANS AND ADVANCES

In $'000	31.12.2016	31.12.2015
Short-term loans and advances		
To related parties		
Globe Holding SAL	28'373	-
Basmala Establishment	22'998	15'674
Globe Holding SAL	4'258	5'718
Gefinor Finance SAL	699	3'993
Gefinor Capital Management Inc.	112	214
Gefinor Management Limited	604	78
Others	-	30
	57'044	**25'707**
Long-term loans and advances to related parties		
Gefinor Capital Management Inc.	1'310	1'232
Loans and advances to personnel	185	260
Other long-term advance	40	40
	1'535	**1'532**

Short-term loans and advances

The loan to Globe Holding SAL of USD 28’373 thousand is a short term loan, the interest rate applicable is 3.5%. The loan is guaranteed by pledges on deposits with Gefinor Finance SA to the same amount.

The loan to Globe Holding SAL, amounting to USD 4’258 thousand, payable on demand and bearing interest rate of 3.0% of USD 3 month LIBOR. The loan is guaranteed by the pledges of 1’540’000 Gefinor SA shares.

The loan to Basmala Establishment of USD 22’998 thousand is a short term loan bearing interest rate of 2.5% of USD 3 month LIBOR. The loan is guaranteed by the pledges of 8’845’000 Gefinor SA shares of a major shareholder.

The loan to Gefinor Finance SAL, Beirut of USD 699 thousand is a short term loan. The interest rate applicable is 2.0% over USD 1 year LIBOR. The loan is guaranteed by the pledges of 270’000 Gefinor SA shares.

The loan to Gefinor Management Limited, Cayman Islands of USD 604 thousand an interest free advance.

The amount of USD 112 thousand due by Gefinor Capital Management Inc. is an interest free advance.

Long-term loans and advances to related parties

The sale of the 4.4% interest in TAP in 2014 is financed by a note to Gefinor Capital Management Inc. arranged by Gefinor (USA) Inc., repayment will be on January 1, 2022 bearing interest at a rate of 3.5% per year.

Loans and advances to personnel of USD 185 thousand are long term interest free loans to an Officer without a fixed term.

The other long-term advance consists of a guarantee deposit of Gefinor (USA).Inc. for the office rental.

The long-term loan repayment schedule is as follows:

In $ '000	**31.12.2016**	**31.12.2015**
In the third year	-	550
In the fourth to fifth years inclusive	-	550
Subsequent years	1'535	432
	1'535	**1'532**
Loan interest rate ranges		
Libor 3 month + 2.5% to 3.5%	27'256	21'392
Fixed rate 3.5%	29'683	-
Libor 1 year +2%	699	3'993
Other interest rates	941	1'854
	58'579	**27'239**

Interest income on loans and advances is as follows:

In $'000	**31.12.2016**	**31.12.2015**
Bank deposits	340	438
Third party loans	78	70
Globe Holding SAL	768	9
Basmala Establishment	580	365
Gefinor Finance SAL	85	114
Other related parties	22	25
	1'873	**1'021**

NOTE 8 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In $'000	**31.12.2016**	**31.12.2015**
Rental receivables	21	-
Expenses to be reimbursed	25	57
Receivable on asset sale (Redco Escrow)	575	863
Receivable from a related party	20	37
Prepaid expenses	86	101
Other receivables and other current assets	-	3
	727	**1'061**

Trade receivables from related party are due at receipt and bear no interests. Of the receivables on asset sale of USD 863 thousand as of December 31, 2015, USD 287 thousand were received in March 2016 and USD 287 thousand were received in March 2017. The balance is payable in 2018.

NOTE 9 - INVESTMENT PROPERTY

In $'000	**2014**	Additions - retirements	Translation adjustments	Fair value revaluation	**2015**
Gefinor Building, Geneva	13'368	-	(99)	(522)	12'747
Total	**13'368**	**-**	**(99)**	**(522)**	**12'747**

In $'000	**2015**	Additions - retirements	Translation adjustments	Fair value revaluation	**2016**
Gefinor Building, Geneva	12'747	-	(193)	(301)	12'253
Total	**12'747**	**-**	**(193)**	**(301)**	**12'253**

The Gefinor building in Geneva is owned by Gefinor Finance SA a wholly owned subsidiary. The Company owns four floors of the building (approximately 55% of the building). The building was valued as of December 31, 2016 based on an external valuation report performed in March 2016.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

In $'000	**2014**	Additions	Retirements	Translation adjustments	**2015**
Cost	4'650	-	-	(20)	4'630
Accumulated depreciation	(1'934)	(82)	-	-	(2'016)
Total	**2'716**	**(82)**	**-**	**(20)**	**2'614**

In $'000	**2015**	Additions	Retirements	Translation adjustments	**2016**
Cost	4'630	-	203	(39)	4'794
Accumulated depreciation	(2'016)	(76)	-	-	(2'092)
Total	**2'614**	**(76)**	**203**	**(39)**	**2'702**

Property, plant and equipment include property investment held for own use for an amount of USD 1'290 thousand (2015: USD 1'290 thousand). The fair value of the property investment held for own use is USD 4'250 thousand (2015: USD 4'250 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	31.12.2016	31.12.2015
Bank Overdraft	4'204	4'246
	4'204	**4'246**
Long-term borrowing and other long term payable:		
Long-term borrowing (net of current portion)	-	-
Long-term payable	16	16
Mortgage (a)	10'918	11'365
	10'934	**11'381**

(a) USD 10.92 million of debt of Gefinor Finance SA is secured by a mortgage on the Gefinor Building in Geneva. The mortgage has no fixed term, the annual principal repayment of the mortgage amounts CHF 280 thousand (USD 282 thousand).

Debt is repayable as follows:

In $ '000	31.12.2016	31.12.2015
On demand or within one year	4'204	4'246
In the second year	280	280
In the third to fifth years	849	849
Subsequent years	9'805	10'252
	15'138	**15'627**

The weighted average interest rates paid were as follows:

	31.12.2016	31.12.2015
Short-term bank debt	2.22%	2.26%
Long-term bank debt	1.79%	1.95%
	1.91%	**2.04%**

Interest expenses by financing category were as follows:

In $'000	31.12.2016	31.12.2015
Interest on bank debts	94	107
Interest on mortgage financing	200	225
Interest on deposits	941	219
Interest on other financial liabilities	14	26
	1'249	**577**

NOTE 12 - CLIENT DEPOSITS

In $'000	31.12.2016	31.12.2015
Deposits from		
Third parties, on demand	4'128	4'072
Third parties, short-term deposits	8'741	9'253
Due on demand to related parties		
Due to related parties	5'507	7'082
Guarantee deposit		
Guarantee deposit from related parties	28'396	-
	46'772	**20'407**

Client deposits from third parties, on demand, represent current accounts of third parties clients with Gefinor Finance SA bearing an interest rate of Libor 48 hours less 50 basis points.

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

Trade payables and other payables

In $'000	31.12.2016	31.12.2015
Trade payables	84	101
Accrued expenses	350	279
Management fees to be paid	50	64
Dividends to be paid	18	18
Others	67	53
	569	**515**

NOTE 14 - EQUITY

14.1. Capital

At December 31, 2016 and December 31, 2015 the authorized and issued capital was 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. Treasury shares

As December 31, 2016 and December 31, 2015, Gefinor SA owned 448'820 (1.12%) of its own shares with a book value of USD 5.1 million.

14.4. Reserves

This reserve is available for distribution.

NOTE 15 - TAXATION

Taxes for Gefinor SA, 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	**31.12.2016**	**31.12.2015**
Current tax liabilities	254	5
Other tax liabilities	141	141
	395	**146**

In $'000	**31.12.2016**	**31.12.2015**
Deferred tax liabilities		
Geneva Building	1'125	1'216
	1'125	**1'216**

Deferred taxes of USD 1'125 thousand (2015: USD 1'216 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 (2015: 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 16 – DIVIDENDS

In 2016, Gefinor Real Estate Limited received a dividend of USD 208 thousand (2015: USD 303 thousand) from Development & Investment Company SAL (Garden City Project).

NOTE 17 - REALISED AND UNREALISED GAINS / (LOSSES) ON INVESTMENTS

In $'000	31.12.2016	31.12.2015
Net realised gains / (losses) on investments		
Recycled loss on AFS	(7)	(348)
Other realized losses	(75)	(26)
	(82)	**(374)**
Net unrealised gains / (losses) on investments		
Gefus Capital Partners I, LP	(20)	(190)
Gefus Capital Partners II, LP	1'111	211
MobiTV, Inc.	(215)	(125)
Gef Private Equity Partners, SPC (GEFPEP)	281	89
Monterro I, AB	58	60
Globe Holding SAL loan valuation	(338)	(653)
New City Investment	(229)	(61)
Gef Value Advantage Fund	64	(288)
Aquilus Inflection Fund	-	10
Geneva Building	(359)	(640)
Others investments	(38)	(43)
	315	**(1'630)**

NOTE 18 - REAL ESTATE INCOME

Real Estate income consists of the rental income of the Geneva building of USD 331 thousand (2015: USD 639 thousand).

NOTE 19 - MANAGEMENT FEE INCOME

Management fee income in 2015 consisted of a fixed management fee received by Gefinor Finance SA from Fondation Ousseimi for administrative and accounting services. The remuneration was CHF 175 thousand per year. The contract was terminated by Fondation Ousseimi for September 2015. The fee received in 2015 represents the pro-rata of the annual fee.

NOTE 20 - RISK MANAGEMENT

Capital risk

Debt relationships are reviewed regularly by the Board.

The Group is in compliance with all contractual obligations under its borrowing agreements. The capital maintenance and debt ratios set the benchmarks for capital risk management. At a current level, the debt equity ratio, calculated as follows, is considered to be in line with the Group's investment financing needs.

In $'000	**31.12.2016**	**31.12.2015**
Debt	15'138	15'627
Cash	(9'830)	(12'700)
Net Debt	**5'308**	**2'927**
Equity	**102'320**	**103'414**
Net Debt to equity ratio	**5.2%**	**2.8%**

Categories of financial instruments

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in note 4.2 of the consolidated financial statements.

In $'000	**31.12.2016**	**31.12.2015**
Cash and cash equivalents	9'830	12'700
Fair value through profit and loss		
Level 1 - Trading investment at FVTPL and AFS investments	-	-
Level 2 - Investments at FVTPL	14'724	16'638
Level 3 - Investments at FVTPL	23'488	23'972
Amortised cost		
Loans and advances	58'579	27'239
Trade and other receivables	727	1'061
Financial liabilities		
Amortised cost		
Bank loans	15'138	15'627
Deposits from clients	46'772	20'407
Trade and other payables	569	515

Level 1: quoted prices in active markets for identical assets or liabilities. This level includes all trading investments at FVTPL and available-for-sale investments. No financial investments are classified in Level 1 as at December 31, 2015 and December 31, 2016.

Level 2: inputs other than quoted prices included in the Level 1 that are observable for the asset or liability either directly or indirectly. This level includes the investments in Gefus Capital Partners I, LP, Gefus Capital Partners II, LP, GEF Private Equity Partners SPC, Gef Value Advantage Fund (Cayman) Ltd and in Monterro I, AB.

Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes the investments in New City Project, MobiTV Inc. and Western Resource Investment II, LLC. The fair value measurement methods are described in note 4.1.

Reconciliation of Level 3 fair value measurement of financial assets

In $'000	**31.12.2016**	**31.12.2015**
Opening Balance	23'972	24'168
Total gains or losses in profit or loss	(484)	(229)
Purchases	-	33
Sales	-	-
Closing Balance	**23'488**	**23'972**

All level 3 investments are unquoted securities at FVTPL. Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period amount to a loss of USD 229 thousand for 2015 and USD 255 thousand for 2016.

Credit risk

Apart from loans made to related companies through financing subsidiaries, the Company has no significant concentrations of credit risk. The financial subsidiaries monitor their loan portfolio on a quarterly basis reviewing the performance and risk of all loans. The Group evaluates for impairment the debtors' ability to pay all amounts due according to the contractual terms of each loan or advance. The impairment evaluation is based on the internal credit risk assessment estimated on the basis of:

- The purpose of the loan or advance;
- The financial position of the counterparty and its ability to fulfil its obligations;
- The quality of the guarantees provided by the debtor;
- Historical lending experience with similar counterparties with similar credit risk characteristics;
- The present market conditions.

In addition, as for all other financial assets, objective evidence of impairment includes:

- 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.

The above criteria are assessed for each new loan or advance and reviewed on quarterly basis. Based on the internal credit risk assessment, the Group has mitigated its credit risk by limiting its lending activity to well-known related parties.

All loans are fully performing.

The maximum exposure is USD 1'942 thousand as per the following detail:

In $'000	**31.12.2016**	Of which collateral	**31.12.2015**	Of which collateral
To third parties	-	-	-	-
To related parties				
Basmala Establishment	22'998	22'998	15'674	15'674
Globe Holding SAL	32'631	32'439	5'718	-
Gefinor Finance SAL	699	699	3'993	3'993
Gefinor Capital Management Inc.	1'422	501	1'446	1'100
Other loans to related parties	829	-	408	-
	58'579	**56'637**	**27'239**	**20'767**
% of portfolio with collateral		96.7%		76.2%

The quality of the trade receivables and other current assets is as follows:

In $'000	**31.12.2016**	Fully performing	Past due
Rental receivables	21	21	-
Expenses to be reimbursed	25	25	-
Receivable on asset sale	575	575	-
Receivable from a related party	20	20	-
Prepaid expenses	86	86	-
	727	**727**	**-**

In $'000	**31.12.2015**	Fully performing	Past due
Expenses to be reimbursed	57	57	-
Receivable on asset sale	863	863	-
Receivable from a related party	37	37	-
Prepaid expenses	101	101	-
Other receivables and other current assets	3	3	-
	1'061	**1'061**	**-**

The carrying amount of the trade receivables and other current assets represents approximately the fair value.

Liquidity risk

The Group monitors its cash flow on a continuing basis in order to ensure that obligations are covered by available funding. A yearly liquidity plan is approved and monitored by Management. This plan includes all cash obligations and available sources of funding to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The exposure to liquidity risk is mainly influenced by open private equity commitments which require cash resources available timely to pay capital contributions and by client deposits which may withdraw substantial cash amounts. For this purpose, the Group monitors closely its liquidity with daily and monthly review of the net cash positions.

The liquidity risk is mitigated by the following main factors:

- The short term loan portfolio allowing funding of unexpected obligations;
- The possibility of selling third party funds commitments in the secondary market;
- The ability to slow down or potentially reduce the investment activities at any time;
- The possibility to arrange new credit lines as the Group has low leverage.

The liquidity monitoring may give rise, when required, to corrective measures such as the consideration of the temporary or permanent reallocation of assets.

Liquidity analysis for the year ending December 31, 2015

In $'000	2016 Mandatory repayment	2017 Mandatory repayment	2018 Mandatory repayment	2019 Mandatory repayment	2020 Mandatory repayment
Principal repayment	(4'246)	(280)	(280)	(280)	(280)
Interest (estimate)	(280)	(135)	(129)	(128)	(125)
Total mandatory repayments	**(4'526)**	**(415)**	**(409)**	**(408)**	**(405)**

Cash planning	2015	2016	2017	2018	2019
Bank debts and borrowings	(4'526)	(415)	(409)	(408)	(405)
Deposits	(20'407)	-	-	-	-
Trade and other payables	(515)	-	-	-	-
Current tax liabilities	(146)	-	-	-	-
Total cash liabilities	**(25'594)**	**(415)**	**(409)**	**(408)**	**(405)**
Cash and cash equivalents	12'700	-	-	-	-
Trading investments	544	-	-	-	-
Loans and advances	25'707	-	-	-	-
LT loans and advances	-	550	722	-	-
Trade receivables and other current assets	1'061	-	-	-	-
Total cash assets	**40'012**	**550**	**722**	**-**	**-**

Other assets could be sold to match liabilities and commitments.

Liquidity analysis for the year ending December 31, 2016

In $'000	2017 Mandatory repayment	2018 Mandatory repayment	2019 Mandatory repayment	2020 Mandatory repayment	2021 Mandatory repayment
Principal repayment	(4'204)	(280)	(280)	(280)	(280)
Interest (estimate)	(135)	(129)	(128)	(125)	(119)
Total mandatory repayments	**(4'339)**	**(409)**	**(408)**	**(405)**	**(399)**

	2016	2017	2018	2019	2020
Cash planning					
Bank debts and borrowings	(4'339)	(409)	(408)	(405)	(399)
Deposits	(46'772)	-	-	-	-
Trade and other payables	(569)	-	-	-	-
Current tax liabilities	(395)	-	-	-	-
Total cash liabilities	**(52'075)**	**(409)**	**(408)**	**(405)**	**(399)**
Cash and cash equivalents	9'830	-	-	-	-
Loans and advances	57'044	-	-	-	-
LT loans and advances	-	-	-	-	-
Trade receivables and other current assets	727	-	-	-	-
Total cash assets	**67'601**	**-**	**-**	**-**	**-**

Market risk

(a) *Foreign exchange risk*

The Group has foreign exchange exposure through the non-US dollar assets and liabilities of certain subsidiaries, principally in Swiss francs, Pounds Sterling and Euros. Real estate assets situated in Lebanon are valued in US dollars and are not considered to represent an exchange risk. The major assets in Swiss francs are the investment property and the property, plant and equipment in Geneva and at December 31, 2016, the Group foreign exchange exposure on a consolidated basis is as follows:

In $'000	31.12.2016	31.12.2015
CHF exposure		
Assets	9'667	9'331
Liabilities	(16'777)	(16'235)
	(7'110)	**(6'904)**
EUR exposure		
Assets	188	133
Liabilities	(1'516)	(1'790)
	(1'328)	**(1'657)**
GBP exposure		
Assets	4	37
Liabilities	(68)	(107)
	(64)	**(70)**

In view of the above, a fluctuation of 10% of the exchange rate CHF to USD would impact negatively or positively the net income and equity of the Group by approximately USD 711 thousand, a fluctuation of 10% of the exchange rate EUR to USD would impact negatively or positively the net income and equity of the Group by approximately USD 133 thousand. The other currency fluctuations have a marginal impact on the consolidated financial position.

(b) *Interest rate risk*

The Group’s principal interest rate risk derives from short and long term bank debt as well as assets held for customers and loans made, principally to related companies, by a subsidiary. Interest rates of financial assets and liabilities are generally based on a spread over the current interbank rate. An increase or decrease of 50 basis points on the USD interest rates would impact negatively or positively the net income and equity of the Group by approximately USD 170 thousand (2015: USD 79 thousand).

The interest rates on components of the net financial assets are as follows:

	31.12.2016	31.12.2015
Financial assets		
Cash and cash equivalents	9'830	12'700
Loans - Libor	27'955	25'385
Fixed interest rate	29'683	1'232
Other interest rate	941	622
	68'409	**39'939**
Financial liabilities		
Bank debts - Libor 3 month	-	-
Bank debts - Libor - other terms	15'138	15'627
Deposits - Libor 3 month	4'128	4'072
Deposits - Libor other terms	42'644	16'335
	61'910	**36'034**
Net financial assets (liabilities)	**6'499**	**3'905**

(c) *Other*

The Group is exposed to the fluctuation in the valuation of real estate in Lebanon. The fair value of the Lebanese real estate remained unchanged in 2016 (2015: unchanged). An increase or a decrease of 10% in the Lebanese real estate market might impact the Group’s loan to Globe Holding SAL in the same magnitude and accordingly impact positively or negatively the Group’s financial statements by USD 4.5 million (2015: USD 4.4 million). Gefinor Real Estate Limited monitors its real estate portfolio on a quarterly basis reviewing and analysing the performance of each investment.

The private equity portfolio is not correlated to any standard index or standard group of indices, nevertheless a variation of 10% of the private equity portfolio valuation would impact the financial statements by USD 3.8 million (2015: USD 4 million). Gefinor Private Equity Limited monitors its private equity portfolio on a quarterly basis reviewing and analysing the performance of each investment.

NOTE 21 - COMMITMENTS

At December 31, 2016, the Group had funding commitments in Gef Private Equity Partners, SPC of USD 1.0 million (December 31, 2015 : USD 1.0 million), funding commitment in Gefus Capital Partners II, LP of USD 4.9 million (December 31, 2015 : USD 5.6 million) and funding commitment in Monterro I, AB of USD 324 thousand (2015: USD 436 thousand).

There is no lease payment commitment and no contingent rents.

NOTE 22 - OTHER RELATED PARTY INFORMATION

Remuneration allocated to the Board of Directors in 2016 is USD 20 thousand (2015: USD 20 thousand).

The remuneration of key management personnel during the year was as follows:

In $'000	**31.12.2016**	**31.12.2015**
Short-term benefits	-	287
Post-employment benefits	-	-
Other long-term benefits	-	-
Share based payments	-	-
	-	**287**

Gefinor Finance Holding Limited, Gefinor Private Equity Limited and Gefinor Real Estate Limited (the “principals”) have each a management agreement with Gefinor Management Limited, a related party, under which Gefinor Management Limited has a general assignment consisting of, inter alia, the investment management, administrative management and corporate services of the principals. These agreements are valid for a period of 3 years as from January 1st 2016, and may be renewed by tacit agreement for a period of one year in the absence of 6 months’ notice given by either party prior to each renewal. The remuneration charged in relation to these agreements consists of a management fee of 1.25% calculated on the consolidated total net assets of the Principals as appearing on the balance sheet as of December 31 of the preceding year.

Gefinor SA has a management agreement with Gefinor Management Limited, a related party, under which Gefinor Management Limited has a general assignment consisting of, inter alia, the investment management, administrative management and corporate services of Gefinor SA. The agreement are valid for a period of 3 years as from January 1st 2016, and may be renewed by tacit agreement for a period of one year in the absence of 6 months’ notice given by either party prior to each renewal. The remuneration charged in relation to the agreement consists of a management fee of 5% calculated on the consolidated total net income of Gefinor SA as appearing on the balance sheet as of December 31 of the preceding year and paid annually on high water mark.

NOTE 23 - CONSOLIDATED SUBSIDIARIES

Subsidiaries	Country	Effective Interest % 2016	Effective Interest % 2015
Gefinor Finance Holding Limited	Gibraltar	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. (In Liquidation)	USA	72	72
Gefinor Real Estate Limited	Gibraltar	100	100

<u>Transactions during the year ended December 31, 2016</u>

In 2016, no transaction, changing the scope of consolidation, occurred.

<u>Transactions during the year ended December 31, 2015</u>

In December 2015, Gefinor Finance Holding Limited sold its 100% interest in Gefinor Management Limited to a shareholder of the Group. This transaction had no impact on the 2015 consolidated financial statements of Gefinor SA.

NOTE 24 - BUSINESS SEGMENTS

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

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 2016 and 2015 in accordance with the requirements of IFRS 8 is as follows:

NET ASSETS 2015 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Segment current assets	602	863	12'820	19	1	14'305
Segment financial investments	17'177	67'243	-	-	-	84'420
Segment loans and advances	14'586	-	68'262	5'333	(60'942)	27'239
Segment investment property	-	-	12'746	-	-	12'746
Segment property, plant & Equipm.	37	-	2'578	-	-	2'615
Segment intangible assets	-	-	-	-	-	-
Assets classified as held for sale	-	-	-		-	-
Total Assets	**32'402**	**68'106**	**96'406**	**5'352**	**(60'941)**	**141'325**
Segment current liabilities	69	42'657	43'133	397	(60'942)	25'314
Segment Non-current liabilities	-	-	12'597	-	-	12'597
Total Liabilities	**69**	**42'657**	**55'730**	**397**	**(60'942)**	**37'911**
Total Net Assets	**32'333**	**25'449**	**40'676**	**4'955**	**1**	**103'414**

NET ASSETS 2016 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Segment current assets	71	575	9'896	16	-	10'558
Segment financial investments	15'552	66'693	-	-	-	82'245
Segment loans and advances	17'550	(17)	100'138	4'909	(64'019)	58'561
Segment investment property	-	-	12'252	-	-	12'252
Segment property, plant & Equipm.	1	-	2'702	-	-	2'703
Total Assets	**33'174**	**67'251**	**124'988**	**4'925**	**(64'019)**	**166'319**
Segment current liabilities	120	43'094	72'301	444	(64'019)	51'940
Segment Non-current liabilities	-	-	12'059	-	-	12'059
Total Liabilities	**120**	**43'094**	**84'360**	**444**	**(64'019)**	**63'999**
Total Net Assets	**33'054**	**24'157**	**40'628**	**4'481**	**-**	**102'320**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- Continued -

NET INCOME 2015 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Profit or loss of associates	-	-	-	-	(167)	(167)
Dividends	-	303	-		-	303
Real estate income	-	-	639	-	-	639
Realised gain /(losses) on investments	(27)	-	(1'005)	-	658	(374)
Unrealised gain /(losses) on investments	(276)	(714)	83	(164)	(185)	(1'256)
Income from services	(1)	-	1'089	-	(1'032)	56
Total Operating Income	**(304)**	**(411)**	**806**	**(164)**	**(726)**	**(799)**
Operating expenses	(421)	(701)	(2'411)	(332)	1'032	(2'833)
Depreciation	(29)	-	(48)	-	-	(77)
Net Operating Income	**(754)**	**(1'112)**	**(1'653)**	**(496)**	**306**	**(3'709)**
Interest income	85	-	1'739	16	(819)	1'021
Interest expenses	-	(780)	(613)	-	816	(577)
Non operating income / (expenses)	1	127	(458)	115	-	(215)
Income Before Tax	**(668)**	**(1'765)**	**(985)**	**(365)**	**303**	**(3'480)**
Taxes	(54)	-	(98)	(9)	-	(161)
Net Income (loss)	**(722)**	**(1'765)**	**(1'083)**	**(374)**	**303**	**(3'641)**

NET INCOME 2016 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Dividends	-	208	-		-	208
Real estate income	-	-	331	-	-	331
Realised gain /(losses) on investments	(82)	-	-	-	-	(82)
Unrealised gain /(losses) on investments	1'241	(567)	238	(1)	11	922
Income from services	(3)	-	(53)	-		(56)
Total Operating Income	**1'156**	**(359)**	**516**	**(1)**	**11**	**1'323**
Operating expenses	(446)	(325)	(862)	(491)	(1)	(2'125)
Depreciation	(37)	-	(39)	-	-	(76)
Net Operating Income	**673**	**(684)**	**(385)**	**(492)**	**10**	**(878)**
Interest income	172	-	2'416	60	(775)	1'873
Interest expenses	-	(607)	(1'408)	-	766	(1'249)
Non operating income / (expenses)	(116)	-	(44)	(5)	-	(165)
Income Before Tax	**729**	**(1'291)**	**579**	**(437)**	**1**	**(419)**
Taxes	(6)	-	(276)	(39)	-	(321)
Net Income (loss)	**723**	**(1'291)**	**303**	**(476)**	**1**	**(740)**

NOTE 25 - FEES PAID TO THE GROUP AUDITOR

The fees expenses paid to the Group auditor are as follows:

In $'000	31.12.2016	31.12.2015
Audit fees	392	267
Other fees	-	31
	392	**298**

NOTE 26 - STAFF HEADCOUNT

The full time equivalent of staff was 6 as of December 31, 2015. In 2015, all the staff was employed by Gefinor Finance SA, Geneva. Since January 1st, 2016 the Group has no staff anymore (see also Note 22).

NOTE 27 - OTHER INCOME / (EXPENSES)

In $'000	31.12.2016	31.12.2015
Other expenses	(165)	(352)
Other income	-	135
	(165)	**(217)**

In 2016 other expenses consists mainly in to rental expenses of the premises Gefinor (USA) used for its operations. Operations ceased in 2015, the rent runs until August 2017. The expenses have been accrued end of 2016 until August 2017.

In January 2015, a client of Gefinor Finance SA was the victim of a cyber-attack that also affected the business relationship with Gefinor and generating an extraordinary loss for Gefinor Finance SA of USD 352 thousand in 2015. The legal actions were taken by and in coordination with the client however the amounts misappropriated could not be recovered.

NOTE 28 - POST BALANCE SHEET EVENTS

No substantial post balance sheet event is to be reported.

GEFINOR S.A.
SOCIETE ANONYME DE TITRISATION

ANNUAL ACCOUNTS AND REPORT OF
THE RÉVISEUR D'ENTREPRISES AGRÉÉ

DECEMBER 31, 2016

5, rue Guillaume Kroll
L-1882 Luxembourg
R.C.S. Luxembourg : B 008.282

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To the Shareholders of
Gefinor S.A.
Société Anonyme de Titrisation
5, rue Guillaume Kroll
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment by the General Meeting of the Shareholders dated 24 June 2016, we have audited the accompanying annual accounts of Gefinor S.A., which comprise the balance sheet as at December 31, 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Gefinor S.A., as at December 31, 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Raphaël Charlier, *Réviseur d'entreprises agréé*
Partner

Luxembourg, April 28, 2017

Gefinor S.A.
Société Anonyme de Titrisation
BALANCE SHEET
December 31, 2016
(in US dollars)

ASSETS	December 31, 2016	December 31, 2015	CAPITAL, RESERVES AND LIABILITIES	December 31, 2016	December 31, 2015
FIXED ASSETS	77'751'750.67	78'175'156.08	CAPITAL AND RESERVES (note 6)	78'508'148.88	78'982'251.39
			Subscribed capital	50'000'000.00	50'000'000.00
Financial assets			Reserves		
Shares in affiliated undertakings (note 3)	72'842'342.75	72'842'342.75	Legal reserve	5'000'000.00	5'000'000.00
Loan to affiliated undertakings (note 4)	4'909'407.92	5'332'813.33	Reserve for own shares	1'184'885.00	1'184'885.00
CURRENT ASSETS	1'200'468.89	1'203'632.79	Other reserves, including the fair value reserve		
			Other available reserves	36'482'566.05	36'482'566.05
DEBTORS			Profit or loss brought forward	(13'685'199.66)	(13'310'505.53)
Other debtors			Profit or loss for the financial year	(474'102.51)	(374'694.13)
Becoming due and payable within one year	1.00	2'771.16	CREDITORS		
Investments			Trade Creditors		
Own Shares (note 5)	1'184'885.00	1'184'885.00	Becoming due and payable within one year (note 7)	444'070.68	396'537.48
Cash at bank and in hand	15'582.89	15'976.63			
TOTAL (ASSETS)	**78'952'219.56**	**79'378'788.87**	**TOTAL (CAPITAL, RESERVES AND LIABILITIES)**	**78'952'219.56**	**79'378'788.87**

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The notes form an integral part of the annual accounts.

Gefinor S.A.

Société Anonyme de Titrisation

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

(in US dollars)

PROFIT AND LOSS ACCOUNT	**2016**	**2015**
Raw materials and consumables and other external expenses		
Other external expenses (note 8)	(495'541.62)	(332'495.24)
Value adjustments		
In respect of current assets	-	115'000.00
Other interest receivable and similar income		
Derived from affiliated undertakings	60'222.72	15'585.11
Value adjustments in respect of financial assets and of investments held as current assets	-	(161'690.00)
Interest payable and similar expenses		
Other interest and similar expenses	(483.40)	(2'118.05)
Tax on profit or loss	(7'342.77)	(8'975.95)
Other taxes not included in tax on profit and loss	(30'957.44)	-
Profit or (loss) for the financial year	(474'102.51)	(374'694.13)

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The notes form an integral part of the annual accounts.

NOTE 1 - GENERAL

Gefinor S.A., Société Anonyme, hereafter “the Company” was incorporated on December 31, 1968 as a “Société Anonyme Holding” company within the definition of the Luxembourg law of July 31, 1929. The registered office of the Company is in Luxembourg at 5, rue Guillaume Kroll. Since 1986, the shares of the Company have been quoted on the Luxembourg stock exchange.

As from January 1, 2011 the Company operates as a securitization company under Luxembourg law and its investments have been restructured accordingly.

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

The Company also prepares consolidated accounts which are published in accordance with the legal principles. These consolidated accounts are available at the registered office of the Company.

NOTE 2 - ACCOUNTING POLICIES

2.1. General principles

These annual accounts have been prepared in accordance with the laws and regulations of the
Grand-Duchy of Luxembourg and in conformity with generally accepted accounting principles.

In accordance with article 26 of the Law of December 19, 2002, these annual accounts are presented with certain modifications for 2015 and 2016 to the legal format requirements, according to the law December 18, 2015, in order to present the annual accounts with the utmost clarity and comparability.

Following article 66 of the Law of December 19, 2002 as subsequently amended on the commercial and companies register and on the accounting records and annual accounts of undertakings, certain financial information on investments is not disclosed.

2.2. Translation of foreign currencies

The Company maintains its records in US dollars (USD) and the balance sheet and the profit and loss account are expressed in this currency.

Income and expenses in currencies other than the US dollar are translated into US dollars at the exchange rates applicable on the transaction dates.

2.3. Financial fixed assets

Financial fixed assets: unquoted participations
Unquoted participations and shares in Group companies are valued individually at the lower of their acquisition cost and their value estimated by the Board of Directors.

2.4. Debtors

Debtors are valued at their nominal value. A value adjustment is recorded if their estimated realisable value is lower than their nominal value.

2.5. Creditors

Creditors are valued at their nominal value.

2.6. Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised only when the right to receive payment has been established.

2.7. Own shares

Treasury shares are valued at lower of cost or market if this difference is considered as durable.

NOTE 3 – FINANCIAL FIXED ASSETS

	2016 USD	2015 USD
Cost, at beginning of year	110'016'977.08	110'016'977.08
Additions	-	-
Disposals	-	-
Cost, at end of year	110'016'977.08	110'016'977.08
Value adjustments, at beginning of year	(37'174'634.33)	(37'174'634.33)
Additions	-	-
Disposals	-	-
Reversals	-	-
Value adjustment, at end of year	(37'174'634.33)	(37'174'634.33)
Net Book value		
At beginning of the year	72'842'342.75	72'842'342.75
At end of the year	72'842'342.75	72'842'342.75

		December 31, 2016				December 31, 2015			
	Country	**Number of shares**	**Cost**	**Carrying amount**	**Effective interest** %	**Number of shares**	**Cost**	**Carrying amount**	**Effective interest** %
			USD	**USD**			**USD**	**USD**	
Shares in affiliated undertakings									
Gefinor Real Estate Limited	Gibraltar	32'175'013	2'355'342.75	2'355'342.75	100.00%	32'175'013	2'355'342.75	2'355'342.75	100.00%
Gefinor Private Equity Limited	Gibraltar	63'000'000	54'661'633.33	30'294'000.00	100.00%	63'000'000	54'661'633.33	30'294'000.00	100.00%
Gefinor Finance Holding Limited	Gibraltar	53'000'000	53'000'000.00	40'193'000.00	100.00%	53'000'000	53'000'000.00	40'193'000.00	100.00%
			110'016'976.08	72'842'342.75			110'016'976.08	72'842'342.75	

NOTE 4 –LOAN TO AFFILIATED UNDERTAKINGS

	2016 USD	2015 USD
Debtors becoming due and payable within one year		
Financial debtors (*)	4'909'407.92	5'332'813.33

(*) Financial debtors consists in a loan agreement of up to USD 7’000’000 arranged with Gefinor Finance SA, Geneva and bearing an interest equivalent to 0.5% over USD 3 months Libor.

NOTE 5 – OWN SHARES

As December 31, 2016 and December 31, 2015, Gefinor SA owned 448’820 (1.12%) of its own shares with a book value of USD 1’184’885, that has been reclassified as current assets investments according the law December 18, 2015.

NOTE 6 - CAPITAL AND RESERVES

6.1. Subscribed capital

The Company was incorporated on December 31, 1968 with a capital of USD 1’260’000 and a share premium of USD 5’670’000. After successive increases, the issued capital was raised to USD 200’000’000 represented by 40’000’000 shares of USD 5 each.

At an Extraordinary General Meeting held on December 5, 2007, the shareholders approved a reallocation of the issued capital of the Company to bring it from USD 100 million to USD 50 million by the attribution of USD 50 million to a reserve account through the adjustment of the nominal value per share from USD 2.5 to USD 1.25.

On December 18, 2008, in execution of decisions taken at the Extraordinary General Meeting of December 5, 2007, (a) the Company repurchased for cancellation 8 million shares at a price of USD 11.11 per share, thereby reducing the issued capital by USD 10 million to 32 million shares and reducing the reserves by USD 79 million, and (b) reissued 8 million new shares on a pro rata basis to holders of outstanding shares, thereby increasing the issued capital by USD 10 million to 40 million shares.

Accordingly, at December 31, 2016 and 2015 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.

6.2. 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.

On June 27, 2013, the Annual General Meeting of shareholders ratified the transfer of USD 5 million from the legal reserve to other reserves, accordingly, the legal reserve was reduced from USD 10 million to USD 5 million, the minimum required being USD 5 million, equal to 10% of the share capital.

6.3. Reserve for own shares

In accordance with the law, the Company has created a non-distributable reserve disclosed in the equity under “Treasury shares reserve” for an amount of USD 1’184’885.

NOTES TO THE ACCOUNTS
December 31, 2016

	Subscribed capital	Other reserves	Legal reserve	Treasury shares reserve	Result brought forward	Result of the year	Total Capital and reserves
Balance 01.01.2015	50'000'000.00	36'320'876.05	5'000'000.00	1'346'575.00	(12'816'123.00)	(494'382.53)	79'356'945.52
Allocation of income	-	-	-	-	(494'382.53)	494'382.53	-
Impairment Treasury shares	-	161'690.00	-	(161'690.00)	-	-	
Net income (loss) of the year	-	-	-	-	-	(374'694.13)	(374'694.13)
Balance 31.12.2015	**50'000'000.00**	**36'482'566.05**	**5'000'000.00**	**1'184'885.00**	**(13'310'505.53)**	**(374'694.13)**	**78'982'251.39**
Balance 01.01.2016	50'000'000.00	36'482'566.05	5'000'000.00	1'184'885.00	(13'310'505.53)	(374'694.13)	78'982'251.39
Allocation of income	-	-	-	-	(374'694.13)	374'694.13	-
Impairment Treasury shares	-	-	-	-	-	-	-
Net income (loss) of the year	-	-	-	-	-	(474'102.51)	(474'102.51)
Balance 31.12.2016	**50'000'000.00**	**36'482'566.05**	**5'000'000.00**	**1'184'885.00**	**(13'685'199.66)**	**(474'102.51)**	**78'508'148.88**

NOTE 7 – TRADE CREDITORS

	2016 USD	2015 USD
Trade creditors becoming due and payable within one year		
Trade payables	1.00	1.00
Taxes and fees payables	140'500.00	140'500.00
Professional fees payables	303'455.23	255'922.03
Treasury shares	114.45	114.45
Total other creditors becoming due and payable within one year	444'070.68	396'537.48

NOTE 8 - OTHER EXTERNAL EXPENSES

	2016 USD	2015 USD
Administrative expenses	2'713.16	4'343.10
Professional fees	429'220.04	328'152.14
Other expenses	63'608.42	-
	495'541.62	332'495.24

Professional fees include remuneration allocation to the Board of Directors of USD 16’000 in 2016 (2015: USD 16’000).

NOTE 9 – POST BALANCE SHEET EVENTS

No substantial post balance sheet event is to be reported.