GEFINOR SA
SOCIETE ANONYME DE TITRISATION

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

JUNE 30, 2016

GEFINOR SA

Société Anonyme

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MANAGEMENT REPORT FOR THE PERIOD ENDING JUNE 30, 2016

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

Financial statements

Total consolidated assets at June 30, 2016 were USD 166.6 million compared with USD 141 million as of December 31, 2015. Consolidated stockholders' equity was USD 103.3 million at June 30, 2016 compared with USD 103.4 million at December 31, 2015.

Net loss for the period of USD 0.7 million includes a foreign exchange loss of USD 1.2 million recognized by Gefinor Finance SA on its USD exposure, compensated by the foreign exchange revaluation of USD 0.5 million on the Geneva building and a translation gain of USD 0.7 million. The Total comprehensive loss for the period of USD 85 thousand neutralizes these foreign exchange impacts and presents the net performance of the Group for the period ending June 30, 2016. The overheads for the period were reduced to USD 940 thousand of which USD 654 thousand paid in management fees.

Organisation and activities

Gefinor Finance Holding Limited, Gibraltar

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

For the period ended June 30, 2016 the net a loss was USD 367 thousand, the comprehensive income after translation gain was a profit of USD 301 thousand.

Gefinor Private Equity Limited, Gibraltar

For the period ended June 30, 2016 the result was a profit of USD 170 thousand of which an unrealized gain on investments of USD 346 thousand and management fees paid of USD 215 thousand.

- Gefus Capital Partners II, LP

During the period, Gefinor Private Equity Limited invested an additional USD 515 thousand in Gefus Capital Partners II, LP. The partnership has now called 65% of its committed capital.

- GEF Private Equity Partners, SPC (GEFPEP)

During the period, the company received USD 717 thousand in distributions from GEFPEP.

- Monterro I, AB

During the period, the company invested USD 53 thousand in Monterro I, AB and received USD 200 thousand in distributions.

- GEF Value Advantage Fund

During the period, the company received USD 600 thousand of redemption from the fund.

Gefinor Real Estate Limited, Gibraltar

For the period ended June 30, 2016 the result was a loss of USD 477 thousand of which a management fee paid of USD 174 thousand, interest paid of USD 511 thousand and dividends received of USD 208 thousand.

Gefinor Real Estate Limited holds investments in Lebanon in the form of a 7.7% interest in the Garden City project in Beirut (formerly New City) as well as a loan of USD 45 million financing land for development in prime areas in Lebanon. In 2016, the Development and Investment Company Ltd (The Garden City Project) distributed a dividend of USD 202 thousand to Gefinor Real Estate Limited. From the remaining Escrow account on the sale of Real Estate Development Company SAL, USD 287 thousand was received in March 2016.

G E F I N O R S A

Management representation
on the unaudited consolidated financial statements as at June 30, 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 unaudited 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 June 30, 2016 in accordance with International Financial Reporting Standards as adopted by EU;

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

August 29, 2016

Mohamed Ousseimi
Chief Executive Officer

GEFINOR SA

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended June 30, 2016

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

	Notes	30.06.2016	30.06.2015
Operating Income			
Dividends	16	208	303
Real estate income	18	159	336
Share of results of associated companies		-	(244)
Net realised gains / (losses) on investments	17	-	-
Net unrealised gains / (losses) on investments	17	792	1'386
Foreign exchange gains / (losses)		(1'201)	(3'257)
Income (Loss) from Investments		**(42)**	**(1'476)**
Management fee income	19	-	94
Net commission income / (expenses)		(37)	(7)
Income from Services		**(37)**	**87**
Total Operating Income (Loss)		**(79)**	**(1'389)**
Operating Expenses			
Personnel		-	(469)
Office		(135)	(136)
Professional fees		(110)	(195)
Management fees		(654)	(222)
Other general administrative expenses		(22)	(51)
Depreciation		(19)	(24)
Total Operating Expenses		**(940)**	**(1'097)**
Net Operating Income (Loss)		**(1'019)**	**(2'486)**
Interest income	7	744	460
Interest expense	11	(346)	(304)
Net Interest		**398**	**156**
Other income / (expenses)		(7)	(541)
Income (Loss) Before Tax		**(628)**	**(2'871)**
Income tax expenses	15	(120)	(183)
Net Income (Loss)		**(748)**	**(3'054)**
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Revaluation of available-for-sale investments		-	-
Exchange difference on translating foreign operations		663	1'805
Total Comprehensive Income (Loss) for the period		**(85)**	**(1'249)**
Weighted average shares outstanding		39'551'142	39'551'142
Basic and Diluted Earnings per share from continuing operations (in USD dollars per share)		**(0.0189)**	**(0.0772)**

The notes are an integral part of the consolidated financial statements

GEFINOR SA

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

June 30, 2016

(expressed in thousands of US dollars)

	Note	30.06.2016	31.12.2015
ASSETS			
Current Assets			
Cash and cash equivalents	5	10'841	12'700
Trading investments	6	-	544
Loans and advances	7	12'311	25'707
Trade receivables and other current assets	8	764	1'061
Total Current Assets		**23'916**	**40'012**
Non-Current Assets			
Financial assets at fair value through P&L	6	83'860	84'420
Loans and advances	7	43'013	1'532
Investment property	9	13'118	12'747
Property, plant and equipment	10	2'670	2'614
Total Non-Current Assets		**142'661**	**101'313**
Total Assets		**166'577**	**141'325**
LIABILITIES			
Current Liabilities			
Bank overdrafts and short term bank debt	11	4'369	4'246
Client deposits	12	45'595	20'407
Trade and other payables	13	234	515
Current tax liabilities	14	139	146
Total Current Liabilities		**50'337**	**25'314**
Non-Current Liabilities			
Borrowings and other long term payable	11	11'659	11'381
Deferred tax liabilities	15	1'252	1'216
Total Non-Current Liabilities		**12'911**	**12'597**
Equity			
Share capital	14	50'000	50'000
Reserves	14	35'448	35'448
Reserves for revaluation AFS investments		-	-
Retained earnings	14	23'725	26'703
Treasury shares	14	(5'096)	(5'096)
Net income (loss)		(748)	(3'641)
Total Stockholders' Equity		**103'329**	**103'414**
Total Liabilities		**166'577**	**141'325**

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

GEFINOR SA

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

June 30, 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 period	-	-	-	-	-	(3'054)	(3'054)
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	-	1'805	1'805
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(1'249)**	**(1'249)**
Balance, 30.06.2015	**50'000**	**30'448**	**5'000**	**(357)**	**(5'096)**	**25'643**	**105'638**

	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
Loss for the period	-	-	-	-	-	(748)	(748)
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	-	663	663
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(85)**	**(85)**
Balance, 30.06.2016	**50'000**	**30'448**	**5'000**	**-**	**(5'096)**	**22'977**	**103'329**

(*) 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 (UNAUDITED)

For the period ended June 30, 2016

(expressed in thousands of US dollars)

	30.06.2016	**30.06.2015**
Cash Flow from Operating Activities		
Real estate income paid by customers	162	336
Income from services paid by customers	-	-
Other operating assets and liabilities	5	-
Payments to services providers and employees	(1'155)	(1'257)
Income taxes paid	(3)	(183)
Net Cash From Operating Activities	**(991)**	**(1'104)**
Cash Flow from Investing Activities		
Dividends received	208	303
Acquisition of investments	(605)	(102)
Proceeds from sale of financial assets at FVTPL	2'054	2'928
Net Cash Flow from Investing Activities	**1'657**	**3'129**
Cash flow from Financing Activities		
Interest received	-	40
Interest paid	(156)	(155)
(Increase) / decrease in loans and advances	(258)	1'722
Repayment of borrowings	(54)	(32)
Increase /(decrease) in client deposits	(2'057)	(3'182)
Net Cash Flow from Financing Activities	**(2'525)**	**(1'607)**
Net increase / (decrease) in cash equivalents	**(1'859)**	**418**
Cash and cash equivalents, beginning of period	**12'700**	**15'716**
Cash and cash equivalents, end of period	**10'841**	**16'134**

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 8 December 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 and authorized for issue on August 29, 2016.

NOTE 2 - ADOPTION OF NEW AND REVISED STANDARDS

The accounting policies that were used for the preparation of the consolidated financial statements at June 30, 2016 are the same as those used for the preparation of the consolidated financial statements at December 31, 2015.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

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

3.2. Basis of preparation

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

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. Investments in associates

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

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

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

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

3.6. Revenue recognition

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

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

Revenue from the sale of investments is recognised upon transfer of 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 3.7 below.

3.7. Leasing

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

3.8. Foreign currencies

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

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

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

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

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

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

3.9. Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. All benefit plans are accounted for as defined contribution plans in 2016 and 2015.

3.10. Taxation

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

3.10.1. Current tax

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

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

3.10.2. Deferred tax

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

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

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

3.10.3. Current and deferred tax for the period

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

3.11. Property, plant and equipment

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

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

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

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

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

3.12. Investment property

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

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

3.13. Provisions

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

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

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

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

3.14. Financial assets

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

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

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 period or the selling price.

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

3.14.1. Effective interest method

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

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

3.14.2. Financial assets at FVTPL

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

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments.

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

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

3.14.3. AFS financial assets

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 period.

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

3.14.4. Loans and receivables

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

3.14.5. Impairment of financial assets

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

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

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

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

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- The probability that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial 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 period.

3.14.6. Derecognition of financial assets

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

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.

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

3.15.1. Classification as debt or equity

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

3.15.2. Equity instruments

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

3.15.3. Treasury shares

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental transaction costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

Treasury shares owned by the Company are carried at weighted average cost and recorded directly in equity as a reduction of capital and reserves in the balance sheet.

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

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

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

3.15.4. Financial liabilities

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

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

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

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.

3.15.5. 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.

3.16. 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 such investments were recognized as at December 31, 2015 and June 30, 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, 2015 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 June 30, 2016 as reported by the manager 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 as of March 31, 2016 (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 June 30, 2016 as reported in the financials of the Fund (see 4.1.2.1).
- Gef Opportunities (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 June 30, 2016 as reported by the Manager 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 between January and March 2016 (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 March 23, 2016 (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 2015. As of December 31, 2015, 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 2015 tax return (see 4.1.2.1).
- SmartInst SAS valued on the basis of effective ownership interest in the net assets as of December 31, 2015 (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, 2015 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 2016 and 2015.

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.

No adjustments

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 2015.

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

<u>4.2. Investments in Private Equity and Real Estate</u>

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

As at June 30, 2016 and December 31, 2015, the Company owns 17.34% of Gefus Capital Partners I L.P. and 57.19% of Gefus Capital Partners II, LP.

As at June 30, 2016, the Company owns 28.3% (December 31, 2015: 35.3%) of Gef Value Advantage Fund (Cayman) Ltd.

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

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

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

Gefus Strategic Partners I, LLC is a company organized in Delaware, USA through which Gefinor and third party investors had invested in private equity investments principally in the US and Europe. The membership interest in Gefus Strategic Partners I, LLC is divided into series to represent the different investments and the assets, liabilities, obligations, expenses, profit and losses which are held separately from other series. Gefus Strategic Partners I, LLC had an interest in a dedicated series which was transferred during the year to Gefinor (USA). Inc. and Gefinor Private Equity Limited.

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, 2015 and December 31, 2014 were performed by an independent evaluator not related to the Group and were based on the market comparable approach that reflects recent transaction prices for similar properties. 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	30.06.2016	31.12.2015
Petty Cash	26	16
Current bank accounts	3'109	684
Short-term deposits with banks	7'706	12'000
	10'841	**12'700**

NOTE 6 - INVESTMENTS

In $'000	30.06.2016	31.12.2015
Trading Investments		
Aquilus Inflection Fund Ltd	-	544
	-	**544**
Financial assets at fair value through profit & loss		
Loan to Globe Holding SAL	44'354	44'354
Garden City project (New City)	22'889	22'889
Gefus Capital Partners II, LP.	10'204	9'554
GEF Private Equity Partners, SPC (1)	3'738	4'341
Gef Value Advantage Fund (Cayman) Ltd	1'082	1'655
Monterro 1 AB	490	524
Western Resource Investment II, LLC	763	763
MobiTV Inc.	319	319
Gefus Capital Partners I, LP.	20	20
SmartInst SA	1	1
	83'860	**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 March 2016, Gefinor Private Equity Limited sold its investment in Aquilus Inflection Fund Ltd for USD 537 thousand generating loss of USD 7 thousand for the period.

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 (see Note 9) 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 as of June 30, 2016:

	Value in USD
Yarzé Land (GREL Yarzé SAL & Globe Yarzé SAL), Lebanon	16'706
Kfardebian land, Lebanon	10'772
Aramoun Land (Globe Aramoun SAL) Lebanon	1'912
Byblos Land (RECD SAL), Lebanon	14'964
Total	**44'354**

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

For the period ending June 30, 2016, Gefinor Private Equity Limited invested an additional USD 515 thousand in Gefus Capital Partners II, LP. 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

For the period ending June 30, 2016, Gefinor Private Equity Limited funded an additional USD 36 thousand in GEF Private Equity Partners, SPC (GEFPEP) funds and received USD 717 thousand in distributions from GEFPEP funds. In 2015, Gefinor Private Equity Limited funded an additional USD 57 thousand in GEF Private Equity Partners, SPC (GEFPEP) funds and received USD 1’495 thousand in distributions from GEFPEP funds.

For the period ending June 30, 2016, Gefinor Private Equity Limited redeemed USD 600 thousand from its investment in Gef Value Advantage Fund (Cayman).

For the period ending June 30, 2016, Gefinor Private Equity Limited invested an additional USD 53 thousand in Monterro I, AB and received USD 200 thousand in distributions from Monterro I, AB. In 2015, Gefinor Private Equity Limited funded an additional USD 282 thousand in Monterro I, AB and received USD 146 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.

NOTE 7 - LOANS AND ADVANCES

In $'000	**30.06.2016**	**31.12.2015**
To related parties		
Basmala Establishment	-	15'674
Globe Holding SAL	6'599	5'718
Gefinor Finance SAL	5'389	3'993
Gefinor Capital Management Inc.	214	214
Gefinor Management Limited	78	78
Others	31	30
	12'311	**25'707**
Long-term loans and advances to related parties		
Globe Holding SAL	25'373	-
Basmala Establishment	16'091	-
Gefinor Capital Management Inc.	1'249	1'232
Loans and advances to personnel	260	260
Other long-term advance	40	40
	43'013	**1'532**

Short-term loans and advances

The loan to Globe Holding SAL, amounting to USD 6’599 thousand, payable on demand and bearing interest rate of 3.0% of USD 3 month LIBOR, has no additional rights attached.

The loan to Gefinor Finance SAL, Beirut of USD 5’389 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 1’509’405 Gefinor SA shares.

The amount of USD 78 thousand due by Gefinor Management Limited is an interest free advance.

Loans and advances to other related parties of USD 30 thousand are short term loans with interest rate applicable of USD 3 month LIBOR.

Long-term loans and advances to related parties

The loan long term loan to Globe Holding SAL of USD 25’373 thousand is a long-term loan, the interest rate applicable is 4.5% over USD Libor 3 month. The loan is guaranteed by three deposits from related parties with Gefinor Finance SA for a total amount of USD 25’373 thousand (See Note 12).

The loan to Basmala Establishment of USD 16’091 thousand is a short term loan, the interest rate applicable is 2.5% over USD Libor 3 month. The loan is guaranteed by the pledges of 6’058’000 Gefinor SA shares

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

Loans and advances to personnel of USD 260 thousand are long term interest free loans to employees 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	30.06.2016	31.12.2015
In the second year	1'249	-
In the third year	-	550
In the fourth to fifth years inclusive	-	550
Subsequent years	41'764	2'709
	43'013	**3'809**
Loan interest rate ranges		
Libor 3 month + 2.5% to 3%	22'690	21'392
Fixed rate 4.5%	25'373	-
Libor 1 year +2%	5'389	3'993
Other interest rates	1'872	1'854
	55'324	**27'239**

Interest income on loans and advances is as follows:

In $'000	30.06.2016	30.06.2015
Bank deposits	220	192
Third party loans	17	17
Globe Holding SAL	184	-
Basmala Establishment	244	181
Gefinor Finance SAL	68	60
Other related parties	11	10
	744	**460**

NOTE 8 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In $'000	30.06.2016	31.12.2015
Expenses to be reimbursed	44	57
Receivable on asset sale (Redco Escrow)	575	863
Receivable from a related party	62	37
Prepaid expenses	83	101
Other receivables and other current assets	-	3
	764	**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 the balance will be paid over a 2 year period.

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	-	371	-	13'118
Total	**12'747**	**-**	**371**	**-**	**13'118**

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 June 30, 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	-	-	75	4'705
Accumulated depreciation	(2'016)	(19)	-	-	(2'035)
Total	**2'614**	**(19)**	**-**	**75**	**2'670**

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	30.06.2016	31.12.2015
Bank Overdraft	4'369	4'246
	4'369	**4'246**

Long-term borrowing and other long term payable:

Long-term borrowing (net of current portion)	-	-
Long-term payable	17	16
Mortgage (a)	11'642	11'365
	11'659	**11'381**

(a) USD 11.64 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.

Debt is repayable as follows:

In $ '000	30.06.2016	31.12.2015
On demand or within one year	4'369	4'277
In the second year	280	283
In the third to fifth years	849	849
Subsequent years	10'530	10'956
	16'028	**16'365**

The weighted average interest rates paid were as follows:

	30.06.2016	31.12.2015
Short-term bank debt	2.01%	2.08%
Long-term bank debt	1.79%	2.10%
	1.85%	**2.09%**

Interest expenses by financing category were as follows:

In $'000	30.06.2016	30.06.2015
Interest on bank debts	54	68
Interest on mortgage financing	102	87
Interest on deposits	73	139
Interest on other financial liabilities	117	10
	346	**304**

NOTE 12 - CLIENT DEPOSITS

In $'000	30.06.2016	31.12.2015
Deposits from		
Third parties, on demand	4'226	4'072
Third parties, short-term deposits	8'918	9'253
Due on demand to related parties		
Guarantee deposit from related party	25'373	-
Due to related parties	7'078	7'082
	45'595	**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.

The guarantee deposits are three deposits from related parties bearing an interest rate of 4%.over USD Libor 3 month.

NOTE 13 - TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables

In $'000	30.06.2016	31.12.2015
Trade payables	95	101
Accrued expenses	64	279
Management fees to be paid	13	64
Dividends to be paid	18	18
Others	44	53
	234	**515**

NOTE 14 - EQUITY

14.1. Capital

As June 30, 2016 and December 31, 2015the authorised 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 June 30, 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	**30.06.2016**	**31.12.2015**
Current tax liabilities	(2)	5
Other tax liabilities	141	141
	139	**146**

In $'000	**30.06.2016**	**31.12.2015**
Deferred tax liabilities		
Geneva Building	1'252	1'216
	1'252	**1'216**

Deferred taxes of USD 1’252 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).

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

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

In $'000	30.06.2016	31.12.2015
Net realised gains / (losses) on investments		
Recycled loss on AFS	-	(348)
Other realized losses	-	(26)
	-	**(374)**
Net unrealised gains / (losses) on investments		
Gefus Capital Partners I, LP	-	(190)
Gefus Capital Partners II, LP	135	211
MobiTV, Inc.	-	(125)
Gef Private Equity Partners, SPC (GEFPEP)	78	89
Monterro I, AB	113	60
Globe Holding SAL loan valuation	-	(653)
New City Investment	-	(61)
Gef Value Advantage Fund	27	(288)
Aquilus Inflection Fund	(7)	10
Geneva Building	446	(640)
Others investments	-	(43)
	792	**(1'630)**

NOTE 18 - REAL ESTATE INCOME

Real Estate income consists of the rental income of the Geneva building of USD 159 thousand (2015: USD 336 thousand).

NOTE 19 - MANAGEMENT FEE INCOME

Management fee income received in 2015 consists of a fixed management fee received by Gefinor Finance SA from Fondation Ousseimi for administrative and accounting services. The contract was terminated by Fondation Ousseimi in September 2015.

NOTE 20 - COMMITMENTS

At June 30, 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 5.2 million (December 31, 2015 : USD 5.6 million) and funding commitment in Monterro I, AB of USD 374 thousand (December 31, 2015: USD 436 thousand).

There is no lease payment commitment.

NOTE 21 - OTHER RELATED PARTY INFORMATION

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

NOTE 22 - 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
Gefinor Management Limited	Cayman	-	100

Transactions during the year ended December 31, 2015

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

In 2016, the Company Alexander Doll, which had no operations nor any substantial asset or liabilities, entered into liquidation. The liquidation of Alexander Doll has no impact on the consolidated financial statements.

NOTE 23 - 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

NET ASSETS 2015 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Consolidation**	**Total**
Segment current assets	602	863	12'820	19	-	14'304
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	-	-	12'747	-	-	12'747
Segment property, plant & Equipm.	37	-	2'577	-	-	2'614
Segment intangible assets	-	-	-	-	-	-
Assets classified as held for sale	-	-	-		-	-
Total Assets	**32'402**	**68'106**	**96'406**	**5'352**	**(60'942)**	**141'324**
Segment current liabilities	69	42'657	43'133	397	(60'942)	25'314
Segment Non-current liabilities	-	-	12'597	-	-	12'597
Liabilities classified as held for sale	-	-			-	-
Total Liabilities	**69**	**42'657**	**55'730**	**397**	**(60'942)**	**37'911**
Total Net Assets	**32'333**	**25'449**	**40'676**	**4'955**	**-**	**103'413**

NET ASSETS 2016 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Consolidation**	**Total**
Segment current assets	58	575	10'956	16	-	11'605
Segment financial investments	16'617	67'243	-	-	-	83'860
Segment loans and advances	15'864	-	96'520	5'028	(62'088)	55'324
Segment investment property	-	-	13'117	-	-	13'117
Segment property, plant & Equipm.	38	-	2'633	-	-	2'671
Total Assets	**32'577**	**67'818**	**123'226**	**5'044**	**(62'088)**	**166'577**
Segment current liabilities	73	42'847	69'329	176	(62'088)	50'337
Segment Non-current liabilities	-	-	12'911	-	-	12'911
Total Liabilities	**73**	**42'847**	**82'240**	**176**	**(62'088)**	**63'248**
Total Net Assets	**32'504**	**24'971**	**40'986**	**4'868**	**-**	**103'329**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

NET INCOME 2015 in $'000	Private Equity	Real Estate	Finance	Corporate	Consolidation	Total
Profit or loss of associates	-	-	(45)	-	(199)	(244)
Dividends	-	303	-		-	303
Real estate income	-	-	336	-	-	336
Realised gain /(losses) on investments	-	-	-	-	-	-
Unrealised gain /(losses) on investments	150	-	(2'096)	-	75	(1'871)
Income from services	-	-	604	-	(517)	87
Total Operating Income	**150**	**303**	**(1'201)**	**-**	**(641)**	**(1'389)**
Operating expenses	(205)	(464)	(1'075)	(22)	693	(1'073)
Depreciation	-	-	(24)	-	-	(24)
Net Operating Income	**(55)**	**(161)**	**(2'300)**	**(22)**	**52**	**(2'486)**
Interest income	25	-	831	7	(403)	460
Interest expenses	-	(382)	(320)	-	398	(304)
Non operating income / (expenses)	-	-	(509)	-	(32)	(541)
Income Before Tax	**(30)**	**(543)**	**(2'298)**	**(15)**	**15**	**(2'871)**
Taxes	(1)	-	(178)	(4)	-	(183)
Net Income before discontinued operations	**(31)**	**(543)**	**(2'476)**	**(19)**	**15**	**(3'054)**
Net Income	**(31)**	**(543)**	**(2'476)**	**(19)**	**15**	**(3'054)**

NET INCOME 2016 in $'000	Private Equity	Real Estate	Finance	Corporate	Consolidation	Total
Dividends	-	208	-		-	208
Real estate income	-	-	159	-	-	159
Realised gain /(losses) on investments	-	-	-	-	-	-
Unrealised gain /(losses) on investments	346	-	(749)	-	(6)	(409)
Income from services	(1)	-	(36)	-	-	(37)
Total Operating Income	**345**	**208**	**(626)**	**-**	**(6)**	**(79)**
Operating expenses	(215)	(174)	(430)	(102)	-	(921)
Depreciation	-	-	(19)	-	-	(19)
Net Operating Income	**130**	**34**	**(1'075)**	**(102)**	**(6)**	**(1'019)**
Interest income	40	-	1'231	16	(543)	744
Interest expenses	-	(511)	(396)	-	561	(346)
Non operating income / (expenses)	-	-	(7)	-	-	(7)
Income Before Tax	**170**	**(477)**	**(247)**	**(86)**	**12**	**(628)**
Taxes	-	-	(120)	-	-	(120)
Net Loss before discontinued operations	**170**	**(477)**	**(367)**	**(86)**	**12**	**(748)**
Profit (loss) from discontinued operation	-	-	-		-	-
Net Loss	**170**	**(477)**	**(367)**	**(86)**	**12**	**(748)**

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

NOTE 24 – POST BALANCE SHEET EVENTS

No substantial post balance sheet event is to be reported.