

GEFINOR S.A.
Société Anonyme
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Quarterly consolidated financial report for the period ended September 30, 2015
(prepared in compliance with Art 5 para 2 of law of January 2008)

MANAGEMENT REPORT

For the period ending September 30, 2015

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

Financial statements

Total consolidated assets at September 30, 2015 were USD 146 million compared with USD 151.5 million as of December 31, 2014. Consolidated stockholders' equity was USD 105.7 million at September 30, 2015 compared with USD 106.9 million at December 31, 2014. Consolidated comprehensive income for the period was a loss of USD 1.2 million for the period ending September 30, 2015 compared with a loss of USD 1.6 million for the period ending September 30, 2014.

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

Investments

Gefinor Finance Holding Limited, Gibraltar

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

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

In September 2015, Gefinor Finance SA and Banque Mirabaud decided to sell their interests of 44.45% each to the management of Gefinor Advisors SA for a total of CHF 304 thousand (CHF 152 thousand each). The transaction has been executed in October 2015. The interest of Gefinor in Gefinor Advisors has been recognized as available for sale for the period ending September 30, 2015. The loss on the Gefinor Advisors SA investment for the period ending September 30, 2015 amounts USD 161 thousand.

Consolidated comprehensive income of Gefinor Finance Holding Limited for the period, after foreign exchange translation adjustment, was a loss of USD 63 thousand for the period ending September 30, 2015. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a loss of USD 663 thousand.

Gefinor Private Equity Limited (GPEL), Gibraltar

The private equity holding covers investment operations in private equity.

During the period, Gefinor Private Equity Limited invested an additional USD 43 thousand in GEF Private Equity Partners SPC (GEFPEP) and USD 242 thousand in Monterro I, AB.

During the period, Gefinor Private Equity Limited received USD 1'198 thousand in distributions from GEFPEP, USD 701 thousand from Gefus Capital Partners II, LP and USD 146 thousand from Monterro I, AB.

For the period ending September 30, 2015 the net result is a loss of USD 213 thousand. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a profit of USD 38 thousand.

Gefinor Real Estate Limited (GREL), Gibraltar

During the period, the Development and Investment Company Ltd (The Garden City Project) distributed a dividend of USD 303 thousand to GREL.

In May 2014, Gefinor Real Estate Limited sold to Globe Holding SAL (Globe), the Byblos land, the Kfardebian land and the land in Aramoun. Gefinor Real Estate Limited has provided the financing to Globe through an initial loan for a total of USD 25 million. In December 2014, Globe acquired two land plots in Yarzé, Beirut for USD 17 million and for which Gefinor Real Estate Limited provided the financing by arranging a new loan, thus increasing the total amount of the loan to USD 42 million.

The Loan agreement has been amended in October 2015, under the new terms Gefinor Real Estate Limited keeps the same economical rights as the shareholder of Globe, however without any rights or control over the assets. Accordingly the accounting treatment of the transaction was amended in 2015 and the assets sold are not consolidated anymore and instead a long term loan in the amount of USD 45'009 thousand is recognized as asset as of September 30, 2015.

The interests due by Globe Holding SAL shall be equal to any dividend or distribution paid by Globe to its shareholders. The fair value of the loan is measured based on the principal of the loan increased by the total potential dividend or distribution payable by Globe on the following assets:

Byblos land, Lebanon	15'299
Kfardebian land, Lebanon	10'772
Aramoun Land, Lebanon	1'938
Yarzé Land, Lebanon	17'000
Total	45'009

For the period ending September 30, 2015 the net result of Gefinor Real Estate Limited is a loss of USD 501 thousand. Contribution to the Gefinor SA consolidated comprehensive income, after elimination of intercompany transactions, was a loss of USD 152 thousand.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Year ended September 30, 2015

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

	<u>30.09.2015</u>	<u>30.09.2014</u>
Operating Income		
Dividends	303	279
Real estate income	452	464
Share of results of associated companies	(174)	-
Net realised gains / (losses) on investments	(47)	94
Net unrealised gains / (losses) on investments	514	(1'705)
Foreign exchange gains / (losses)	(611)	2'567
Income (Loss) from Investments	437	1'699
Management fee income	93	146
Net commission income / (expenses)	(9)	(35)
Income from Services	84	111
Total Operating Income (Loss)	521	1'810
Operating Expenses		
Personnel	(702)	(988)
Office	(206)	(343)
Professional fees	(405)	(359)
Management fees	(600)	(600)
Other general administrative expenses	(55)	(72)
Depreciation	(27)	(81)
Total Operating Expenses	(1'995)	(2'443)
Net Operating Income (Loss)	(1'474)	(633)
Interest income	820	1'338
Interest expense	(467)	(602)
Net Interest	353	736
Other income / (expenses)	(479)	1
Income (Loss) Before Tax	(1'600)	104
Income tax expenses	(174)	(255)
Net Income (Loss)	(1'774)	(151)
Profit (loss) attributable to minority interests	-	-
Net Income (Loss) attributable to Shareholders	(1'774)	(151)
Other Comprehensive Income, net of tax		
Revaluation of available -for-sale investments	-	-
Exchange difference on translating foreign operations	595	(1'453)
Total Comprehensive Income (Loss) for the period	(1'179)	(1'604)
Weighted average shares outstanding	39'551'142	39'551'142
Basic and Diluted Earnings per share from continuing operations (in USD dollars per share)	(0.0449)	(0.0038)

The notes are an integral part of the consolidated financial statements

GEFINOR S.A.
Société Anonyme
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

September 30, 2015

(expressed in thousands of US dollars)

	<u>30.09.2015</u>	<u>31.12.2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	14'237	15'716
Trading investments	533	534
Loans and advances	26'268	23'020
Trade receivables and other current assets	1'224	3'309
Total Current Assets	<u>42'262</u>	<u>42'579</u>
Non-Current Assets		
Financial assets at fair value through P&L	40'612	42'300
Available for sale investments	157	1'262
Investment in associated companies	-	318
Loans and advances	46'525	3'809
Investment property	13'737	58'493
Property, plant and equipment	2'756	2'716
Total Non-Current Assets	<u>103'787</u>	<u>108'898</u>
Total Assets	<u><u>146'049</u></u>	<u><u>151'477</u></u>
LIABILITIES		
Current Liabilities		
Bank overdrafts and short term bank debt	4'395	4'277
Client deposits	21'554	25'388
Trade and other payables	424	1'109
Current tax liabilities	259	256
Total Current Liabilities	<u>26'632</u>	<u>31'030</u>
Non-Current Liabilities		
Borrowings and other long term payable	12'311	12'088
Deferred tax liabilities	1'397	1'353
Total Non-Current Liabilities	<u>13'708</u>	<u>13'441</u>
Equity		
Share capital	50'000	50'000
Reserves	35'448	35'448
Reserves for revaluation AFS investments	(357)	(357)
Retained earnings	27'487	17'858
Treasury shares	(5'096)	(5'096)
Net income (loss)	(1'773)	9'153
Total Stockholders' Equity	<u>105'709</u>	<u>107'006</u>
Minority interest	-	(119)
Total Equity	<u>105'709</u>	<u>106'887</u>
Total Liabilities	<u><u>146'049</u></u>	<u><u>151'477</u></u>

The notes are an integral part of the consolidated financial statements

