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Office

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 were listed on the Luxembourg Stock Exchange until December 29, 2017.

Gefinor SA operates as a securitization company under Luxembourg law as from January 1, 2011 and securitizes the investments of three investment vehicles.

In the last 3 years the market regime could be best described as a “Search for Yield” environment where low economic growth and low interest rates meant that investors were seeking higher yielding instruments. This has pushed all asset classes higher in a steady fashion. It was followed in 2017 by a ¨Momentum Market” where economic growth accelerated and led to important earnings revisions propelled by a new wave of stimulus, this time on the fiscal front with unprecedented levels of tax cuts for US corporations.

We view this new US fiscal expansion coming after the most impressive monetary stimulus in history as being ill-timed and too large. Economic growth prospects are being revised upward but at the same time we are starting to witness good wage growth in the US as companies feel compelled to give back some of the ¨tax gift” back to their employees. This is good news for the economy but it is starting to get the bond market worried. The US 10 year yield is approaching 3% a level that could increase its attractiveness relative to stocks. More importantly if inflation figures start to pick up steam then a break above the 3% level could very well become a reality. Furthermore the budget deficit will increase as will the current accounts deficit. It remains to be seen if the plan of the Republicans will work this time around but history tells us that large deficit and debt increases are on the horizon. Overall the tax cuts are good for the economy in the near term but not so good in the longer term as higher public debt leads to a crowding out effect on the private sector. This is why the 10 year US Treasury is the main factor to watch for US and Global equities risk.

In 2017 equity performance was strong especially for the US and the Developing Markets, with performance of 19.4% for the S&P and over 20% for emerging markets. In Europe, equity performance was impacted by the strength of the EUR which gained 14% witnessing a very impressive turnaround. In local currencies, European equities returned 6.5%.

Bonds did quite well also as the correlation was positive and important with equities. US corporates, high yield and emerging markets all witnessed good bond performances in 2017 with European & UK corporates turning in lesser but still solid performances. This depicts a growing global economy but at a pace that in 2017 at least did not push inflation significantly higher.

After a very challenging first half of the year, where oil declined by 12%, it recovered very strongly in the second half of 2017 by 26%, as it benefited from the fall of the dollar but also from the OPEC and Russia agreement to cut production levels.

As for 2018, global economic prospects are improving but with it the issue of the monetary policy normalisation process. It will be slow but it has already started. Furthermore more attention should be given to the recent trade frictions as they could derail the economic recovery. The recent market correction is a reminder that after a period of complacency, the market could enter a more normal period of still positive performance but with higher volatility reflecting some of the challenges facing the global economy.

Group performance for 2017 was below our expectations despite our solid private equity portfolio performance and the continuing efforts to reduce overheads. Total comprehensive loss of the company was USD 1’778 million in 2017 as compared to a loss of USD 1’094 million in 2016. Total consolidated assets at December 31, 2017 decreased to USD 138.3 million compared with USD 166.3 million at December 31, 2016, and consolidated shareholders’ equity was 100.5 million compared with USD 102.3 million at December 31, 2016. 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 maintained their upside potential.

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

Financial Services: In 2017, 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 in real estate assets in Lebanon and in Europe, and in financial assets in private equity and debt securities mostly in the United States.

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

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, 2017 to be presented to the Annual General Meeting of Shareholders on June 28, 2018.

Financial statements

Total consolidated assets at December 31, 2017 were USD 138.3 million compared with USD 166.3 million as of December 31, 2016. Consolidated stockholders' equity was USD 100.5 million at December 31, 2017 compared with USD 102.3 million at December 31, 2016.

Net loss for the year of USD 2'830 thousand includes a foreign exchange loss of USD 1'841 thousand million recognized by Gefinor Finance SA on its USD exposure, compensated by the foreign exchange revaluation of USD 466 thousand on the Geneva building and a translation gain of USD 996 thousand. The total comprehensive loss for the year of USD 1'778 thousand (2016 USD 1'094 thousand) neutralizes these foreign exchange impacts and presents the net performance of the Group for the year.

During the year the Group reduced its loan portfolio. Basmala Establishment has repaid its loan of USD 23 million and the loan to Globe Holding SAL of USD 25.3 million and guaranteed by cash deposits in the same amount was also repaid. As of December 31, 2017, the total loan portfolio amounts USD 11.9 million compared to USD 58.5 million as of December 31, 2016.

During the year Gefinor Real Estate Limited granted a USD 25.3 million financing for the White House Land held by Globe Holding SAL. Under the same conditions as the USD 42 million financing already provided to Globe Holding SAL (see Note 6), Gefinor Real Estate Limited will receive the economic rights and benefits of this real estate asset. This loan bears no interests, accordingly the interest revenues decreased substantially in 2017 in comparison to 2016.

The overheads for the year were USD 2'034 thousand and in line with the 2017 budget. For 2017 the management fees paid are reduced to a flat fee of USD 950 thousand per annum in comparison to a variable fee of 1.25% of the net assets of each Holding (representing fees of USD 1'230 thousand in 2016).

Segments Reports

Gefinor Finance Holding Limited, Gibraltar

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

For the year ended December 31, 2017 the net loss was USD 1'029 thousand, the comprehensive income after translation loss was a profit of USD 8 thousand.

Gefinor Private Equity Limited, Gibraltar

For the year ended December 31, 2017 the net profit of Gefinor Private Equity Limited was USD 392 thousand net of management fees paid. The Private Equity Portfolio performed well in 2017.

- Gefus Capital Partners II, LP

During the year, Gefinor Private Equity Limited invested an additional USD 572 thousand in Gefus Capital Partners II, LP. The partnership has now called 72% of its committed capital.

- GEF Private Equity Partners, SPC (GEFPEP)

During the year, the Company invested USD 46 thousand and received USD 945 thousand in distributions from GEFPEP.

- Monterro I, AB

During the year, the Company invested USD 60 thousand in Monterro I, AB.

Gefinor Real Estate Limited, Gibraltar

For the year ended December 31, 2017 the result was a loss of USD 1'924 thousand of which a management and board fees of USD 358 thousand and interest paid of USD 1'088 thousand.

Others

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

Share capital

The Company has an issued share capital of 40 million shares at December 31, 2017 with a par value of USD 1.25 each, of which 39'551'180 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, were listed on the Luxembourg Stock Exchange until December 29, 2017. 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:

- The Ousseimi family holds directly and indirectly 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.

Research and development activity

To Company has no research and development activity.

Risk Management

To the overall risk management of the Group, please refer to Note 19 “Risk Management”.

The Board of Directors

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.

Share ownership and control

The Company has approximately 70 institutional and individual shareholders, most of whom hold their shares in registered 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 consolidated 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 consolidated financial statements 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 statements and opinions therein regarding the responsibilities of the Board of Directors are those of the auditors.

Directors

The Board met two times during 2017 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 2017. 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 consolidated financial statements, the financial performance, the risk management and the legal compliance of its investments.

Directors

Mohamed Ousseimi
Chairman and Chief Executive Officer

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.

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.

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.

Five year financial summary

(expressed in thousands of US dollars)

Consolidated Statement of Financial Position (expressed in thousands USD)	2017	2016	2015	2014 Restated	2013
Total assets	138,325	166,319	141,325	151,359	155,673
Total liabilities	37,783	63,999	37,911	44,471	55,126
Total stockholder's equity	100,542	102,320	103,414	106,888	100,547
Consolidated Statement of Income					
Gross profit	-	-	-	-	504
Income from investments	(724)	1,379	(854)	11'982	(18)
Other income/expense (net)	44	(220)	(161)	148	1,739
Operating income (loss)	(680)	1,159	(1,015)	12,130	2,225
Operating expenses	(2,034)	(2,201)	(2,910)	(4,220)	(9,950)
Taxation	(224)	(321)	(160)	(104)	(219)
Net income (loss) before interests	**(2,938)**	**(1,363)**	**(4,085)**	**7,806**	**(7,944)**
Net interest	108	624	444	1,228	733
Net income (loss) attributable to stockholders'	**(2,830)**	**(739)**	**(3,641)**	**9,034**	**(7,211)**
Other Comprehensive Income, net of tax	1,052	(355)	168	(2,694)	436
Total Comprehensive Income (Loss)	**(1,778)**	**(1,094)**	**(3,473)**	**6,340**	**(6,775)**

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

Opinion

We have audited the 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, 2017 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group, as at December 31, 2017, and of its consolitated 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.

Basis of Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier (CSSF)*. Our responsibilities under those Law and standards are further described in the *"Responsibilities of the "Réviseur d'Entreprises Agréé"* for the Audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of directors is responsible for the other information. The other information comprises the information stated in the consolidated management report on page 9 and the Corporate Governance Statement on page 11 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.

Responsibility of the Board of Directors

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 as the Board of Directors determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibility of the Réviseur d'Entreprises Agréé

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional skeptisism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficeint and appropriate to rpovide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"Réviseur d'Entreprises Agréé"* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"Réviseur d'Entreprises Agréé"*. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Partne*r

May 29, 2018

Consolidated statement of financial position

December 31, 2017

(expressed in thousands of US dollars)

	Notes	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,069	9,830
Loans and advances	7	10,745	57,044
Trade receivables and other current assets	8	427	727
Total Current Assets		**14,241**	**67,601**
Non-Current Assets			
Financial assets at fair value through P&L	6	107,566	82,228
Loans and advances	7	1,100	1,535
Investment property	9	12,650	12,253
Property, plant and equipment	10	2,768	2,702
Total Non-Current Assets		**124,084**	**98,718**
Total Assets		**138,325**	**166,319**
LIABILITIES			
Current Liabilities			
Bank overdrafts and short term bank debt	11	4,361	4,204
Client deposits	12	20,531	46,772
Trade and other payables	13	528	569
Current tax liabilities	15	117	395
Total Current Liabilities		**25,537**	**51,940**
Non-Current Liabilities			
Borrowings and other long term payable	11	11,117	10,934
Deferred tax liabilities	15	1,129	1,125
Total Non-Current Liabilities		**12,246**	**12,059**
Equity			
Share capital	14	50,000	50,000
Reserves	14	35,448	35,448
Retained earnings	14	23,020	22,707
Treasury shares	14	(5,096)	(5,096)
Net income (loss)		(2,830)	(739)
Total Equity		**100,542**	**102,320**
Total Liabilities		**138,325**	**166,319**

The notes are an integral part of the consolidated financial statements

Consolidated statement of comprehensive income

Year ended December 31, 2017

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

	Notes	2017	2016
Operating Income			
Dividends	16	-	208
Real estate income	18	373	331
Net realised gains/(losses) on investments	17	(75)	(82)
Net unrealised gains/(losses) on investments	17	819	315
Foreign exchange gains/(losses)		(1,841)	607
Income (Loss) from Investments		**(724)**	**1,379**
Net commission income/(expenses)		(37)	(55)
Income from Services		(37)	**(55)**
Total Operating Income (Loss)		**(761)**	**1,324**
Operating Expenses			
Office		(238)	(244)
Professional fees		(775)	(552)
Management fees		(950)	(1,231)
Other general administrative expenses		(62)	(98)
Depreciation		(9)	(76)
Total Operating Expenses		**(2,034)**	**(2,201)**
Net Operating Income (Loss)		**(2,795)**	**(877)**
Interest income	7	901	1,873
Interest expense	11	(793)	(1,249)
Net Interest		**108**	**624**
Other income/(expenses)		81	(165)
Income (Loss) Before Tax		**(2,606)**	**(418)**
Income tax expenses		(224)	(321)
Net Income (Loss)		**(2,830)**	**(739)**
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss		-	-
Exchange difference on translating foreign operations		1,052	(355)
Total Comprehensive Income (Loss) for the period		**(1,778)**	**(1,094)**

The notes are an integral part of the consolidated financial statements

Consolidated statement of changes in equity

December 31, 2017

(expressed in thousands of US dollars)

2016	Share capital	Reserves	Legal 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 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**

2017	Share capital	Reserves	Legal reserve	Treasury shares	Retained earnings and net income for the year	Sub-total attributable to owners of Gefinor SA
Balance, 01.01.2017	50,000	30,448	5,000	(5,096)	21,968	102,320
Loss for the year	-	-	-	-	(2,830)	(2,830)
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	1,052	1,052
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(1,778)**	**(1,778)**
Balance, 31.12.2017	**50,000**	**30,448**	**5,000**	**(5,096)**	**20,190**	**100,542**

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

The notes are an integral part of the consolidated financial statements

Consolidated statement of cash flows

For the year ended December 31, 2017

(expressed in thousands of US dollars)

	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Real estate income paid by customers		463	351
Other operating assets and liabilities		41	5
Payments to services providers		(2,026)	(2,059)
Income taxes paid		(370)	(153)
Net Cash From Operating Activities		**(1,892)**	**(1,856)**
CASH FLOW FROM INVESTING ACTIVITIES			
Dividends received		-	208
Acquisition of investments		(677)	(865)
Proceeds from sale/distributions of financial assets at FVTPL		945	4,266
Net Cash Flow from Investing Activities		**268**	**3,609**
CASH FLOW FROM FINANCING ACTIVITIES			
Interest received		-	1
Interest paid		(288)	(294)
(Increase)/decrease in loans and advances	26	(3,682)	(1,859)
Repayment of borrowings	26	(283)	(282)
Increase/(decrease) in client deposits	26	(884)	(2,189)
Net Cash Flow from Financing Activities		**(5,137)**	**(4,623)**
Net increase / (decrease) in cash equivalents		**(6,761)**	**(2,870)**
Cash and cash equivalents, beginning of year		**9,830**	**12,700**
Cash and cash equivalents, end of year		**3,069**	**9,830**

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. At its meeting held on 5th October 2017, the board of directors of Gefinor S.A. has decided to request the Luxembourg Stock Exchange to discontinue the listing of the shares on the Luxembourg Stock Exchange. The last trading day for the Gefinor SA shares was December 28, 2017, the share were delisted from the Luxembourg Stock Exchange effective December 29, 2017.

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 24, 2018. The annual general meeting that will approve the financial statements will take place on June 28, 2018.

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, 2017 are the same as those used for the preparation of the consolidated financial statements at December 31, 2016.

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*
  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 would require the Group to record additional impairment of about USD 230 thousand on the Group's consolidated assets based on the December 31, 2017.

- 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 from contracts with customers.

- 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 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 resulted in additional disclosure related to the financing activities in 2017.
- *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 application of IAS 12 had no impact on the Group's consolidated financial statements in 2017.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union. We also refer to Note 19 where the Group analyses the liquidity risk.

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 2017, 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 22.

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 2017.

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 2017 and 2016.

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 consolidated statement of financial position.

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 the consolidated 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, 2016 and December 31, 2017.

- 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:

- 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, 2017 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, 2017 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:

- 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, 2017 as reported in the audited financials of the Fund (see 4.1.2.1).
- 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 February 2018 (see 4.1.2.1 and 4.1.2.3).
- 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 February 20, 2018 (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 2017. As of December 31, 2017, the Group owned 1'116'138 common shares valued at USD 0 per share, 456'205 A-1 shares valued at USD 0 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 2017 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, 2017 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 2017.

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.

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 19. 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 2017 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 II, LP and Gef Value Advantage Fund (Cayman) Ltd.

As at December 31, 2017 and December 31, 2016, the Company owns 57.19% of Gefus Capital Partners II, LP.

As at December 31, 2017, the Company owns 27.75% of Gef Value Advantage Fund (Cayman) Ltd (December 31, 2016: 27.75%).

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 67.3 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, and the White House property, 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, 2017 and December 31, 2016 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 2017.

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

$'000	2017	2016
Petty cash	17	19
Current bank accounts	3,052	7,061
Short-term deposits with banks	-	2,750
	3,069	**9,830**

NOTE 6 – INVESTMENTS

$'000	2017	2016
Financial assets at fair value through profit & loss		
Loan to Globe Holding SAL	68,928	44,016
Garden City project (New City)	22,652	22,660
Gefus Capital Partners II, LP.	10,705	9,724
GEF Private Equity Partners, SPC (1)	2,824	3,400
Gef Value Advantage Fund (Cayman) Ltd	1,116	1,120
Monterro 1 AB	619	480
Western Resource Investment II, LLC	688	725
MobiTV Inc.	34	103
	107,566	82,228

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.

In 2017, Gefinor Real Estate Limited provided an additional USD 25.3 million loan for the White House property under the same conditions and same economic rights and benefits as the USD 42 million financing already provided to Globe Holding SAL.

The value of the Assets is assessed every year by external valuators. Hereafter the Net Assets Value of the subsidiaries holding the Assets as of December 31, 2017:

$'000	2017	2016
Aramoun Land (Globe Aramoun SAL) Lebanon	1,796	1,859
Byblos Land (RECD SAL), Lebanon	14,971	14,791
Kfardebian land, Lebanon	10,772	10,772
White House SAL	24,900	-
Yarzé Land (GREL Yarzé SAL & Globe Yarzé SAL), Lebanon	16,489	16,594
	68,928	**44,016**

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 2017, Gefinor Private Equity Limited invested an additional USD 572 thousand in Gefus Capital Partners II, LP. The partnership has now called 72% of its committed capital.

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 2017, Gefinor Private Equity Limited funded an additional USD 46 thousand in GEFPEP and received USD 945 thousand in distributions from GEFPEP.

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 2017, Gefinor Private Equity Limited funded an additional USD 60 thousand in Monterro I, AB.

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.

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

$,000	**2017**	**2016**
PAPEF III-Buyout Segregated Portfolio	78	117
PAPEF III-Venture Segregated Portfolio	116	141
PAPEF III-Special Situations	59	85
CHARTERHOUSE CCP VIII	1	1
TPG Capital Partners V, L.P.	124	187
First Reserve Fund XI, L.P.	15	28
PAPEF IV-Buyout Segregated	180	289
PAPEF IV-Venture Segregated	311	358
PAPEF IV-Special Situations Se	140	193
SILVER LAKE PARTNERS III, L.P.	241	326
BRAEMAR ENERGY VENTURES II, LP	137	136
BLACKSTONE CP V L.P.Co-Inv.	4	12
SANKATY CREDIT OPPORT. IV,L.P.	24	32
PAPEF V-Special Situations	278	355
OAK HILL CAPITAL PARTNERS III,LP	185	183
GENERAL ATLANTIC INVESTMENT PARTNERS I, LP	931	958
Total GEFPEP	**2,824**	**3,400**

NOTE 7 - LOANS AND ADVANCES

$,000	2017	2016
Short-term loans and advances		
To related parties		
Basmala Establishment	223	22,998
Gefinor Capital Management Inc.	112	112
Gefinor Management Limited	1,769	604
Gefinor Finance SAL	3,205	699
Globe Holding SAL	5,326	32,631
Loans and advances to personnel	110	-
	10,745	**57,044**
Long-term loans and advances to related parties		
Gefinor Capital Management Inc.	1,100	1,310
Loans and advances to personnel	-	185
Other long-term advance	-	40
	1,100	**1,535**

Short-term loans and advances

The loan to Basmala Establishment of USD 223 thousand is a short term loan bearing interest rate of 2.5% of USD 3 month LIBOR. Basmala Establishment has repaid USD 23 million of its loan in 2017.

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

The loan to Gefinor Management Limited, Cayman Islands of USD 1'769 thousand is an interest free advance. The loan is guaranteed by the pledges of 710'000 Gefinor SA shares.

The loan to Gefinor Finance SAL, Beirut of USD 3'205 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 1'285'000 Gefinor SA shares.

The loan to Globe Holding SAL, amounting to USD 3,000 thousand, payable on demand is bearing an interest rate of 3.5% of USD 3 month LIBOR. The loan is guaranteed by a cash deposit of USD 3'000 thousand with Gefinor Finance SA The loan to Globe Holding SAL of USD 25.3 million and guaranteed by cash deposits in the same amount were repaid in 2017.

The loan to Globe Holding SAL, amounting to USD 2'326 thousand is payable on demand and bearing interest rate of 3.0% of USD 3 month LIBOR. The loan is guaranteed by the pledges of 940'000 Gefinor SA shares.

The other short term advance consists of an advance to two Officers of USD 110 thousand interest free loans repayable end of 2018.

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. of Gefinor Private Equity Limited, repayment will be on January 1, 2022 bearing interest at a rate of 3.5% per year.

The long-term loan repayment schedule is as follows:

$'000	2017	2016
In the third year	1,100	-
In the fourth to fifth years inclusive	-	-
Subsequent years	-	1,535
	1,100	**1,535**
Loan interest rate ranges		
Libor 3 month + 2.5% to 3.5%	5,549	27,256
Fixed rate 3.5%	1,100	29,683
Libor 1 year +2%	3,205	699
Other interest rates	1,991	941
	11,845	**58,579**

Interest income on loans and advances is as follows:

$'000	2017	2016
Bank deposits	100	340
Third party loans	-	78
Globe Holding SAL	445	768
Basmala Establishment	210	580
Gefinor Finance SAL	78	85
Other related parties	68	22
	901	**1,873**

NOTE 8 – TRADE RECEIVABLES AND OTHER CURRENT ASSETS

$'000	2017	2016
Rental receivables	-	21
Expenses to be reimbursed	3	25
Receivable on asset sale (Redco Escrow)	288	575
Receivable from a related party	12	20
Trade receivables	123	-
Prepaid expenses	1	86
	427	**727**

Trade receivables from related party are due at receipt and bear no interests. Of the receivables on asset sale of USD 575 thousand as of December 31, 2016, USD 287 thousand were received in March 2017. The remaining balance is payable in 2018.

NOTE 9 – INVESTMENT PROPERTY

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, 2017 based on an external valuation report performed in February 2018.

$'000	**2017**	**2016**
Opening Balance	12,253	12,247
Reclassification	383	-
Translation adjustments	527	(193)
Fair value revaluation	(513)	(301)
Closing Balance	**12,650**	**12,253**

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

$'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**

$'000	**2016**	**Additions**	**Retirements**	**Translation adjustments**	**2017**
Cost	4,794	6	106	(37)	4,869
Accumulated depreciation	(2,092)	(9)	-	-	(2,101)
Total	**2,702**	**(3)**	**106**	**(37)**	**2,768**

Property, plant and equipment include property investment held for own use for an amount of USD 950 thousand (2016: USD 1'290 thousand). The fair value of the property investment held for own use is USD 3'873 thousand (2016: 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

$'000	2017	2016
Bank Overdraft	4,361	4,204
	4,361	**4,204**

LONG -TERM BORROWING AND OTHER LONG TERM PAYABLE

$'000		
Long-term payable	17	16
Mortgage (a)	11,100	10,918
	11,117	**10,934**

(a) USD 11.1 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 290 thousand).

Debt is repayable as follows:

$'000	2017	2016
On demand or within one year	4,361	4,204
In the second year	290	280
In the third to fifth years	870	849
Subsequent years	9,957	9,805
	15,478	**15,138**

The weighted average interest rates paid were as follows:

	2017	2016
Short-term bank debt	2,76%	2,22%
Long-term bank debt	1,55%	1,79%
	1.89%	**1.91%**

Interest expenses by financing category were as follows:

$'000	2017	2016
Interest on bank debts	118	94
Interest on mortgage financing	170	200
Interest on deposits	219	941
Interest on other financial liabilities	286	14
	793	**1,249**

NOTE 12 – CLIENT DEPOSITS

$'000	**2017**	**2016**
Deposits from		
Third parties, on demand	3,723	4,128
Third parties, short-term deposits	8,713	8,741
Due on demand to related parties		
Due to related parties	5,095	5,507
Guarantee deposit		
Guarantee deposit from related parties	3,000	28,396
	20,531	**46,772**

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. In 2017 deposit of USD 25'373 thousand in guarantee to the loan in the same amount to Globe Holding SAL (see note 7) was repaid when the loan was settled.

NOTE 13 – TRADE PAYABLES AND OTHER PAYABLES

TRADE PAYABLES AND OTHER PAYABLES

$'000	**2017**	**2016**
Trade payables	56	84
Accrued expenses	392	350
Management fees to be paid	-	50
Dividends to be paid	-	18
Others	80	67
	528	**569**

NOTE 14 – EQUITY

14.1. Capital

At December 31, 2017 and December 31, 2016 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, 2017 and December 31, 2016, 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

$'000	**2017**	**2016**
Current tax liabilities/(assets)	(24)	254
Other tax liabilities	141	141
	117	**395**

$'000	**2017**	**2016**
Deferred tax liabilities		
Geneva Building	1,129	1,125
	1,129	**1,125**

Deferred taxes of USD 1'129 thousand (2016: USD 1'125 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.

NOTE 16 – DIVIDENDS

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

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

$'000	2017	2016
Net realized gains/(losses) on invesmtents		
Recycled loss on AFS	–	(7)
Other realized losses	(75)	(75)
	(75)	**(82)**

$'000	2017	2016
Net unrealized gains / (losses) on investments		
Gefus Capital Partners I, LP	–	(20)
Gefus Capital Partners II, LP	409	1,111
MobiTV, Inc.	(70)	(215)
Gef Private Equity Partners, SPC (GEFPEP)	446	281
Monterro I, AB	79	58
Globe Holding SAL loan valuation	(461)	(338)
New City Investment	(8)	(229)
Gef Value Advantage Fund	(4)	64
Geneva Building	466	(359)
Others investments	(38)	(38)
	819	**315**

NOTE 18 – REAL ESTATE INCOME

Real Estate income consists of the rental income of the Geneva building of USD 373 thousand (2016: USD 331 thousand).

NOTE 19 – 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.

$'000	2017	2016
Debt	15,478	15,138
Cash	(3,069)	(9,830)
Net Debt	**12,409**	**5,308**
Equity	**100,542**	**102,320**
Net Debt to Equity ratio	12.3%	5.2%

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 4.1 of the consolidated financial statements.

Financial assets	2017	2016
Cash and cash equivalents	3,069	9,830
Fair value through profit and loss		
Level 1 – Trading investment at FVTPL	-	-
Level 2 – Investments at FVTPL	4,559	5,000
Level 3 – Investments at FVTPL	34,079	33,212
Amortised cost		
Loans and advances	11,845	58,579
Trade and other receivables	427	727

Financial liabilities	2017	2016
Amortised cost		
Bank loans	15,478	15,138
Deposits from clients	20,531	46,772
Trade and other payables	528	569

Level 1: quoted prices in active markets for identical assets or liabilities. This level includes all trading investments at FVTPL. No financial investments are classified in Level 1 as at December 31, 2017 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 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 Gefus Capital Partners II, LP, 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

$'000	2017	2016
Opening Balance	33,212	33,526
Total gains or losses in profit or loss	295	627
Purchases	572	686
Sales	-	(1,627)
Closing Balance	34,079	33,212

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 profit of USD 627 thousand for 2016 and USD 295 thousand for 2017.

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 fulfill 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.

The loans to the related party Globe Holding SAL represent about 54% of the total assets of the Group as of December 31, 2017. Apart from these loans, the Group has no other significant concentration of credit risk. In addition to the above procedures, the Group monitors this concentration of risk on the basis of:

- The review of the valuation reports received for all the real assets in the pool;
- The review of the financial position of Globe Holding SAL;
- The quarterly review of the activity reports provided by Globe Holding SAL
- Regular communication witht the management of Globe Holding SAL;

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 445 thousand (2016: 1'021 thousand) as per the following detail:

$'000	2017	Of which collateral	2016	Of which collateral
To third parties	-	-	-	-
To related parties				
Basmala Establishment	223	-	22,998	22,998
Globe Holding SAL	5,326	5,326	32,631	32,439
Gefinor Finance SAL	3,205	3,205	699	699
Gefinor Capital Management Inc.	1,212	1,100	1,422	1,442
Other loans to related parties	1,879	1,769	829	-
	11,845	11,400	58,579	57,558
% of portfolio with collateral		96.2%		98.3%

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

$'000	2017	Fully performing	Past due
Expenses to be reimbursed	3	3	-
Receivable on asset sale	288	288	-
Receivable from a related party	12	12	-
Trade receivables	123	123	-
Prepaid expenses	1	1	-
	427	**427**	-

$'000	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**	-

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, 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)**

CASH PLANNING	2017	2018	2019	2020	2021
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**	**-**	**-**	**-**	**-**

Other assets could be sold to match liabilities and commitments.

LIQUIDITY ANALYSIS FOR THE YEAR ENDING DECEMBER 31, 2017

In $'000	2018 Mandatory repayment	2019 Mandatory repayment	2020 Mandatory repayment	2021 Mandatory repayment	2022 Mandatory repayment
Principal repayment	(4,361)	(290)	(290)	(290)	(290)
Interest (estimate)	(135)	(129)	(128)	(125)	(119)
Total mandatory repayments	**(4,496)**	**(419)**	**(418)**	**(415)**	**(409)**

CASH PLANNING	2018	2019	2020	2021	2022
Bank debts and borrowings	(4,496)	(419)	(418)	(415)	(409)
Deposits	(20,531)	-	-	-	-
Trade and other payables	(528)	-	-	-	-
Current tax liabilities	(117)	-	-	-	-
Total cash liabilities	**(25,672)**	**(419)**	**(418)**	**(415)**	**(409)**
Cash and cash equivalents	3,069	-	-	-	-
Loans and advances	10,745	-	-	-	-
LT loans and advances	-	-	-	1,100	-
Trade receivables and other current assets	427	-	-	-	-
Total cash assets	**14,241**	**-**	**-**	**1,100**	**-**

The cash liabilities of USD 25,672 thousand are above the total cash assets of USD 14,241 thousand. Out of the total client deposits of USD 20,531 thousand, USD 3,000 thousand is reserved as guarantee deposit from related parties as disclosed in Note 7. Further USD 5,095 thousand of cash deposits are on demand from main shareholders of the Company, which are deposited within the Company for several years. Given the history and the relationship with these main shareholders, the Company does not expect that these deposits be retrieved within the next twelve months. Taken into consideration the remaining liquidity gap of USD 3,336 thousand, the Group could further consider to sell part of the private equity and real estate portfolio in addition to the possibility to obtain additional bank borrowings in case of short term liquidity needs.

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, 2017, the Group foreign exchange exposure on a consolidated basis is as follows:

$'000	**2017**	**2016**
CHF exposure		
Assets	9,570	9,667
Liabilities	(15,653)	(16,777)
	(6,083)	(7,110)
EUR exposure		
Assets	448	188
Liabilities	(1,270)	(1,516)
	(822)	(1,328)
GBP exposure		
Assets	10	4
Liabilities	-	(68)
	10	(64)

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 608 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 82 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 (2016: USD 170 thousand).

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

$'000	**2017**	**2016**
Financial assets		
Cash and cash equivalents	3,069	9,830
Loans - Libor	8,754	27,955
Fixed interest rate	1,100	29,683
Other interest rate	1,991	941
	14,914	**68,409**
Financial liabilities		
Bank debts - Libor 3 month	-	-
Bank debts - Libor - other terms	15,478	15,138
Deposits - Libor 3 month	3,723	4,128
Deposits - Libor other terms	16,808	42,644
	36,009	**61,910**
Net financial assets (liabilities)	**(21,095)**	**6,499**

(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 2017 (2016: unchanged) taking aside the addition of the White House asset in 2017. 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 consolidated financial statements by USD 6.8 million (2016: USD 4.5 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 consolidated financial statements by USD 3.8 million (2016: USD 3.8 million). Gefinor Private Equity Limited monitors its private equity portfolio on a quarterly basis reviewing and analysing the performance of each investment.

NOTE 20 - COMMITMENTS

At December 31, 2017, the Group had funding commitments in Gef Private Equity Partners, SPC of USD 1.0 million (December 31, 2016 : USD 1.0 million), funding commitment in Gefus Capital Partners II, LP of USD 4.36 million (December 31, 2016 : USD 4.9 million) and funding commitment in Monterro I, AB of USD 324 thousand (2016: USD 324 thousand).

There is no lease payment commitment and no contingent rents.

NOTE 21 - OTHER RELATED PARTY INFORMATION

Remuneration allocated to the Board of Directors in 2017 is USD 20 thousand (2016: USD 20 thousand).

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 total annual management fee of USD 950'000 for the principals.

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 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 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 22 – CONSOLIDATED SUBSIDIARIES

Subsidiaries	Country	Effective Interest % 2017	Effective Interest % 2016
Gefinor Finance Holding Limited	Gibraltar	100	100
Gefinor Finance SA	Switzerland	100	100
Gefinor Capital Services SA	Switzerland	100	100
Gefinor Private Equity Limited	Gibraltar	100	100
Gefinor (USA) Inc.	USA	-	100
Alexander Doll Company Inc. (In Liquidation)	USA	72	72
Gefinor Real Estate Limited	Gibraltar	100	100

TRANSACTIONS DURING THE YEAR ENDED DECEMBER 31, 2016

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

TRANSACTIONS DURING THE YEAR ENDED DECEMBER 31, 2017

In December 2017, Gefinor Private Equity Limited sold its 100% interest in Gefinor (USA) Inc. This transaction had no impact on the 2017 consolidated financial statements of Gefinor SA.

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 2017 and 2016 in accordance with the requirements of IFRS 8 is as follows:

Notes to the consolidated financial statements (continued)

NET ASSETS 2016 *$'000*	Private Equity	Real Estate	Finance	Corporate	Consoli-dation	Total
Segment current assets	71	575	9,896	16	-	10,557
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)**	**166,318**
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**	**84,359**	**444**	**(64,019)**	**63,998**
Total Net Assets	**33,054**	**24,157**	**40,628**	**4,481**	**-**	**102,320**

NET ASSETS 2017 *$'000*	Private Equity	Real Estate	Finance	Corporate	Consoli-dation	Total
Segment current assets	123	288	3,082	3	-	3,496
Segment financial investments	15,986	91,580	-	-	-	107,566
Segment loans and advances	17,333	-	80,310	4,664	(90,462)	11,845
Segment investment property	-	-	12,649	-	1	12,650
Segment property, plant & Equipm.	-	-	2,769	-	(1)	2,768
Total Assets	**33,442**	**91,906**	**98,810**	**4,666**	**(90,462)**	**138,325**
Segment current liabilities	-	69,635	45,940	460	(90,498)	25,537
Segment Non-current liabilities	-	-	12,246	-	-	12,246
Total Liabilities	**-**	**69,635**	**58,186**	**460**	**(90,498)**	**37,783**
Total Net Assets	**33,442**	**22,271**	**40,624**	**4,206**	**36**	**100,542**

NET INCOME 2016 *$'000*	Private Equity	Real Estate	Finance	Corporate	Consoli-dation	Total
Profit or loss of associates	-	-	-	-	-	-
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)**

NET INCOME 2017 *$'000*	Private Equity	Real Estate	Finance	Corporate	Consoli-dation	Total
Dividends	-	-	-		-	-
Real estate income	-	-	373	-	-	373
Realised gain/(losses) on investments	(75)	-	-	-	-	(75)
Unrealised gain/(losses) on investments	822	(469)	(1,365)	-	(10)	(1'022)
Income from services	(1)	-	(37)	-	1	(37)
Total Operating Income	**746**	**(469)**	**(1,029)**	**-**	**(9)**	**(761)**
Operating expenses	(475)	(367)	(818)	(365)	-	(2,025)
Depreciation	-	-	(9)	-	-	(9)
Net Operating Income	**271**	**(836)**	**(1,856)**	**(365)**	**(9)**	**(2,795)**
Interest income	163	-	1,936	61	(1,259)	901
Interest expenses	-	(1,088)	(976)	-	1,271	(793)
Non operating income /(expenses)	9	-	35	35	2	81
Income Before Tax	**443**	**(1,924)**	**(861)**	**(269)**	**5**	**(2,606)**
Taxes	(51)	-	(168)	(5)	-	(224)
Net Income (Loss)	**392**	**(1,924)**	**(1,029)**	**(274)**	**5**	**(2,830)**

NOTE 24 – STAFF HEADCOUNT

Since January 1, 2016 the Group has no staff anymore.

NOTE 25 – OTHER INCOME / (EXPENSES)

$'000	2017	2016
Other expenses	–	(165)
Other income	81	–
	81	**(165)**

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 2017 other income consists mainly in the final proceeds (USD 35 thousand) received by Gefinor SA for the sale of Gefinor Bank Limited in 2007 and reversal of provision for expenses in Gefinor Finance SA (USD 34 thousand).

NOTE 26 – CHANGES IN LIABILITIES ARISING FROM FINANCING

$'000	2015	Cash Flows	Non cash transfers	Fair value changes	Foreign exchange	2016
Loans and advances	27,239	(1,859)	33,274	(75)	–	58,579
Borrowings	15,627	(282)	–	–	(207)	15,138
Client deposits	20,407	(2,189)	28,573	–	(19)	46,772
Total	**63,273**	**(4,330)**	**61,847**	**(75)**	**(226)**	**120,489**

$'000	2016	Cash Flows	Non cash transfers	Fair value changes	Foreign exchange	2017
Loans and advances	58,579	(3,682)	(42,977)	(75)	–	11,845
Borrowings	15,138	(283)	–	–	623	15,478
Client deposits	46,772	(884)	(25,554)	–	197	20,531
Total	**120,489**	**(4,849)**	**(68,531)**	**(75)**	**820**	**47,854**

NOTE 27 – POST BALANCE SHEET EVENTS

No substantial post balance sheet event is to be reported.

Report of the réviseur d'entreprises agréé

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

Opinion

We have audited the annual accounts of Gefinor SA (the "Company"), which comprise the balance sheet as at December 31, 2017, and the profit and loss account for the year the ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the financial position of Gefinor SA, as of December 31, 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis of Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier (CSSF)*. Our responsibilities under those Law and standards are further described in the "*Responsibilities of the "Réviseur d'Entreprises Agréé*" for the Audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors

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 presentation and preparation of the annual accounts, and for such internal control the Board of Directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intents to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibility of the réviseur d'entreprises agréé

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional skeptisism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"Réviseur d'Entreprises Agréé"*. However, future events or conditions may cause the Company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit. *Cabinet de révision agréé*

Raphael Charlier, *Réviseur d'entreprises agréé Partne*r

Luxembourg, May 29, 2018

Balance sheet

December 31, 2017

(expressed in US dollars)

	2017	2016
ASSETS		
FIXED ASSETS		
Financial assets	77,506,366.53	77,751,750.67
Shares in affiliated undertakings (note 3)	72,842,342.75	72,842,342.75
Loan to affiliated undertakings (note 4)	4,664,023.78	4,909,407.92
CURRENT ASSETS	1,187,338.05	1,200,468.89
DEBTORS		
Other debtors		
Becoming due and payable within one year	1.00	1.00
Investments		
Own Shares (note 5)	1,184,885.00	1,184,885.00
Cash at bank and in hand	2,452.05	15,582.89
TOTAL (ASSETS)	**78,693,704.58**	**78,952,219.56**
CAPITAL, RESERVES AND LIABILITIES		
Capital and Reserves (note 6)	78,233,777.78	78,508,148.88
Subscribed capital	50,000,000.00	50,000,000.00
Reserves		
Legal reserve	5,000,000.00	5,000,000.00
Reserve for own shares	1,184,885.00	1,184,885.00
Other availables reserves		
Other reserves, including the fair value reserve	36,482,566.05	36,482,566.05
Profit or loss brought forward	(14,159,302.17)	(13,685,199.66)
Profit or loss for the financial year	(274,371.10)	(474,102.51)
CREDITORS		
Trade creditors		
Becoming due and payable within one year (note 7)	459,926.80	444,070.68
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	**78,693,704.58**	**78,952,219.56**

Profit and loss account

December 31, 2017

(expressed in US dollars)

	2017	2016
Raw materials and consumables and other external expenses		
Other external expenses (note 8)	(364,671,02)	(495,541,62)
Value adjustments		
In respect of current assets	-	-
Other interest receivable and similar income		
Derived from affiliated undertakings	61,338,99	60,222,72
Value adjustments in respect of financial assets and of investments held as current assets	39,166,50	-
Interest payable and similar expenses		
Other interest and similar expenses	(508,81)	(483,40)
Tax on profit or loss	(5,244,51)	(7,342,77)
Other taxes not included in tax on profit or loss	(4,452,25)	(30,957,44)
PROFIT OR (LOSS) FOR THE FINANCIAL YEAR	**(274,371,10)**	**(474,102,51)**

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 were quoted on the Luxembourg stock exchange until December 29, 2017.

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.

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.

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 ASSET

In US Dollars	2017	2016
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 adjustments, 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

2017	Country	Number of shares	Cost	Carrying amount	Effective interest
			USD	USD	%
Shares in affiliated undertakings					
Gefinor Real Estate Limited	Gibraltar	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%
Gefinor Finance Holding Limited	Gibraltar	53,000,000	53,000,000.00	40,193,000.00	100.00%
			110,016,976.08	**72,842,342.75**	

2016	Country	Number of shares	Cost	Carrying amount	Effective interest
			USD	USD	%
Shares in affiliated undertakings					
Gefinor Real Estate Limited	Gibraltar	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%
Gefinor Finance Holding Limited	Gibraltar	53,000,000	53,000,000.00	40,193,000.00	100.00%
			110,016,976.08	**72,842,342.75**	

NOTE 4 – LOAN TO AFFILIATED UNDERTAKINGS

In US Dollars	2017	2016
Financial debtors (*)		
Gefinor Finance SA	664,023.78	4,909,407.92
Gefinor Finance Holding Limited	4,000,000.00	-

(*) 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, and a loan agreement of up to USD 4’000’000 arranged with Gefinor Finance Holding Limited, Gibraltar and bearing an interest equivalent to 0.5% over USD 3 months Libor.

NOTE 5 – OWN SHARES

As December 31, 2016 and December 31, 2017, Gefinor SA owned 448’820 (1.12%) of its own shares with a book value of USD 1’184’885, classified 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 2017 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 unconsolidated annual accounts

In US Dollars	Subscribed capital	Other reserves	Legal reserve	Treasury shares reserve	Profit Brought forward	Result of the year	Total Capital and reserves
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**
Balance 01.01.2017	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
Allocation of income	-	-	-	-	(474,102.51)	474,102.51	-
Impairment Treasury shares	-	-	-	-	-	-	-
Net income (loss) of the year	-	-	-	-	-	(274,371.10)	(274,371.10)
Balance 31.12.2017	**50,000,000.00**	**36,482,566.05**	**5,000,000.00**	**1,184,885.00**	**(14,159,302.17)**	**(274,371.10)**	**78,233,777.78**

NOTE 7 – TRADE CREDITORS

In US Dollars	2017	2016
Accounts payable		
Other liabilities	459,926.80	444,070.68
	459,926.80	**444,070.68**

NOTE 8 – OTHER EXTERNAL EXPENSES

In US Dollars	2017	2016
Administrative expenses	16,408.47	2,713.16
Professional fees	332,820.91	429,220.04
Other taxes	15,441.64	63,608.42
	364,671.02	**495,541.62**

Professional fees include remuneration allocation to the Board of Directors of USD 16'000 in 2017 (2016: USD 16'000). The members of the administration and supervisory bodies received USD 16'000 as remuneration for the exercice of their mandate and did not receive any advance or other benefits.

NOTE 9 – POST BALANCE SHEET EVENTS

No substantial post balance sheet event is to be reported.

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