GEFINOR SA

SOCIETE ANONYME DE TITRISATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

GEFINOR SA

Société Anonyme

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THE COMPANY

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

LETTER OF THE CHAIRMAN

2018 ended in a very volatile fashion as the trade war rhetoric between the US and China puzzled the markets and led to a material correction in the fourth quarter. For the full year it is very difficult to see an area of strength as both bonds and equities ended up in negative territory or barely positive performance. After a strong 2017, 2018 ended up being very mediocre year for financial markets overall. US equities ended down 6% for the year after falling 15% in Q4. European equities witnessed their worst performance as they declined 14%. US Treasuries were up only 0.9% for the year while US Investment grade bond and high yields were down 2.5% and 2.1% respectively. As far as commodities are concerned oil price saw a dramatic decline of 44% in the 4th quarter for a 25% decline in 2018.

Global economic weakness was evident in Europe, China and Japan in particular which all saw important revisions of their growth economic prospects. The US economy was a bit more resilient but investors have started to be more cautious as the economic cycle is approaching a record in longevity without an economic recession. Earnings disappointment from Apple and other large cap technology names raised also more questions on the sustainability of earnings growth. The Trump administration tax cuts impacts are also decreasing while the US Federal Reserve continues its normalisation of its monetary policy by increasing slowly but surely its key interest rates. In October the IMF reduced its global economic growth forecast for the first time since 2016 based on trade war concerns.

Geopolitical tensions are also present everywhere. In France, the "Gilets Jaunes" movement is putting at risk the economic reforms of President Macron. In the UK, no agreement has yet been reached between the Parliament and the EU on the condition of a soft Brexit. Parliament is very much divided and political parties are starting to implode as waves of resignations are hitting both the Tory and the Labour party. In Italy the populist government is hitting at France in words unheard of since the birth of the European Union. And last but not least the US government shut down demonstrated if need be the extreme division in US politics with a possible impeachment of President Trump becoming a more likely possibility. This is also leading to higher market volatility exacerbated by the surge in algorithm trading volume.

In such a context, it may be difficult to be very bullish on financial markets. The next recession could be particular, in the sense that the degree of manoeuvrability and tools at the disposal of governments and central banks are less than they used to be. Interest rates are already quite low and budget deficits quite high. For the time being however, global interest rates are still supportive for equities and other financial assets overall.

Group performance for 2018 was impacted negatively by the Lebanese real estate market affected by the instability in Syria and the poor economic condition in Lebanon. Despite the high quality of our real estate asset portfolio, the value of Gefinor's Lebanese real estate assets decreased on average by 17% in 2018. Total comprehensive loss of the company was USD 15.6 million in 2018 as compared to a loss of USD 1.8 million in 2017. Total consolidated assets at December 31, 2018 decreased to USD 109.6 million compared with USD 138.3 million at December 31, 2017, and consolidated shareholders' equity was 84.9 million compared with USD 100.5 million at December 31, 2017. 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 maintained their upside potential while the investment in Monterro benefited from strong appreciation in value and increased distributions to Gefinor.

Real Estate: the Lebanese real estate market was affected by the continuing instability in the region, a depressed economic environment and, in 2018, an unstable political situation in Lebanon. These factors weighted in considerably in reducing the value estimations of Gefinor's real estate assets. However, after the appointment of a new government in Lebanon and a calming down of the tensions in the region, we remain optimistic about the long-term value of Gefinor's Lebanese real estate portfolio.

Financial Services: In 2018, the cost structure of the Group has been further reduced. At the same time the Loan portfolio, as well as the client deposits amounts, have also been substantially reduced. With this considerable reduction in financial activities, Gefinor SA reinforces its investment character of as a holding company that primarily invests in real estate in Lebanon and Europe, and in private equity and debt securities mostly in the United States. Over the next year we are striving to further simplify our corporate structure and continue to reduce our operating costs. This is in line with our investment strategy of rebalancing our investment portfolio away from a concentrated real estate position, towards a focus on a more dynamic private equity and income producing private debt portfolio.

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, 2018 to be presented to the Annual General Meeting of Shareholders on October 4, 2019.

Financial statements

Total consolidated assets at December 31, 2018 were USD 109.65 million compared with USD 138.3 million as of December 31, 2017. Consolidated stockholders' equity was USD 84.9 million at December 31, 2018 compared with USD 100.5 million at December 31, 2017.

Net loss for the year of USD 15'348 thousand includes a foreign exchange gain of USD 482 thousand million recognized by Gefinor Finance SA on its USD exposure, compensated by the foreign exchange revaluation loss of USD 278 thousand on the Geneva building and a translation loss of USD 176 thousand. The total comprehensive loss for the year of USD 15'627 thousand (2017 USD 1'778 thousand) neutralizes these foreign exchange impacts and presents the net performance of the Group for the year.

All these figures do not include the potential value adjustments on the Private Equity and Real Estate portfolio.

During the year the Group reduced its loan portfolio. Basmala Establishment, Globe Holding SAL, Gefinor Finance SAL and Gefinor Management Limited have repaid their loans, as of December 31, 2018, the total loan portfolio decreased to amounts USD 1.1 million compared to USD 11.9 million as of December 31, 2017.

The overheads for the year decreased further to USD 1'854 thousand (2017: USD 2'034 thousand) of which management fees paid of USD 950 thousand per annum (2017 USD 950 thousand).

Segments Reports

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

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

For the year ended December 31, 2018, the net loss was USD 663 thousand, the comprehensive income after translation loss was a loss of USD 939 thousand.

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

For the year ended December 31, 2018 the net profit of Gefinor Private Equity Limited was USD 855 thousand net of management fees paid. The Private Equity Portfolio performed well in 2018.

➢ Gefus Capital Partners II, LP
During the year, Gefinor Private Equity Limited sold a 2.41% intrest in in Gefus Capital Partners II, LP. for USD 428 thousand. The partnership has now called 72% of its committed capital.

➢ GEF Private Equity Partners, SPC (GEFPEP)
During the year, the Company invested USD 58 thousand and received USD 850 thousand in distributions from GEFPEP.

➢ Monterro I, AB
During the year, the Company invested USD 86 thousand in Monterro I, AB and received USD 525 thousand in distributions.

➢ GEF Value Advantage Fund
During the year the GEF Value Advantage Fund ceased its operations, the company received USD 1'100 thousand in distributions from GEF Value Advantage, the loss of the liquidation represents USD 18 thousand for Gefinor Private Eeuqity Limited.

Gefinor Real Estate Limited, Gibraltar

For the year ended December 31, 2018 the result was a loss of USD 14’798 thousand of which USD 11’835 thousand amortization of the Globe Loan, USD 1’036 thousand interest paid and USD 358 thousand of management and board fees.

From the remaining Escrow account on the sale of Real Estate Development Company SAL, the final USD 288 thousand was received in April 2018.

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 holds 41.06% of the voting rights of the Company;

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

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

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

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

Board of Directors, appointment and powers

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

End of service indemnities

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

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 18 “Risk Management”.

The Board of Directors

CORPORATE GOVERNANCE

General

The Corporate Governance Charter, which is updated periodically by the Board, may be consulted on the Company's web site at *www.gefinor.com*.

Share ownership and control

The Company has approximately 70 institutional and individual shareholders, most of whom hold their shares in registered form. At April 2018, 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.

Consolidated 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 2018 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 2018. 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

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

Yves Prussen
Non-executive independent Director

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

Damien Wigny
Non-executive independent Director

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

FIVE YEAR FINANCIAL SUMMARY

Consolidated Statement of Financial Position	**2018**	**2017**	**2016**	**2015**	**2014**
(expressed in thousands USD)					Restated
Total assets	109'605	138'325	166'319	141'325	151'359
Total liabilities	24'689	37'783	63'999	37'911	44'471
Total stockholder's equity	84'916	100'542	102'320	103'414	106'888
Consolidated Statement of Income					
Income from investments	(13'160)	(724)	1'379	(854)	11'982
Other income/expense (net)	(51)	44	(220)	(161)	148
Operating income (loss)	(13'211)	(680)	1'159	(1'015)	12'130
Operating expenses	(1'854)	(2'034)	(2'201)	(2'910)	(4'220)
Taxation	(159)	(224)	(321)	(160)	(104)
Net income (loss) before interests	(15'224)	(2'938)	(1'363)	(4'085)	7'806
Net interest	(124)	108	624	444	1'228
Net income (loss) attributable to stockholders'	**(15'348)**	**(2'830)**	**(739)**	**(3'641)**	**9'034**
Other Comprehensive Income, net of tax	(278)	1'052	(355)	168	(2'694)
Total Comprehensive Income (Loss)	**(15'626)**	**(1'778)**	**(1'094)**	**(3'473)**	**6'340**

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

To the Shareholders of

Gefinor SA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gefinor SA, Société Anonyme and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

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

Responsibility of the réviseur d'entreprises agréé

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Gefinor SA, as of December 31, 2018, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

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

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

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

Other matter

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

Report on other legal and regulatory requirements

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

For Deloitte Audit, *Cabinet de révision agréé*

Raphael Charlier, *Réviseur d'entreprises agréé*
Partner

September 2019

GEFINOR SA

Société Anonyme de Titrisation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2018

(expressed in thousands of US dollars)

	Note	31.12.2018	31.12.2017
ASSETS			
Current Assets			
Cash and cash equivalents	5	2'196	3'069
Loans and advances	7	93	10'745
Trade receivables and other current assets	4	59	427
Total Current Assets		**2'348**	**14'241**
Non-Current Assets			
Financial assets at fair value through P&L	6	91'296	107'566
Loans and advances	8	1'100	1'100
Investment property	9	12'139	12'650
Property, plant and equipment	10	2'722	2'768
Total Non-Current Assets		**107'257**	**124'084**
Total Assets		**109'605**	**138'325**
LIABILITIES			
Current Liabilities			
Bank overdrafts and short term bank debt	11	4'311	4'361
Client deposits	12	8'084	20'531
Trade and other payables	13	350	528
Current tax liabilities	15	199	117
Total Current Liabilities		**12'944**	**25'537**
Non-Current Liabilities			
Borrowings and other long term payable	11	10'705	11'117
Deferred tax liabilities	15	1'040	1'129
Total Non-Current Liabilities		**11'745**	**12'246**
Equity			
Share capital	14	50'000	50'000
Reserves	14	35'448	35'448
Retained earnings	14	19'912	23'020
Treasury shares	14	(5'096)	(5'096)
Net income (loss)		(15'348)	(2'830)
Total Equity		**84'916**	**100'542**
Total Liabilities		**109'605**	**138'325**

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

GEFINOR SA

Société Anonyme de Titrisation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2018

(Expressed in thousands of US dollars)

		31.12.2018	31.12.2017
Operating Income			
Real estate income	17	478	373
Net realised gains / (losses) on investments	16	(93)	(75)
Net unrealised gains / (losses) on investments	16	(14'027)	819
Foreign exchange gains / (losses)		482	(1'841)
Income (Loss) from Investments		**(13'160)**	**(724)**
Net commission income / (expenses)		(4)	(37)
Income from Services		**(4)**	**(37)**
Total Operating Income (Loss)		**(13'164)**	**(761)**
Operating Expenses			
Office		(207)	(238)
Professional fees		(637)	(775)
Management fees		(950)	(950)
Other general administrative expenses		(37)	(62)
Depreciation		(23)	(9)
Total Operating Expenses		**(1'854)**	**(2'034)**
Net Operating Income (Loss)		**(15'018)**	**(2'795)**
Interest income	7	624	901
Interest expense	11	(748)	(793)
Net Interest		**(124)**	**108**
Other income / (expenses)		(47)	81
Income (Loss) Before Tax		**(15'189)**	**(2'606)**
Income tax expenses	15	(159)	(224)
Net Income (Loss)		**(15'348)**	**(2'830)**
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		(278)	1'052
Total Comprehensive Income (Loss) for the year		**(15'626)**	**(1'778)**

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

GEFINOR SA

Société Anonyme de Titrisation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

December 31, 2018

(expressed in thousands of US dollars)

	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**

	Share capital	*Reserves*	*Legal reserve*	*Treasury shares*	*Retained earnings and net income for the year*	*Sub-total attributable to owners of Gefinor SA*
Balance, 01.01.2018	50'000	30'448	5'000	(5'096)	20'190	100'542
Loss for the year	-	-	-	-	(15'348)	(15'348)
Capital repayment	-	-	-	-	-	-
Variation of exchange difference on translating foreign operations (*)	-	-	-	-	(278)	(278)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(15'626)**	**(15'626)**
Balance, 31.12.2018	**50'000**	**30'448**	**5'000**	**(5'096)**	**4'564**	**84'916**

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

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

GEFINOR SA

Société Anonyme de Titrisation

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

(expressed in thousands of US dollars)

	31.12.2018	**31.12.2017**
Cash Flow from Operating Activities		
Real estate income paid by customers	418	463
Other operating assets and liabilities	-	41
Payments to services providers	(1'948)	(2'026)
Income taxes paid	(162)	(370)
Net Cash From Operating Activities	**(1'692)**	**(1'892)**
Cash Flow from Investing Activities		
Dividends received	-	-
Acquisition of investments	(565)	(677)
Proceeds from sale/distributions of financial assets at FVTPL	3'446	945
Net Cash Flow from Investing Activities	**2'881**	**268**
Cash flow from Financing Activities		
Interest received	-	-
Interest paid	(330)	(288)
(Increase) / decrease in loans and advances	(371)	(3'682)
Repayment of borrowings	(295)	(283)
Increase /(decrease) in client deposits	(1'048)	(884)
Net Cash Flow from Financing Activities	**(2'044)**	**(5'137)**
Effects of exchange rate differences	(18)	-
Net increase / (decrease) in cash equivalents	**(873)**	**(6'761)**
Cash and cash equivalents, beginning of year	**3'069**	**9'830**
Cash and cash equivalents, end of year	**2'196**	**3'069**

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 15, boulevard F.W. Raiffeisen, 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 consolidated financial statements are approved by the Board of Directors and authorized for issue on September 5, 2019. The annual general meeting that will approve the consolidated financial statements will take place on September 30, 2019.

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, 2018 are the same as those used for the preparation of the consolidated financial statements at December 31, 2017.

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 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 will have an impact on the Group's consolidated financial statements of the year 2019, as there are no leases for the Gefinor Group.

- *Other amendments*

Amendments made to IAS 12 income taxes and IAS 23 borrowing cost coming to effect from January 01, 2019 are not expected to have a material effect 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 consolidated financial statements that have had no material effect on the consolidated financial statements are set out hereafter.

- *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.

IFRS 9 is adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2018. The main impact is related to the implementation of the expected credit loss model instead of incurred loss model, which requires the Group to record additional impairment of USD 99 thousand on the Group's consolidated loans as of December 31, 2018.

- *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.

IFRS 15 does not have a material impact on the Group’s consolidated financial statements, as there is no material revenue from contracts with customers.

- IFRS 2, Classification and measurement of share based payment transactions

Classification and Measurement of Share-based Payment Transactions contains the following clarifications and amendments:

Accounting for cash-settled share-based payment transactions that include a performance condition

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

Classification of share-based payment transactions with net settlement features:

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. IFRS 2 provide requirements for the share based payment transactions with a net settlement feature for withholding tax obligations.

Accounting for modifications of share-based payment transactions from cash-settled to equity-settled:

Until now, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

- On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
- Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

The amendments to IFRS 2 have no material impact on the consolidated financial statements of the Group. Up to the year 2018 the Company has not recorded any significant share-based payments.

- *IAS 40 Transfer of investment property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Paragraph 57 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.

No significant impact from the standard amendments. As of the reporting date the Group holds investment property, however, there are no changes in the intension of the use of such investments.

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 18 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 2018, 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 21.

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 IFRS 9.

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. 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.

3.5. 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 year 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.

3.6. Taxation

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

3.6.1. 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.

3.6.2. 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.

3.6.3. 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.

3.7. 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.

3.8. 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 year in which they arise.

3.9. 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.

3.10. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the 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.
Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
• the 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
• the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see 3.10.2 below); and
• the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see 3.10.3 below).

3.10.1 Amortized cost and e Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit‐ impaired financial assets (i.e. assets that are credit‐ impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit‐ impaired financial assets, a credit‐ adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3.10.2 Debt and equity instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 4.1.1. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method (see 30.10.1 above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

On initial recognition, the Group may make an irrevocable election (on an instrument‐ by‐ instrument basis)
to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.
A financial asset is held for trading if:
• it has been acquired principally for the purpose of selling it in the near term; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short‐ term profit‐ taking; or
• it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

3.10.3 Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see 3.10.1 and 3.10.2 above) are measured at FVTPL. Specifically:
• Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
• Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item (note 4).Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item (note 4).

3.10.4 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.

3.10.5 Impairment of financial assets

For financial assets, other than those at FVTPL Tthe Group recognises a loss allowance for expected credit losses on investments in debt instruments that are
measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12‐ month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12‐ month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date
Total recorded amount of ECL at the reporting date amounted to USD 99 USD thousand.

3.10.6 Measurement and recognition of expected credit losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward‐ looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward‐ looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12‐ month ECL at the current reporting date, except for assets for which simplified approach was used

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3.10.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 asset, the Group recognises its retained interest in the asset and an associated liability for 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings

3.11. Financial liabilities and equity instruments issued by the Group

3.11.1. 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.

3.11.2. 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.

3.11.3. 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.

3.11.4. 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.

3.11.5. 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.

3.12. 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, 2018 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, 2018 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, 2018 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 April 2019 (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 March 9, 2019 (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, 2018, 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 9.05% in the Net Assets as reported in the capital account of 2018 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, 2018 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 2018 and 2017.

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

4.1.2.1 Net Asset 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 methods 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 18. 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 2018 and 2017 there was no change in the valuation methods.

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, 2018, the Company owns 54.78% of Gefus Capital Partners II, LP (December 31, 2017 : 57.19%).

As at December 31, 2017, the Company owned 27.75% of Gef Value Advantage Fund (Cayman) Ltd, the Fund was liquidated in 2018.

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 IFRS 9: 4.1.4.

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 IFRS 9: 4.1.4.

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 IFRS 9: 4.1.4. 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, 2018 and December 31, 2017 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 2018.

4.4. Useful life of property, plant and equipment

Depreciation on property, plant and equipment is charged to write off the cost over the estimated useful life using the straight-line method at 15% (furniture and equipment). Works of arts are not amortised.

NOTE 5 - CASH AND CASH EQUIVALENTS

In $'000	31.12.2018	31.12.2017
Petty Cash	4	17
Current bank accounts	2'192	3'052
	2'196	**3'069**

NOTE 6 - INVESTMENTS

In $'000	31.12.2018	31.12.2017
Financial assets at fair value through profit & loss		
Loan to Globe Holding SAL	57'093	68'928
Garden City project (New City)	20'154	22'652
Gefus Capital Partners II, LP.	9'788	10'705
GEF Private Equity Partners, SPC (1)	2'068	2'824
Gef Value Advantage Fund (Cayman) Ltd	-	1'116
Monterro 1 AB	1'510	619
Western Resource Investment II, LLC	649	688
MobiTV Inc.	34	34
	91'296	**107'566**

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, 2018:

	31.12.2018	31.12.2017
In $'000		
Aramoun Land (Globe Aramoun SAL) Lebanon	1'490	1'796
Byblos Land (RECD SAL), Lebanon	14'881	14'971
Kfardebian land, Lebanon	7'756	10'772
White House SAL	20'842	24'900
Yarzé Land (GREL Yarzé SAL & Globe Yarzé SAL), Lebanon	12'124	16'489
Total	**57'093**	**68'928**

In 2018, Gefinor Private Equity Limited sold a 2.41% interest in in Gefus Capital Partners II, LP. for USD 428 thousand. 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 2018, the Company invested USD 58 thousand and received USD 850 thousand in distributions from GEFPEP. In 2017, Gefinor Private Equity Limited funded an additional USD 46 thousand in GEFPEP and received USD 945 thousand in distributions from GEFPEP.

In 2018, the Company invested USD 86 thousand in Monterro I, AB and received USD 525 thousand in distributions. In 2017, Gefinor Private Equity Limited funded an additional USD 60 thousand in Monterro I, AB.

In 2018, the GEF Value Advantage Fund ceased its operations, the Company received net USD 1’100 thousand in distributions from GEF Value Advantage, the loss of the liquidation represents USD 18 thousand for Gefinor Private Equity Limited.

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

In $'000	**31.12.2018**	**31.12.2017**
PAPEF III-Buyout Segregated Portfolio	54	78
PAPEF III-Venture Segregated Portfolio	96	116
PAPEF III-Special Situations	39	59
CHARTERHOUSE CCP VIII	1	1
TPG Capital Partners V, L.P.	50	124
First Reserve Fund XI, L.P.	14	15
PAPEF IV-Buyout Segregated	160	180
PAPEF IV-Venture Segregated	231	311
PAPEF IV-Special Situations Se	92	140
SILVER LAKE PARTNERS III, L.P.	353	241
BRAEMAR ENERGY VENTURES II, LP	87	137
BLACKSTONE CP V L.P.Co-Inv.	1	4
SANKATY CREDIT OPPORT. IV,L.P.	13	24
PAPEF V-Special Situations	187	278
OAK HILL CAPITAL PARTNERS III,LP	114	185
GENERAL ATLANTIC INVESTMENT PARTNERS I, LP	576	931
Total GEFPEP	**2'068**	**2'824**

NOTE 7 - LOANS AND ADVANCES

In $'000	**31.12.2018**	**31.12.2017**
Short-term loans and advances		
To related parties		
Basmala Establishment	-	223
Gefinor Capital Management Inc.	93	112
Gefinor Management Limited	-	1'769
Gefinor Finance SAL	-	3'205
Globe Holding SAL	-	5'326
Loans and advances to personnel	-	110
	93	**10'745**
Long-term loans and advances to related parties		
Gefinor Capital Management Inc.	1'100	1'100
	1'100	**1'100**

Short-term loans and advances

The loan to Basmala Establishment of USD 223 thousand was a short term loan bearing interest rate of 2.5% of USD 3 month LIBOR. Basmala Establishment has repaid its loan in 2018.

The amount of USD 93 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 was an interest free advance.

The loan to Gefinor Finance SAL, Beirut of USD 3’205 thousand was a short term loan. The interest rate applicable is 2.0% over USD 1 year LIBOR.

The loan to Globe Holding SAL, amounting to USD 3,000 thousand, payable on demand was bearing an interest rate of 3.5% of USD 3 month LIBOR. The loan was guaranteed by a cash deposit of USD 3’000 thousand with Gefinor Finance SA

The loan to Globe Holding SAL, amounting to USD 2’326 thousand was payable on demand and bearing interest rate of 3.0% of USD 3 month LIBOR.

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:

In $ '000	31.12.2018	31.12.2017
In the second year	1'100	-
In the third year	-	1'100
In the fourth to fifth years inclusive	-	-
Subsequent years	-	-
	1'100	**1'100**
Loan interest rate ranges		
Libor 3 month + 2.5% to 3.5%	-	5'549
Fixed rate 3.5%	1'100	1'100
Libor 1 year +2%	-	3'205
Other interest rates	93	1'991
	1'193	**11'845**

Interest income on loans and advances is as follows:

In $'000	31.12.2018	31.12.2017
Bank deposits	9	100
Third party loans	195	-
Globe Holding SAL	203	445
Basmala Establishment	-	210
Gefinor Finance SAL	87	78
Other related parties	130	68
	624	**901**

NOTE 8 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS

In $'000	31.12.2018	31.12.2017
Expenses to be reimbursed	-	3
Receivable on asset sale (Redco Escrow)	-	288
Receivable from a related party	35	12
Trade receivables	-	123
Other receivables	24	1
	59	**427**

The receivables from related party are is an advance to a former officer of the Company and bears no interests. The receivable on asset sale of USD 288 thousand were received in April 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, 2018 based on an external valuation report performed in March 2019.

In $'000	**31.12.2018**	**31.12.2017**
Opening Balance	12'650	12'253
Reclassification	-	383
Translation adjustments	(145)	527
Fair value revaluation	(366)	(513)
Closing Balance	**12'139**	**12'650**

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

In $'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**

In $'000	**2017**	Additions	Retirements	Translation adjustments	**2018**
Cost	4'869	-	9	(32)	4'846
Accumulated depreciation	(2'101)	(23)	-	-	(2'124)
Total	**2'768**	**(23)**	**9**	**(32)**	**2'722**

Property, plant and equipment include property investment held for own use for an amount of USD 950 thousand (2017: USD 950 thousand). The fair value of the property investment held for own use is USD 3’873 thousand (2017: USD 3’873 thousand). The charge for accumulated depreciation is disclosed on the line “depreciation” of the consolidated statement of comprehensive income.

NOTE 11 - BANK OVERDRAFTS, BANK DEBT, BORROWINGS AND OTHER LONG TERM PAYABLES

Overdrafts and bank debt with maturity of less than 1 year:

In $ '000	31.12.2018	31.12.2017
Bank Overdraft	4'311	4'361
	4'311	**4'361**

Long-term borrowing and other long term payable:

Long-term payable	17	17
Mortgage (a)	10'688	11'100
	10'705	**11'117**

(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 280 thousand).

Debt is repayable as follows:

In $ '000	31.12.2018	31.12.2017
On demand or within one year	4'311	4'361
In the second year	284	290
In the third to fifth years	852	870
Subsequent years	9'569	9'957
	15'016	**15'478**

The weighted average interest rates paid were as follows:

	31.12.2018	31.12.2017
Short-term bank debt	2.56%	2.76%
Long-term bank debt	2.01%	1.55%
	2.17%	**1.89%**

Interest expenses by financing category were as follows:

In $'000	31.12.2018	31.12.2017
Interest on bank debts	111	118
Interest on mortgage financing	219	170
Interest on deposits	298	219
Interest on other financial liabilities	120	286
	748	**793**

NOTE 12 - CLIENT DEPOSITS

In $'000	**31.12.2018**	**31.12.2017**
Deposits from		
Third parties, on demand	4'702	3'723
Third parties, short-term deposits	-	8'713
Due on demand to related parties		
Due to Gefinor Finance SAL	1'696	-
Due to Gefinor Management Limited	1'545	13
Due to Fondation Ousseimi	158	64
Due to other related parties	(17)	5'018
Guarantee deposit		
Guarantee deposit from related parties	-	3'000
	8'084	**20'531**

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 2018 deposit of USD 3’000 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

In $'000	**31.12.2018**	**31.12.2017**
Trade payables	62	56
Accrued expenses	239	392
Others	49	80
	350	**528**

NOTE 14 - EQUITY

14.1. Capital

At December 31, 2018 and December 31, 2017 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, 2018 and December 31, 2017, Gefinor SA owned 448’820 (1.12%) of its own shares with a book value of USD 5.1 million.

14.4. Reserves

This reserve is available for distribution.

NOTE 15 - TAXATION

Taxes for Gefinor SA, as a securitization company, are assessed on the basis of its net income reduced by amounts payable or committed to be paid to Gefinor’s shareholders. As a result, group tax expense results from taxable income of Group subsidiaries under tax law of their jurisdictions at corporate tax rates payable by these subsidiaries.

In $'000	**31.12.2018**	**31.12.2017**
Current tax liabilities / (assets)	58	(24)
Other tax liabilities	141	141
	199	**117**

In $'000	**31.12.2018**	**31.12.2017**
Deferred tax liabilities		
Geneva Building	1'040	1'129
	1'040	**1'129**

Deferred taxes of USD 1’040 thousand (2017: USD 1’129 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 - REALISED AND UNREALISED GAINS / (LOSSES) ON INVESTMENTS

In $'000	31.12.2018	31.12.2017
Net realised gains / (losses) on investments		
Liquidation Gef Value Advantage Fund	(18)	-
Sale of Gefus II Interest	-	-
Other realized losses	(75)	(75)
	(93)	**(75)**
Net unrealised gains / (losses) on investments		
Gefus Capital Partners II, LP	(488)	409
MobiTV, Inc.	-	(70)
Gef Private Equity Partners, SPC (GEFPEP)	36	446
Monterro I, AB	1'330	79
Globe Holding SAL loan valuation	(11'835)	(461)
New City Investment	(2'498)	(8)
Gef Value Advantage Fund	-	(4)
Geneva Building	(533)	466
Others investments	(39)	(38)
	(14'027)	**819**

NOTE 17 - REAL ESTATE INCOME

Real Estate income consists of the rental income of the Geneva building of USD 478 thousand (2017: USD 373 thousand).

NOTE 18 - RISK MANAGEMENT

Capital risk

Debt relationships are reviewed regularly by the Board.

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

In $'000	**31.12.2018**	**31.12.2017**
Debt	15'016	15'478
Cash	(2'196)	(3'069)
Net Debt	**12'820**	**12'409**
Equity	**84'916**	**100'542**
Net Debt to equity ratio	**15.1%**	**12.3%**

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.

In $'000	**31.12.2018**	**31.12.2017**
Cash and cash equivalents	2'196	3'069
Fair value through profit and loss		
Level 1 - Trading investment at FVTPL	-	-
Level 2 - Investments at FVTPL	3'578	4'559
Level 3 - Investments at FVTPL	30'625	34'079
Amortised cost		
Loans and advances	1'193	11'845
Trade and other receivables	59	427
Financial liabilities		
Amortised cost		
Bank loans	15'016	15'478
Deposits from clients	8'084	20'531
Trade and other payables	350	528

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, 2018 and December 31, 2017.

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

In $'000	31.12.2018	31.12.2017
Opening Balance	34'079	33'212
Total gains or losses in profit or loss	(3'454)	295
Purchases	-	572
Sales	-	-
Closing Balance	**30'625**	**34'079**

All level 3 investments are unquoted securities at FVTPL. Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period amount to a loss of USD 3’454 thousand for 2018 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 Holdings SAL represent about 53% of the total assets of the Group as of December 31, 2018. 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 Holdings SAL;
- The quarterly review of the activity reports provided by Globe Holdings SAL
- Regular communication with the management of Globe Holdings 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 93 thousand (2017: 445 thousand) as per the following detail:

In $'000	**31.12.2018**	Of which collateral	**31.12.2017**	Of which collateral
To third parties	-	-	-	-
To related parties				
Basmala Establishment	-	-	223	-
Globe Holding SAL	-	-	5'326	5'326
Gefinor Finance SAL	-	-	3'205	3'205
Gefinor Capital Management Inc.	1'193	1'100	1'212	1'100
Other loans to related parties	-	-	1'879	1'769
	1'193	**1'100**	**11'845**	**11'400**
% of portfolio with collateral		92.2%		96.2%

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

In $'000	**31.12.2018**	Fully performing	Past due
Receivable from a related party	35	35	-
Prepaid expenses	24	24	-
	59	**59**	**-**

In $'000	**31.12.2017**	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**	**-**

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 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 extend short-term bank debts on a recurring basis;
- 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, 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**	**-**

Other assets could be sold to match liabilities and commitments.

Liquidity analysis for the year ending December 31, 2018

In $'000	**2019** Mandatory repayment	**2020** Mandatory repayment	**2021** Mandatory repayment	**2022** Mandatory repayment	**2023** Mandatory repayment
Principal repayment	(4'311)	(280)	(280)	(280)	(280)
Interest (estimate)	(129)	(128)	(125)	(119)	(115)
Total mandatory repayments	**(4'440)**	**(408)**	**(405)**	**(399)**	**(395)**

	2019	**2020**	**2021**	**2022**	**2023**
Cash planning					
Bank debts and borrowings	(4'440)	(408)	(405)	(399)	(395)
Deposits	(8'084)	-	-	-	-
Trade and other payables	(350)	-	-	-	-
Current tax liabilities	(199)	-	-	-	-
Total cash liabilities	**(13'073)**	**(408)**	**(405)**	**(399)**	**(395)**
Cash and cash equivalents	2'196	-	-	-	-
Loans and advances	93	-	-	-	-
LT loans and advances	-	-	1'100	-	-
Trade receivables and other current assets	59	-	-	-	-
Total cash assets	**2'348**	**-**	**1'100**	**-**	**-**

The cash liabilities of USD 13’073 thousand are above the total cash assets of USD 2’348 thousand. Out of the total client deposits of USD 8’084 thousand, USD 3’382 thousand are due to related parties. Given the history and the relationship with these related parties, the Company does not expect that these deposits be retrieved within the next twelve months. The bank debt of USD 4’440 thousand being a roll-over facility renewed every 6 month, the Company does not expect having to repay this bank debt within the next twelve months. Taken into consideration the remaining liquidity gap of USD 2’903 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, 2018, the Group foreign exchange exposure on a consolidated basis is as follows:

In $'000	31.12.2018	31.12.2017
CHF exposure		
Assets	9'224	9'570
Liabilities	(14'978)	(15'653)
	(5'754)	**(6'083)**
EUR exposure		
Assets	375	448
Liabilities	(907)	(1'270)
	(532)	**(822)**
GBP exposure		
Assets	-	10
Liabilities	-	-
	-	**10**

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 575 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 53 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 100 thousand (2017: USD 170 thousand).

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

	31.12.2018	31.12.2017
Financial assets		
Cash and cash equivalents	2'196	3'069
Loans - Libor	-	8'754
Fixed interest rate	1'100	1'100
Other interest rate	93	1'991
	3'389	**14'914**
Financial liabilities		
Bank debts - Libor 3 month	-	-
Bank debts - Libor - other terms	15'016	15'478
Deposits - Libor 3 month	4'702	3'723
Deposits - Libor other terms	-	16'808
	19'718	**36'009**
Net financial assets (liabilities)	**(16'329)**	**(21'095)**

(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 decreased in average by 15% in 2018 (2017: unchanged). An increase or a decrease of 10% in the Lebanese real estate market might impact the Group's loan to Globe Holding SAL in the same magnitude and accordingly impact positively or negatively the Group's consolidated financial statements by USD 6.0 million (2017: USD 6.8 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 3.4 million (2017: 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 19 - COMMITMENTS

At December 31, 2018, the Group had funding commitments in Gef Private Equity Partners, SPC of USD 1.0 million (December 31, 2017 : USD 1.0 million), funding commitment in Gefus Capital Partners II, LP of USD 4.17 million (December 31, 2017 : USD 4.36 million) and funding commitment in Monterro I, AB of USD 177 thousand (2017: USD 324 thousand).

There is no lease payment commitment and no contingent rents.

NOTE 20 - OTHER RELATED PARTY INFORMATION

Remuneration allocated to the Board of Directors in 2018 is USD 20 thousand (2017: 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 agreement are valid for a period of 3 years as from January 1st 2016, and may be renewed by tacit agreement for a period of one year in the absence of 6 months’ notice given by either party prior to each renewal. The remuneration charged in relation to the agreement consists of a management fee of 5% calculated on the consolidated total net income of Gefinor SA as appearing on the balance sheet as of December 31 of the preceding year and paid annually on high water mark.

NOTE 21 - CONSOLIDATED SUBSIDIARIES

Subsidiaries	Country	Effective Interest % 2018	Effective Interest % 2017
Gefinor Finance Holding Limited	Gibraltar	100	100
Gefinor Finance SA	Switzerland	100	100
Gefinor Capital Services S.A.	Switzerland	100	100
Gefinor Private Equity Limited	Gibraltar	100	100
Alexander Doll Company Inc. (In Liquidation)	USA	72	72
Gefinor Real Estate Limited	Gibraltar	100	100

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.

Transactions during the year ended December 31, 2018

In 2018, no transaction, changing the scope of consolidation, occurred.

NOTE 22 - 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 2018 and 2017 in accordance with the requirements of IFRS 8 is as follows:

GEFINOR SA

Société Anonyme de Titrisation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

- Continued -

NET ASSETS 2017

in $'000

	Private Equity	Real Estate	Finance	Corporate	Conso.	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**	**91'868**	**98'810**	**4'667**	**(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**	**22'233**	**40'624**	**4'207**	**36**	**100'542**

NET INCOME 2017

in $'000

	Private Equity	Real Estate	Finance	Corporate	Conso.	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)**

NET ASSETS 2018 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Segment current assets	35	-	2'195	25	-	2'255
Segment financial investments	14'047	77'249	-	-	-	91'296
Segment loans and advances	19'751	-	69'907	4'297	(92'762)	1'193
Segment investment property	-	-	12'138	-	1	12'139
Segment property, plant & Equipm.	-	-	2'723	-	(1)	2'722
Total Assets	**33'833**	**77'249**	**86'963**	**4'322**	**(92'762)**	**109'605**
Segment current liabilities	-	69'814	35'530	362	(92'762)	12'944
Segment Non-current liabilities	-	-	11'745	-	-	11'745
Total Liabilities	**-**	**69'814**	**47'275**	**362**	**(92'762)**	**24'689**
Total Net Assets	**33'833**	**7'435**	**39'688**	**3'960**	**-**	**84'916**

NET INCOME 2018 in $'000	**Private Equity**	**Real Estate**	**Finance**	**Corporate**	**Conso.**	**Total**
Dividends	-	-	-		-	-
Real estate income	-	-	478	-	-	478
Realised gain /(losses) on investments	(93)	-	-	-	-	(93)
Unrealised gain /(losses) on investments	838	(13'593)	(777)	-	(13)	(13'545)
Income from services	-	-	(4)	-	-	(4)
Total Operating Income	**745**	**(13'593)**	**(303)**	**-**	**(13)**	**(13'164)**
Operating expenses	(421)	(364)	(789)	(257)	-	(1'831)
Depreciation	-	-	(23)	-	-	(23)
Net Operating Income	**324**	**(13'957)**	**(1'115)**	**(257)**	**(13)**	**(15'018)**
Interest income	33	195	1'450	11	(1'065)	624
Interest expenses	(0)	(1'036)	(792)	-	1'080	(748)
Non operating income / (expenses)	101	-	(54)	6	(100)	(47)
Income Before Tax	**458**	**(14'798)**	**(511)**	**(240)**	**(98)**	**(15'189)**
Taxes	-	-	(153)	(6)	-	(159)
Net Income (loss)	**458**	**(14'798)**	**(664)**	**(246)**	**(98)**	**(15'348)**

NOTE 23 - STAFF HEADCOUNT

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

NOTE 24 - OTHER INCOME / (EXPENSES)

In $'000	31.12.2018	31.12.2017
Other expenses	(47)	-
Other income	-	81
	(47)	**81**

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).

In 2018, other expenses consist mainly in VAT charges for the years 2015 to 2017 at Gefinor Finance SA.

NOTE 25 – CHANGES IN LIABILITIES ARISING FROM FINANCING

In $'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**

In $'000	2017	Cash Flows	Non cash transfers	Fair value changes	Foreign exchange	2018
Loans and advances	11'845	(374)	(10'278)	-	-	1'193
Borrowings	15'478	(283)	-	-	(179)	15'016
Client deposits	20'531	(1'048)	(11'429)	-	30	8'084
Total	**47'854**	**(1'705)**	**(21'707)**	**-**	**(149)**	**24'293**

NOTE 26 - POST BALANCE SHEET EVENTS

At the Extraordinary General Meeting of the Shareholders held on April 12, 2019, the Company decided to transfer the registered office of the Company from Luxembourg to Clarendon House, 2 Church Street, Hamilton, HM CX, Bermuda, and in view of such transfer of the registered office, the adoption of new articles of association in conformity with Bermudian law to become effective upon the registration of the Company in the Company registry of Bermuda. Upon registration the Company will become a company subject to Bermuda law.

GEFINOR S.A.
SOCIETE ANONYME DE TITRISATION

ANNUAL ACCOUNTS AND REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

DECEMBER 31, 2018

15, Boulevard F.W. Raiffeisen
L-2411 Luxembourg
R.C.S. Luxembourg : B 008.282

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To the Shareholders of
Gefinor S.A.
Société Anonyme de Titrisation
15, Boulevard F.W. Raiffeisen
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment by the General Meeting of the Shareholders dated 27 June 2018, we have audited the accompanying annual accounts of Gefinor S.A., which comprise the balance sheet as at December 31, 2018 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

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

Responsibility of the Réviseur d'entreprises agréé

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

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Gefinor S.A., as at December 31, 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Raphaël Charlier, *Réviseur d'entreprises agréé*
Partner

Luxembourg, September , 2019

Gefinor S.A.
Société Anonyme de Titrisation
BALANCE SHEET
December 31, 2018
(in US dollars)

ASSETS	December 31, 2018	December 31, 2017	CAPITAL, RESERVES AND LIABILITIES	December 31, 2018	December 31, 2017
FIXED ASSETS	77'138'879.21	77'506'366.53	CAPITAL AND RESERVES (note 6)	77'962'884.16	78'233'777.78
			Subscribed capital	49'975'530.10	50'000'000.00
Financial assets			Reserves		
Shares in affiliated undertakings (note 3)	72'842'342.75	72'842'342.75	Legal reserve	5'000'000.00	5'000'000.00
Loan to affiliated undertakings (note 4)	4'296'536.46	4'664'023.78	Reserve for own shares	1'184'885.00	1'184'885.00
CURRENT ASSETS	1'186'070.76	1'187'338.05	Other available reserves		
			Other reserves, including the fair value reserve	36'482'566.05	36'482'566.05
DEBTORS			Profit or loss brought forward	(14'433'673.27)	(14'159'302.17)
Other debtors			Profit or loss for the financial year	(246'423.72)	(274'371.10)
Becoming due and payable within one year	1.00	1.00	CREDITORS		
Investments			Trade Creditors		
Own Shares (note 5)	1'184'885.00	1'184'885.00	Becoming due and payable within one year	362'065.81	459'926.80
Cash at bank and in hand	1'184.76	2'452.05			
TOTAL (ASSETS)	**78'324'949.97**	**78'693'704.58**	**TOTAL (CAPITAL, RESERVES AND LIABILITIES)**	**78'324'949.97**	**78'693'704.58**

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The notes form an integral part of the annual accounts.

Gefinor S.A.

Société Anonyme de Titrisation

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

(in US dollars)

PROFIT AND LOSS ACCOUNT	2018	2017
Raw materials and consumables and other external expenses		
Other external expenses (note 7)	(278'302.48)	(364'671.02)
Value adjustments		
In respect of current assets	27'266.62	-
Other interest receivable and similar income		
Derived from affiliated undertakings	11'074.17	61'338.99
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)
Tax on profit or loss	(6'462.03)	(5'244.51)
Other taxes not included in tax on profit and loss	-	(4'452.25)
Profit or (loss) for the financial year	(246'423.72)	(274'371.10)

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The notes form an integral part of the annual accounts.

NOTE 1 - GENERAL

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

	2018 USD	2017 USD
Cost, at beginning of year	110'016'977.08	110'016'977.08
Additions	-	-
Disposals	-	-
Cost, at end of year	110'016'977.08	110'016'977.08
Value adjustments, at beginning of year	(37'174'634.33)	(37'174'634.33)
Additions	-	-
Disposals	-	-
Reversals	-	-
Value adjustment, at end of year	(37'174'634.33)	(37'174'634.33)
Net Book value		
At beginning of the year	72'842'342.75	72'842'342.75
At end of the year	72'842'342.75	72'842'342.75

		December 31, 2018				December 31, 2017			
	Country	**Number of shares**	**Cost**	**Carrying amount**	**Effective interest**	**Number of shares**	**Cost**	**Carrying amount**	**Effective interest**
					%				%
			USD	**USD**			**USD**	**USD**	
Shares in affiliated undertakings									
Gefinor Real Estate Limited	Gibraltar	32'175'013	2'355'342.75	2'355'342.75	100.00%	32'175'013	2'355'342.75	2'355'342.75	100.00%
Gefinor Private Equity Limited	Gibraltar	63'000'000	54'661'633.33	30'294'000.00	100.00%	63'000'000	54'661'633.33	30'294'000.00	100.00%
Gefinor Finance Holding Limited	Gibraltar	53'000'000	53'000'000.00	40'193'000.00	100.00%	53'000'000	53'000'000.00	40'193'000.00	100.00%
			110'016'976.08	72'842'342.75			110'016'976.08	72'842'342.75	

NOTE 4 –LOAN TO AFFILIATED UNDERTAKINGS

	2017 **USD**	**2017** **USD**
Financial debtors (*)		
Gefinor Finance SA	296'536.46	664'023.78
Gefinor Finance Holding Limited	4'000'000.00	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, 2017 and December 31, 2018, 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.

At December 31 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.

	Subscribed capital	Other reserves	Legal reserve	Treasury shares reserve	Result brought forward	Result of the year	Total Capital and reserves
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**
Balance 01.01.2018	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
Allocation of income	-	-	-	-	(274'371.10)	274'371.10	-
Reduction of capital	(24'469.90)	-	-	-	-	-	(24'469.90)
Net income (loss) of the year	-	-	-	-	-	(246'423.72)	(246'423.72)
Balance 31.12.2018	**49'975'530.10**	**36'482'566.05**	**5'000'000.00**	**1'184'885.00**	**(14'433'673.27)**	**(246'423.72)**	**77'962'884.16**

NOTE 7 - OTHER EXTERNAL EXPENSES

	2018 USD	2017 USD
Administrative expenses	8'841.24	16'408.47
Professional fees	256'917.15	332'820.91
Other expenses	12'544.09	15'441.64
	278'302.48	364'671.02

Professional fees include remuneration allocation to the Board of Directors of USD 16’000 in 2018 (2017: 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 8 – POST BALANCE SHEET EVENTS

At the Extraordinary General Meeting of the Shreholders held on April 12, 2019, the Company decided to transfer the registered office of the Company from Luxembourg to Clarendon House, 2 Church Street, Hamilton, HM CX, Bermuda, and in view of such transfer of the registered office, the adoption of new articles of association in conformity with Bermudian law to become effective upon the registration of the Company in the Company registry of Bermuda.