



# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2015 / US\$ 000's	30 June 2015 (reviewed)	31 December 2014 (audited) (restated)	30 June 2014 (reviewed) (restated)
<b>ASSETS</b>			
Cash and bank balances	154,230	129,938	151,628
Placements with financial institutions	177,268	248,482	207,817
Financing assets	805,848	782,628	709,619
Investment securities	583,944	482,596	424,488
Assets acquired for leasing	141,082	114,008	94,072
Investment properties	313,635	313,635	273,967
Development properties	127,251	131,317	161,020
Equity-accounted investees	22,217	26,901	22,064
Intangible assets	125,090	125,176	125,220
Property, plant and equipment	162,625	166,445	159,650
Other assets	371,618	261,116	277,275
<b>Total assets</b>	<b>2,984,808</b>	<b>2,782,242</b>	<b>2,606,820</b>
<b>LIABILITIES</b>			
Investors' funds	9,634	18,675	13,844
Placements from financial institutions, other entities and individuals	329,275	339,458	383,485
Customer current accounts	149,073	111,684	106,601
Financing liabilities	255,024	249,340	271,700
Other liabilities	187,205	149,872	185,999
<b>Total liabilities</b>	<b>930,211</b>	<b>869,029</b>	<b>961,629</b>
<b>Equity of investment account holders</b>	<b>963,469</b>	<b>895,558</b>	<b>806,699</b>
<b>OWNERS' EQUITY</b>			
Share capital	597,995	1,253,626	837,901
Treasury shares	(948)	(912)	(912)
Capital adjustment account	-	(809)	(229,656)
Statutory reserve	70,060	70,060	68,146
Retained Earnings / (Accumulated losses)	17,039	(203,608)	(205,934)
Fair value reserve	(585)	(2,366)	(49)
Share grant reserve	1,129	1,129	1,442
Foreign currency translation reserve	(842)	(780)	(471)
<b>Total equity attributable to shareholders of the Bank</b>	<b>706,570</b>	<b>641,567</b>	<b>470,467</b>
Non-controlling interests	384,558	376,088	368,025
<b>Total owners' equity</b>	<b>1,091,128</b>	<b>1,017,655</b>	<b>838,492</b>
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>2,984,808</b>	<b>2,782,242</b>	<b>2,606,820</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2015 / (US\$ 000's) (reviewed) (restated)	Attributable to shareholders of the Bank									Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained Earnings / (Accumulated losses)	Fair value reserve	Share grant reserve	Foreign currency translation reserve	Total		
Balance at 1 January 2015	-	-	-	-	(165,851)	(2,345)	1,129	(780)	678,536	187,194	865,730
As previously reported	1,253,626	(912)	(475,582)	69,251	(167,151)	(21)	-	-	(36,969)	188,894	191,925
Impact of consolidation	-	-	-	-	-	-	-	-	-	-	-
<b>As restated</b>	<b>1,253,626</b>	<b>(912)</b>	<b>(475,582)</b>	<b>70,060</b>	<b>(203,608)</b>	<b>(2,366)</b>	<b>1,129</b>	<b>(780)</b>	<b>641,567</b>	<b>376,088</b>	<b>1,017,655</b>
Profit for the period	-	-	-	-	3,320	-	-	-	3,320	10,340	13,660
Fair value changes	-	-	-	-	-	1,781	-	-	1,781	-	1,781
Foreign currency translation differences	-	-	-	-	-	-	-	(62)	(62)	(117)	(179)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,320</b>	<b>1,781</b>	<b>-</b>	<b>(62)</b>	<b>5,039</b>	<b>10,223</b>	<b>15,262</b>
Conversion of Murabaha to capital	241,361	-	(181,361)	-	-	-	-	-	60,000	-	60,000
Capital reduction	(896,992)	-	679,665	-	217,327	-	-	-	-	-	-
Purchase of treasury shares	-	(36)	-	-	-	-	-	-	-	(36)	(36)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,753)	(1,753)
<b>Balance at 30 June 2015</b>	<b>597,995</b>	<b>(948)</b>	<b>22,722</b>	<b>70,060</b>	<b>17,039</b>	<b>(585)</b>	<b>1,129</b>	<b>(842)</b>	<b>706,570</b>	<b>384,558</b>	<b>1,091,128</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2015 / (US\$ 000's) (continued) (reviewed) (restated)	Attributable to shareholders of the Bank									Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained Earnings / (Accumulated losses)	Fair value reserve	Share grant reserve	Foreign currency translation reserve	Total		
Balance at 1 January 2014	-	-	-	-	(310,185)	-	1,242	-	5,009,916	-	5,009,916
As previously reported	972,281	(912)	(229,656)	68,146	(410,822)	(49)	-	-	(40,821)	182,501	141,580
Impact of consolidation	-	-	-	-	(351,057)	(49)	1,242	-	459,995	-	642,496
<b>As restated</b>	<b>972,281</b>	<b>(912)</b>	<b>(229,656)</b>	<b>68,146</b>	<b>(761,879)</b>	<b>(98)</b>	<b>1,242</b>	<b>-</b>	<b>459,995</b>	<b>182,501</b>	<b>642,496</b>
Profit for the period	-	-	-	-	10,743	-	-	-	4,140	14,883	19,026
Foreign currency translation differences	-	-	-	-	-	-	-	(471)	(471)	(915)	(1,386)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,743</b>	<b>-</b>	<b>-</b>	<b>(471)</b>	<b>10,272</b>	<b>3,225</b>	<b>13,497</b>
Capital reduction	(134,380)	-	-	-	134,380	-	-	-	-	-	-
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	200	-	200	-	200
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	182,299	182,299
<b>Balance at 30 June 2014</b>	<b>837,901</b>	<b>(912)</b>	<b>(229,656)</b>	<b>68,146</b>	<b>(205,934)</b>	<b>(49)</b>	<b>1,442</b>	<b>(471)</b>	<b>470,467</b>	<b>368,025</b>	<b>838,492</b>

The Board of Directors approved the condensed consolidated interim financial information on 12 August 2015, and signed on its behalf by:

**Ahmed Al Mutawa** Chairman  
**Mosabah Saif Al Mautariy** Vice Chairman  
**Hisham Alrayes** Chief Executive Officer

\*The above Condensed Consolidated Balance Sheet, Income Statement, Statement of Cash Flow and the Changes in Owners' Equity have been extracted from Condensed Consolidated Interim Financial Statements of GFH Financial Group B.S.C. for the six months ended 30th June 2015, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 12 August 2015.

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2015 / US\$ 000's	Six-months ended		Three-months ended	
	30 June 2015 (reviewed)	30 June 2014 (reviewed) (restated)	30 June 2015 (reviewed)	30 June 2014 (reviewed) (restated)
Income from investment banking services	21,022	-	-	2,077
Management and other fees	238	2,581	119	415
Income from placements with financial institutions	740	849	398	415
Income from financing assets and assets acquired for leasing	27,737	25,485	13,148	11,493
Share of profits of equity-accounted investees	1,838	2,635	1,010	-
Income from investment securities, net	9,877	4,187	7,635	1,902
Foreign exchange (loss) / gain, net	(1,730)	94	53	88
Other income	5,491	41,908	4,490	37,167
<b>Total income before return to investment account holders and finance expenses</b>	<b>65,213</b>	<b>77,739</b>	<b>36,242</b>	<b>53,142</b>
Less: Return to investment account holders	(9,263)	(12,782)	(3,902)	(5,910)
Less: Finance expense	(8,897)	(12,011)	(4,229)	(5,662)
<b>Income from banking business</b>	<b>47,053</b>	<b>52,946</b>	<b>28,111</b>	<b>41,570</b>
Revenue from industrial business	61,521	45,322	33,293	22,857
Less: Cost of sales	(52,971)	(37,742)	(28,726)	(19,976)
<b>Income from industrial business</b>	<b>8,550</b>	<b>7,580</b>	<b>4,567</b>	<b>2,881</b>
<b>Total income</b>	<b>55,603</b>	<b>60,526</b>	<b>32,678</b>	<b>44,451</b>
Staff cost	16,226	13,237	9,481	8,032
Investment advisory expenses	3,949	2,738	2,367	1,961
Other operating expenses	13,672	16,987	7,636	11,689
<b>Total expenses of banking business</b>	<b>33,847</b>	<b>32,962</b>	<b>19,484</b>	<b>21,682</b>
Other operating expenses of industrial business	5,792	2,349	3,491	331
<b>Total expenses</b>	<b>39,639</b>	<b>35,311</b>	<b>22,975</b>	<b>22,013</b>
<b>PROFIT FOR THE PERIOD BEFORE IMPAIRMENT</b>	<b>15,964</b>	<b>25,215</b>	<b>9,703</b>	<b>22,438</b>
Less: Impairment allowances	(2,304)	(10,332)	(2,086)	(10,053)
<b>PROFIT FOR THE PERIOD</b>	<b>13,660</b>	<b>14,883</b>	<b>7,617</b>	<b>12,385</b>
<b>Attributable to:</b>				
Shareholders of the Bank	3,320	10,743	1,120	9,508
Non-controlling interests	10,340	4,140	6,497	2,877
	<b>13,660</b>	<b>14,883</b>	<b>7,617</b>	<b>12,385</b>
<b>Earnings per share</b>				
Basic earnings per share (US cents)	0.13	0.85	0.05	0.75
Diluted earnings per share (US cents)	0.13	0.85	0.05	0.75

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2015 / US\$ 000's	30 June 2015 (reviewed)	30 June 2014 (reviewed) (restated)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	13,660	14,883
Adjustments for:		
Income from investment securities	(9,877)	(2,025)
Share of profit of equity-accounted investees	(1,838)	(2,635)
Foreign exchange loss / (gain)	1,730	(94)
Income from investment banking services	(21,022)	-
Other income	(1,931)	(37,342)
Impairment allowance	2,304	9,332
Depreciation and amortisation	2,290	927
Impairment of receivables	80	-
Finance expenses	3,198	7,073
	<b>(11,466)</b>	<b>(9,881)</b>
Changes in:		
Financing assets	(23,220)	(64,809)
Assets acquired for leasing	(27,074)	(9,436)
Other assets	(88,287)	712
CBB Reserve balance	(3,050)	(3,660)
Investors' funds	(5,239)	(6,768)
Placements from financial, non-financial institutions and individuals	(13,985)	(38,546)
Customer current accounts	37,389	58,464
Equity of investment account holders	67,911	31,822
Other liabilities	68,942	(2,163)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,921</b>	<b>(37,825)</b>
<b>INVESTING ACTIVITIES</b>		
Payment for purchase of equipment, net	(5,432)	(824)
Purchase of investment securities	(168,253)	(63,200)
Advance for investments	-	(2,696)
Proceeds from sale of investment securities	65,345	68,972
Proceeds from sale of assets held-for-sale	-	9,890
Dividend/Income from sukuk investments	5,736	1,499
Acquisition of subsidiaries	-	7,341
<b>Net cash (used in) / generated from investing activities</b>	<b>(102,604)</b>	<b>20,982</b>
<b>FINANCING ACTIVITIES</b>		
Financing liabilities, net	(2,726)	(7,376)
Finance expense paid	(4,774)	(1,614)
Dividend paid (including non-controlling interests)	(1,753)	(10)
Proceeds from issue of convertible murabaha	60,000	-
Purchase of treasury shares	(36)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>50,711</b>	<b>(9,000)</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(49,972)</b>	<b>(25,843)</b>
Cash and cash equivalents at 1 January	333,659	304,362
<b>CASH AND CASH EQUIVALENTS AS AT 30 June</b>	<b>283,687</b>	<b>278,519</b>
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding balances with Central Bank in reserve account)	106,419	76,636
Placements with financial institutions	177,268	201,883
	<b>283,687</b>	<b>278,519</b>