



# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the nine months ended 30 September 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 September 2015 (reviewed)	31 December 2014 (audited) (restated)	30 September 2014 (reviewed) (restated)
As at 30 September 2015 / US\$ 000's			
<b>ASSETS</b>			
Cash and bank balances	143,270	129,938	130,124
Placements with financial institutions	147,233	248,482	232,363
Financing assets	840,815	782,628	698,415
Investment securities	595,228	482,596	473,669
Assets acquired for leasing	148,881	114,008	103,363
Investment properties	313,634	313,635	291,429
Development properties	120,118	131,317	144,887
Assets held-for-sale	-	-	34,925
Equity-accounted investees	22,210	26,901	22,235
Intangible assets	125,020	125,176	125,220
Property, plant and equipment	168,140	166,445	160,309
Other assets	339,149	261,116	258,752
<b>Total assets</b>	<b>2,963,698</b>	<b>2,782,242</b>	<b>2,675,691</b>
<b>LIABILITIES</b>			
Investors' funds	6,249	18,675	15,617
Placements from financial institutions, other entities and individuals	319,571	339,458	324,829
Customer current accounts	158,081	111,684	101,574
Financing liabilities	215,573	249,340	237,664
Other liabilities	183,468	149,872	174,338
<b>Total liabilities</b>	<b>882,942</b>	<b>869,029</b>	<b>854,022</b>
<b>Equity of investment account holders</b>	<b>993,400</b>	<b>895,558</b>	<b>845,095</b>
<b>OWNERS' EQUITY</b>			
Share capital	597,995	1,253,626	1,133,959
Treasury shares	(4,053)	(912)	(912)
Capital adjustment account	22,420	(475,582)	(395,114)
Statutory reserve	70,060	70,060	68,146
Retained earnings / (accumulated losses)	18,177	(203,608)	(199,892)
Fair value reserve	(2,569)	(2,366)	(49)
Share grant reserve	-	893	119
Foreign currency translation reserve	(1,082)	(780)	(678)
<b>Total equity attributable to shareholders of the Bank</b>	<b>701,841</b>	<b>641,567</b>	<b>606,126</b>
Non-controlling interests	385,515	376,088	370,448
<b>Total owners' equity</b>	<b>1,087,356</b>	<b>1,017,655</b>	<b>976,574</b>
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>2,963,698</b>	<b>2,782,242</b>	<b>2,675,691</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY	Attributable to shareholders of the Bank										
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained earnings / (accumulated losses)	Fair value reserve	Share grant reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total owners' equity
Balance at 1 January 2015											
As previously reported	1,253,626	(912)	(475,582)	69,251	(165,851)	(2,345)	1,129	(780)	678,536	187,194	865,730
Impact of consolidation	-	-	-	809	(37,757)	(21)	-	(36,969)	188,894	151,925	191,925
<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	-	-	-	-	4,081	-	-	-	4,081	13,900	17,981
Fair value changes	-	-	-	-	-	(203)	-	-	(203)	-	(203)
Foreign currency translation differences	-	-	-	-	-	-	-	(302)	(302)	(117)	(419)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,081</b>	<b>(203)</b>	<b>-</b>	<b>(302)</b>	<b>3,576</b>	<b>13,783</b>	<b>17,359</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	-	(4,594)	-	-	-	-	-	(4,594)	-	-	(4,594)
Sale of treasury shares	-	1,453	-	-	-	-	-	1,453	-	-	1,453
Loss on sale of treasury shares	-	-	(302)	-	-	-	-	(302)	-	-	(302)
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	(236)	(236)	-	-	(236)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(3,979)	(3,979)	-
Movement in non-controlling interests	-	-	-	-	377	-	-	-	377	(377)	-
<b>Balance at 30 September 2015</b>	<b>597,995</b>	<b>(4,053)</b>	<b>22,420</b>	<b>70,060</b>	<b>18,177</b>	<b>(2,569)</b>	<b>893</b>	<b>(1,082)</b>	<b>701,841</b>	<b>385,515</b>	<b>1,087,356</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued)	Attributable to shareholders of the Bank										
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Accumulated losses	Fair value reserve	Share grant reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total owners' equity
Balance at 1 January 2014											
As previously reported	972,281	(912)	(229,656)	68,146	(310,185)	-	1,242	-	500,916	-	500,916
Impact of consolidation	-	-	-	-	(40,872)	(49)	-	-	(40,921)	182,501	141,580
<b>As restated</b>	<b>972,281</b>	<b>(912)</b>	<b>(229,656)</b>	<b>68,146</b>	<b>(351,057)</b>	<b>(49)</b>	<b>1,242</b>	<b>-</b>	<b>459,995</b>	<b>182,501</b>	<b>642,496</b>
Profit for the period	-	-	-	-	16,785	-	-	-	16,785	6,357	23,142
Foreign currency translation differences	-	-	-	-	-	-	-	(678)	(678)	(709)	(1,387)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,785</b>	<b>-</b>	<b>-</b>	<b>(678)</b>	<b>16,107</b>	<b>5,648</b>	<b>21,755</b>
Conversion of murabaha to capital	296,058	-	(165,458)	-	-	-	-	-	130,600	-	130,600
Capital reduction	(134,380)	-	-	-	134,380	-	-	-	-	-	-
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	(576)	-	(576)	-	(576)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	182,299	182,299
<b>Balance at 30 September 2014</b>	<b>1,133,959</b>	<b>(912)</b>	<b>(395,114)</b>	<b>68,146</b>	<b>(199,892)</b>	<b>(49)</b>	<b>666</b>	<b>(678)</b>	<b>606,126</b>	<b>370,448</b>	<b>976,574</b>

The Board of Directors approved the condensed consolidated interim financial information on 11 November 2015, and signed on its behalf by:

**Ahmed Al Mutawa** Chairman  
**Mosabah Saif Al Mutaury** 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 nine months ended 30th September 2015, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 11 November 2015.

CONDENSED CONSOLIDATED INCOME STATEMENT	Nine-months ended		Three-months ended	
	30 September 2015 (reviewed)	30 September 2014 (reviewed) (restated)	30 September 2015 (reviewed)	30 September 2014 (reviewed) (restated)
for the nine months ended 30 September 2015 / US\$ 000				
Income from investment banking services	21,022	4,476	-	4,476
Management and other fees	781	2,700	543	119
Income from placements with financial institutions	1160	1,243	420	394
Income from financing assets and assets acquired for leasing	42,451	39,337	14,714	14,714
Share of profits of equity-accounted investees	3,025	5,768	1187	1,244
Income from investment securities, net	11,074	4,589	1197	402
Foreign exchange (loss) / gain, net	(601)	889	1,129	182
Other income	14,855	48,872	9,364	7,577
<b>Total income before return to investment account holders and finance expenses</b>	<b>93,767</b>	<b>107,874</b>	<b>28,554</b>	<b>28,246</b>
Less: Return to investment account holders	(13,759)	(18,241)	(4,496)	(5,459)
Less: Finance expense	(16,777)	(4,077)	(4,077)	(4,766)
<b>Income from banking business</b>	<b>67,084</b>	<b>72,856</b>	<b>20,031</b>	<b>18,021</b>
Revenue from industrial business	85,991	67,510	24,470	21,888
Less: Cost of sales	(74,716)	(57,259)	(21,205)	(19,517)
<b>Income from industrial business</b>	<b>11,815</b>	<b>10,251</b>	<b>3,265</b>	<b>2,671</b>
<b>Total income</b>	<b>78,899</b>	<b>83,107</b>	<b>23,296</b>	<b>20,692</b>
Staff cost	22,931	19,206	6,705	5,969
Investment advisory expenses	5,674	3,143	1,725	405
Other operating expenses	2,017	21,724	6,525	4,737
<b>Total expenses of banking business</b>	<b>48,802</b>	<b>44,073</b>	<b>14,955</b>	<b>11,111</b>
Other operating expenses of industrial business	(8,650)	6,096	2,858	2,858
<b>Total expenses</b>	<b>57,452</b>	<b>50,169</b>	<b>17,813</b>	<b>12,969</b>
<b>PROFIT FOR THE PERIOD BEFORE IMPAIRMENT</b>	<b>21,447</b>	<b>32,938</b>	<b>5,483</b>	<b>7,723</b>
Less: Impairment allowances	(3,466)	(10,286)	(1,162)	46
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>17,981</b>	<b>22,652</b>	<b>4,321</b>	<b>7,769</b>
Income from assets held-for-sale, net	-	490	-	490
<b>PROFIT FOR THE PERIOD</b>	<b>17,981</b>	<b>23,142</b>	<b>4,321</b>	<b>8,259</b>
<b>Attributable to:</b>				
Shareholders of the Bank	4,081	16,785	761	6,034
Non-controlling interests	13,900	6,357	3,560	2,225
	<b>17,981</b>	<b>23,142</b>	<b>4,321</b>	<b>8,259</b>
<b>Earnings per share</b>				
Basic earnings per share (US cents)	0.19	1.33	0.02	0.48
Diluted earnings per share (US cents)	0.19	1.33	0.02	0.48

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 September 2015 (reviewed)	30 September 2014 (reviewed) (restated)
for the nine months ended 30 September 2015 / US\$ 000's		
<b>OPERATING ACTIVITIES</b>		
Profit for the period	17,981	23,142
Adjustments for:		
Management and other fees	-	(119)
Income from investment securities	(2,689)	(1,498)
Share of profit of equity-accounted investees	(2,874)	(2,635)
Foreign exchange loss / (gain)	601	(77)
Income from investment banking services	(21,022)	-
Other income	(9,431)	(42,265)
Income from asset-held-for-sale	-	(490)
Finance expense	12,924	10,179
Impairment allowance	3,466	10,286
Depreciation and amortisation	1,533	2,473
	<b>489</b>	<b>(1,003)</b>
Changes in:		
Financing assets	(58,187)	(53,605)
Assets acquired for leasing	(34,873)	(18,321)
Other assets	(53,952)	24,706
CBB Reserve balance	(6,804)	(2,851)
Investors' funds	8,650	(13,225)
Placements from financial, other entities and individuals	(23,677)	(97,295)
Customer current accounts	46,397	54,090
Equity of investment account holders	97,842	33,658
Other liabilities	33,595	(975)
<b>Net cash used in operating activities</b>	<b>(7,806)</b>	<b>(74,821)</b>
<b>INVESTING ACTIVITIES</b>		
Payment for purchase of equipment, net	(5,432)	(824)
Purchase of investment securities	(203,440)	(168,137)
Purchase of investment property held-for-sale	-	(12,561)
Proceeds from sale of investment securities	101,814	162,193
Proceeds from sale of investment in associates	-	276
Income from sukuk	5,642	2,379
Dividend or income / (loss) from equity securities	2,743	(138)
Net cash flows on acquisition of subsidiaries	-	7,341
Net cash flows on disposal for assets held for sale	-	9,850
Disposal / purchase of property, plant and equipment	-	(1,093)
<b>Net cash used in investing activities</b>	<b>(98,673)</b>	<b>(674)</b>
<b>FINANCING ACTIVITIES</b>		
Financing liabilities, net	(31,073)	(36,092)
Finance expense paid	(8,335)	(7,348)
Dividend paid (including non-controlling interests)	(1,753)	(10)
Proceeds from issue of convertible murabaha	60,000	130,600
Purchase of treasury shares net	(7,081)	-
<b>Net cash generated from financing activities</b>	<b>11,758</b>	<b>87,150</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(94,721)</b>	<b>11,655</b>
Cash and cash equivalents at 1 January	333,639	304,262
<b>CASH AND CASH EQUIVALENTS AT 30 September</b>	<b>238,918</b>	<b>316,017</b>
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding balances with Central Bank in reserve account)	91,705	87,259
Placements with financial institutions	147,233	228,763
	<b>238,938</b>	<b>316,017</b>