



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013 / US\$ 000's

	31 December 2013	31 December 2012
ASSETS		
Cash and bank balances	21,847	3,216
Placements with financial institutions	-	14,767
Investment securities	196,141	174,017
Equity-accounted investees	73,417	231,946
Investment property	259,404	259,404
Assets held-for-sale	184,076	88,139
Other assets	172,968	115,531
Total assets	907,853	887,020
LIABILITIES		
Investors' funds	19,166	31,428
Placements from financial and other institutions	93,511	126,017
Financing liabilities	207,767	232,827
Liabilities related to assets held-for-sale	-	42,655
Other liabilities	60,408	70,434
Total liabilities	380,852	503,361
Equity of investment account holders	2,155	2,353
OWNERS' EQUITY		
Share capital	972,281	595,087
Treasury shares	(912)	(2,995)
Share premium	-	13,235
Statutory reserve	68,146	66,356
Accumulated losses	(515,911)	(291,280)
Other reserves	1,242	903
Total owners' equity	524,846	381,306
Total liabilities, equity of investment account holders and owners' equity	907,853	887,020

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY	Share capital	Treasury shares	Share premium	Statutory reserve	Accumulated losses	Other reserves	Total
for the year ended 31 December 2013 / (US\$ 000's)							
Balance at 1 January 2013	595,087	(2,995)	13,235	66,356	(291,280)	903	381,306
Profit for the year	-	-	-	-	6,267	-	6,267
Total recognised income and expense	-	-	-	-	6,267	-	6,267
Transfer to statutory reserve	-	-	-	1,630	(1,630)	-	-
Conversion of Murabaha to capital	377,194	(8,528)	(13,235)	-	(229,656)	-	125,775
Purchase of treasury shares	-	(1,192)	-	-	-	-	(1,192)
Sale of treasury shares	-	10,997	-	-	-	-	10,997
Gain on sale of treasury shares	-	-	-	286	-	-	286
Share grants vesting expense, net of forfeitures	-	806	-	(126)	-	339	1,019
Gain on partial disposal of assets of subsidiary held-for-sale	-	-	-	-	388	-	388
Balance at 31 December 2013	972,281	(912)	-	68,146	(515,911)	1,242	524,846

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY	Share capital	Treasury shares	Share premium	Statutory reserve	Accumulated losses	Investments fair value reserve	Other reserves	Total
for the year ended 31 December 2013 (continued) / (US\$ 000's)								
Balance at 1 January 2012	321,031	(12,852)	145,708	79,408	(301,687)	403	1,377	233,388
Profit for the year	-	-	-	-	10,027	-	-	10,027
Changes in fair value of investment securities	-	-	-	-	-	(403)	-	(403)
Total recognised income and expense	-	-	-	-	10,027	(403)	-	9,624
Conversion of Murabaha to share capital	274,056	(37,876)	(132,473)	-	-	-	-	103,707
Transfer to retained earnings on settlement of convertible murabaha	-	-	-	-	380	-	(380)	-
Sale of treasury shares	-	47,733	-	-	-	-	-	47,733
Loss on sale of treasury shares	-	-	-	(13,052)	-	-	-	(13,052)
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	(94)	(94)
Balance at 31 December 2012	595,087	(2,995)	13,235	66,356	(291,280)	-	903	381,306

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2013 / US\$ 000's

	2013	2012
Continuing operations		
Income from investment banking services	1,862	-
Management and other fees	7,316	2,985
Income from placements with financial institutions	473	130
Share of profits of equity-accounted investees	1,723	4,941
Gain on acquisition of assets held-for-sale	-	10,369
Income from investment securities, net	1,433	2,050
Foreign exchange gain, net	1,018	5,466
Other income, net	23,565	37,639
Total income	37,390	63,580
Staff cost	8,597	8,245
Investment advisory expenses	1,575	4,309
Finance expense	16,270	19,267
Other expenses	8,147	11,332
Total expenses	34,589	43,153
Profit from continuing operations before impairment allowances	2,801	20,427
Impairment allowances	(3,000)	(10,400)
(Loss) / profit from continuing operations	(199)	10,027
Gain from discontinued operations and assets held-for-sale, net	6,466	-
Profit for the year	6,267	10,027
Earnings per share from continuing operations (US cents)	(0.01)	0.68
Earnings per share from discontinued operations and assets held-for-sale (US cents)	0.25	-

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013 / US\$ 000's

	2013	2012
OPERATING ACTIVITIES		
Placements with financial institutions, net	(18,116)	(1,264)
Disbursement of financing to projects, net	(22,167)	(4,475)
Movement on investors' funds, net	-	(1,220)
Management fees received	4,632	860
Income received from placements with financial institution	473	130
Payments for expenses, charity and project costs	(29,615)	(19,547)
Other receipts	2,934	-
Net cash used in operating activities	(61,859)	(25,516)
INVESTING ACTIVITIES		
Acquisition of investment securities	(30,153)	(460)
Net cash received on disposal / (paid) for acquisition of subsidiary held-for-sale	9,776	(33,226)
Proceeds from sale of investment securities	3,546	6,285
Dividends received	156	956
Advance for investment	(1,954)	-
Net cash used in investing activities	(18,629)	(26,445)
FINANCING ACTIVITIES		
Movement on financing liabilities, net	(20,345)	(24,772)
Finance expense paid	(15,039)	(19,824)
Proceeds from issue of convertible murabaha	115,775	60,210
Payment to Investment account holders	(198)	-
Proceeds from sale of treasury shares	11,283	34,681
Dividends paid	(1,748)	(50)
Net cash generated from financing activities	89,728	50,245
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	9,240	(1,716)
Cash and cash equivalents at 1 January	5,105	6,821
CASH AND CASH EQUIVALENTS AT 31 December	14,345	5,105
Cash and cash equivalents comprise:		
Cash and bank balances	14,345	3,216
Cash and bank balances included in assets held-for-sale	-	1,889
	14,345	5,105

The consolidated financial statements were approved by the Board of Directors on 23 February 2014 and signed on its behalf by:

Ahmed Al Mutawa
Chairman

Mosabah Saif Al Mautairy
Vice Chairman

Hisham Alrayes
CEO

"The above Consolidated Balance Sheet, Income Statement, Statement of Cash Flow and the Changes in Owners' Equity have been extracted from the Consolidated Financial Statements of Gulf Finance House B.S.C. for the year ended 31st December 2013, which were audited by the KPMG, who expressed an Unqualified Opinion on 23rd February 2014".