



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2016 / US\$ 000's	30 June 2016 (reviewed)	31 December 2015 (audited)	30 June 2015 (reviewed)
ASSETS			
Cash and bank balances	77,598	122,165	154,230
Placements with financial institutions	97,503	122,348	177,268
Financing assets	945,967	859,421	805,848
Investment securities	540,971	573,453	583,944
Assets acquired for leasing	236,137	179,870	141,082
Investment properties	282,581	257,932	313,635
Development properties	178,228	179,577	127,251
Equity-accounted investees	81,398	81,274	22,217
Property, plant and equipment	25,240	25,602	125,930
Intangible assets	-	-	162,625
Other assets	237,420	248,160	371,618
Total assets	2,703,043	2,649,802	2,984,808
LIABILITIES			
Investors' funds	19,973	27,728	9,634
Placements from financial institutions, other entities and individuals	414,528	340,090	329,275
Customer current accounts	137,304	154,052	149,073
Financing liabilities	167,580	153,619	255,024
Other liabilities	117,142	135,977	187,205
Total liabilities	856,527	811,466	930,211
Equity of investment account holders	938,716	944,915	963,469
OWNERS' EQUITY			
Share capital	597,995	597,995	597,995
Treasury shares	(8,467)	(4,053)	(948)
Capital adjustment account	22,597	22,420	22,722
Statutory reserve	72,055	72,055	70,060
Retained earnings	18,106	6,581	17,039
Investments fair value reserve	-	(230)	(585)
Share grant reserve	893	893	1,129
Foreign currency translation reserve	-	-	(842)
Total equity attributable to shareholders of the Bank	703,179	695,661	706,570
Non-controlling interests	204,621	197,760	384,558
Total owners' equity	907,800	893,421	1,091,128
Total liabilities, equity of investment account holders and owners' equity	2,703,043	2,649,802	2,984,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2016 / (US\$ 000's) (reviewed)	Attributable to shareholders of the Bank									
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained earnings	Investments fair value reserve	Share grant reserve	Total	Non-controlling interests	Total owners' equity
30 June 2016 (reviewed)										
Balance at 1 January 2016	597,995	(4,053)	22,420	72,055	6,581	(230)	893	695,661	197,760	893,421
Profit for the period	-	-	-	-	11,525	-	-	11,525	6,443	17,968
Transfer to income statement on disposal of investments	-	-	-	-	-	230	-	230	-	230
Total recognised income and expense	-	-	-	-	11,525	230	-	11,755	6,443	18,198
Purchase of treasury shares	-	(5,095)	-	-	-	-	-	(5,095)	-	(5,095)
Sale of treasury shares	-	681	-	-	-	-	-	681	-	681
Gain on sale of treasury shares, net	-	-	177	-	-	-	-	177	-	177
Issue of shares under incentive scheme	-	-	-	-	-	-	-	-	418	418
Balance at 30 June 2016	597,995	(8,467)	22,597	72,055	18,106	-	893	703,179	204,621	907,800

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued) for the six months ended 30 June 2016 / (US\$ 000's) (reviewed)	Attributable to shareholders of the Bank										
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained earnings / (Accumulated losses)	Investments fair value reserve	Share grant reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total owners' equity
30 June 2015 (reviewed)											
Balance at 1 January 2015	1,253,626	(912)	(475,582)	70,060	(203,608)	(2,366)	1,129	(780)	641,567	376,088	1,017,655
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)
Total recognised income and expense	-	-	-	-	3,320	1,781	-	(62)	5,039	10,223	15,262
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)
Balance at 30 June 2015	597,995	(948)	22,722	70,060	17,039	(585)	1,129	(842)	706,570	384,558	1,091,128

The Board of Directors approved the condensed consolidated interim financial information on 13 August 2016, and signed on its behalf by:

Ahmed Al Mutawa Chairman
Mosabah Saif Al Mautary Vice Chairman
Hisham Alrayes Chief Executive Officer & Board Member

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 2016, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 13 August 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2016 / US\$ 000's	Six-months ended		Three-months ended	
	30 June 2016 (reviewed)	30 June 2015 (reviewed)	30 June 2016 (reviewed)	30 June 2015 (reviewed)
Continuing operations				
Income from investment banking services	-	21,022	-	9,389
Fee and commission income	10,588	238	1,841	119
Income from placements with financial institutions	911	740	442	398
Income from financing assets and assets acquired for leasing	33,817	27,737	17,652	13,488
Share of profits of equity-accounted investees	125	1838	-	1,010
Income from investment securities, net	248	9,877	(984)	7635
Foreign exchange (loss) / gain, net	(1,432)	(1,720)	(1,849)	53
Gain on sale of investment property	46,082	-	46,082	-
Other income	10,295	5,491	92	4,490
Total income before return to investment account holders and finance expense	100,634	65,213	63,276	36,242
Return to investment account holders before Group's share as Mudarib	(21,422)	(21,056)	(11,469)	(10,294)
Group's share as Mudarib	12,595	11,793	6,892	6,392
Return to investment account holders	(8,827)	(9,263)	(4,577)	(3,902)
Finance expense	(8,444)	(8,897)	(4,472)	(4,229)
Total income	83,363	47,053	54,227	28,111
Staff cost	19,829	16,226	12,500	9,481
Other operating expenses	27,301	17,621	16,992	10,003
Total expenses	47,130	33,847	29,492	19,484
Profit for the period before impairment	36,233	13,206	24,735	8,627
Less: Impairment allowances	(18,265)	(2,304)	(16,807)	(2,086)
Profit for the period from continuing operations	17,968	10,902	7,928	6,541
Discontinued operations				
Profit from industrial business, net	-	2,758	-	1,076
PROFIT FOR THE PERIOD	17,968	13,660	7,928	7,617
Attributable to:				
Shareholders of the Bank	11,525	3,320	5,461	1,120
Non-controlling interests	6,443	10,340	2,467	6,497
	17,968	13,660	7,928	7,617
Earnings per share				
Basic and diluted earnings per share (US cents)	0.53	0.13	0.25	0.05
Earnings per share (continuing operations)				
Basic and diluted earnings per share (US cents)	0.53	0.13	0.25	0.05

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2016 / US\$ 000's	30 June 2016 (reviewed)	30 June 2015 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	17,968	13,660
Adjustments for:		
Fair value changes in investment securities	5,313	(4,411)
Income from investment banking services	-	(21,022)
Gain on sale of investment securities	(1,133)	-
Dividend / income from sukuk investments	(4,430)	(5,736)
Share of profit of equity-accounted investees	(125)	(1,838)
Foreign exchange (gain) / loss	1,432	1,730
Gain on sale of investment properties	(46,082)	-
Other income	(10,295)	(1,931)
Impairment allowances	18,265	2,384
Depreciation and amortisation	940	2,290
Finance expenses	2,519	3,138
	(15,628)	(11,466)
Changes in:		
Financing assets	(86,546)	(23,220)
Assets acquired for leasing	(56,267)	(27,074)
Other assets	8,408	(88,287)
CBB Reserve balance	(2,162)	(3,050)
Investors' funds	(7,755)	(5,239)
Placements from financial, other entities and individuals	74,438	(13,985)
Customer current accounts	(16,748)	37,389
Equity of investment account holders	(6,199)	67,911
Other liabilities	(21,353)	68,942
Net cash (used in) / generated from operating activities	(129,812)	1,921
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(24)	(5,432)
Purchase of investment securities	(30,010)	(168,253)
Proceeds from sale of investment securities	93,915	65,345
Proceeds from sale of investment property	2,066	-
Dividend/income from sukuk investments	4,430	5,736
Net cash generated / (used in) investing activities	70,377	(102,604)
FINANCING ACTIVITIES		
Financing liabilities, net	(4,800)	(2,726)
Finance expense paid	(2,519)	(4,774)
Dividend paid (including non-controlling interests)	-	(1,753)
Proceeds from issue of convertible murabaha	-	60,000
Purchase of treasury shares	(4,820)	(36)
Net cash (used in) / generated from financing activities	(12,139)	50,711
Net decrease in cash and cash equivalents during the period	(71,574)	(49,972)
Cash and cash equivalents at 1 January	194,460	333,659
CASH AND CASH EQUIVALENTS AT 30 June	122,886	283,687
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding CBB Reserve balance)	25,383	106,419
Placements with financial institutions	97,503	177,268
	122,886	283,687