



CMP/AUG/2019/0006

8<sup>th</sup> August 2019

**Mr. Hassan Al Serkal**

EVP, COO – Head of Operations Division, Market Operations Division

Dubai Financial Market

P.O Box 9700

Dubai - United Arab Emirates

Dear Mr. Al Serkal,

**Subject: Results of GFH's Board of Directors Meeting held on 8<sup>th</sup> August 2019**

GFH Financial Group would like to advise its shareholders and the markets that its Board of Directors has met today, Thursday 8<sup>th</sup> August 2019, and has discussed and approved the financial results for Q2-2019, in addition to other internal matters.

Enclosed are the approved financial results for Q2-2019, period ended 30<sup>th</sup> June 2019.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Nabeel Mirza', enclosed within a blue oval.

**Nabeel Mirza**

Head of Compliance

**GFH FINANCIAL GROUP BSC**  
**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION**  
**30 JUNE 2019**

Commercial registration	:	44136 (registered with Central Bank of Bahrain as an Islamic wholesale Bank)
Registered Office	:	Bahrain Financial Harbour Office: 2901, 29 <sup>th</sup> Floor Building 1398, East Tower Block: 346, Road: 4626 Manama, Kingdom of Bahrain Telephone +973 17538538
Directors	:	Jassim Al Seddiqi, <i>Chairman</i> H.E. Shaikh Ahmed Bin Khalifa Al-Khalifa, <i>Vice Chairman</i> Hisham Alrayes Amro Saad Omar Al Menhali Mazen Bin Mohammed Al Saeed Mosabah Saif Al Mautairy Ghazi Faisal Ebrahim Alhajeri Bashar Mohamed Al Mutawa Rashid Nasser Al Kaabi Mustafa Kheriba
Chief Executive Officer	:	Hisham Alrayes
Auditors	:	KPMG Fakhro

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

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## Independent auditors' report on review of condensed consolidated interim financial information

To  
The Board of Directors  
GFH Financial Group BSC  
Manama  
Kingdom of Bahrain

8 August 2019

### Introduction

We have reviewed the accompanying 30 June 2019 condensed consolidated interim financial information of GFH Financial Group BSC (the "Bank") and its subsidiaries (together the Group), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2019;
- the condensed consolidated income statement for the three-month and six month periods ended 30 June 2019;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2019;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2019;
- the condensed consolidated statement of changes in restricted investment accounts for the six-month period ended 30 June 2019;
- the condensed consolidated statement of changes in sources and uses of zakah and charity fund for the six-month period ended 30 June 2019; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing Standards for Islamic Financial Institutions and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

US\$ 000's

	note	30 June 2019 (reviewed)	31 December 2018 (audited)	30 June 2018 (reviewed)
<b>ASSETS</b>				
Cash and bank balances		369,552	341,567	171,456
Treasury portfolio	9	1,682,405	818,000	407,165
Financing assets	10	1,300,231	1,208,947	1,226,224
Real estate Investments	11	1,821,444	1,840,010	1,798,473
Proprietary investments	12	279,048	234,012	240,946
Co-investments	13	77,048	77,644	76,653
Assets held-for-sale	14	101,213	147,141	-
Receivables and prepayments		482,334	229,142	295,662
Property and equipment		24,699	92,902	113,630
<b>Total</b>		<b>6,137,974</b>	<b>4,989,365</b>	<b>4,330,209</b>
<b>LIABILITIES</b>				
Clients' funds		61,097	46,639	27,072
Placements from financial, non-financial institutions and individuals		2,789,757	1,628,389	947,184
Customer current accounts		163,683	177,906	165,751
Term financing	15	199,960	256,137	471,447
Liabilities directly related to assets held-for-sale	14	39,936	42,749	-
Payables and accruals		507,933	517,857	440,894
<b>Total</b>		<b>3,762,366</b>	<b>2,669,677</b>	<b>2,052,348</b>
<b>Equity of investment account holders</b>		<b>995,837</b>	<b>896,910</b>	<b>832,116</b>
<b>OWNERS' EQUITY</b>				
Share capital		975,638	975,638	975,638
Treasury shares	8	(58,890)	(85,424)	(50,815)
Statutory reserve		117,301	117,301	105,893
Investment fair value reserve		(5,641)	(4,725)	3,342
Foreign currency translation reserve		(43,150)	(43,380)	(11,866)
Retained earnings		50,298	98,318	90,867
Share grant reserve		1,198	1,086	1,115
<b>Total equity attributable to shareholders of Bank</b>		<b>1,036,754</b>	<b>1,058,814</b>	<b>1,114,174</b>
Non-controlling interests		317,621	323,408	331,571
Non-controlling interests held-for-sale		25,396	40,556	-
<b>Total owners' equity</b>		<b>1,379,771</b>	<b>1,422,778</b>	<b>1,445,745</b>
<b>Total liabilities, equity of investment account holders and owners' equity</b>		<b>6,137,974</b>	<b>4,989,365</b>	<b>4,330,209</b>

The Board of Directors approved the condensed consolidated interim financial information on 8 August 2019 and signed on its behalf by:

  
Jassim Al Seddiqi  
Chairman

  
Hisham Alrayes  
Chief Executive Officer & Board member

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**for the six months ended 30 June 2019**

US\$ 000's

		<b>Six months ended</b>		<b>Three months ended</b>	
		<b>30 June 2019 (reviewed)</b>	<b>30 June 2018 (reviewed)</b>	<b>30 June 2019 (reviewed)</b>	<b>30 June 2018 (reviewed)</b>
<b>Continuing operations</b>					
<b><i>Investment banking income</i></b>					
Asset management		1,358	1,108	622	571
Deal related income		42,089	31,600	35,435	22,700
		<b>43,447</b>	<b>32,708</b>	<b>36,057</b>	<b>23,271</b>
<b><i>Commercial banking income</i></b>					
Income from financing		38,762	33,284	19,463	16,780
Treasury and investment income		17,330	11,480	9,208	7,496
Fee and other income		10,745	3,459	8,952	1,631
Less: Return to investment account holders		(19,130)	(10,767)	(10,334)	(5,223)
Less: Finance expense		(9,788)	(10,601)	(3,331)	(5,142)
		<b>37,919</b>	<b>26,855</b>	<b>23,958</b>	<b>15,542</b>
<b><i>Income from proprietary and co-investments</i></b>					
Direct investment income, net		10,086	8,619	10,316	5,145
Restructuring related income	16	29,406	35,300	-	-
Dividend from co-investments		507	721	248	150
		<b>39,999</b>	<b>44,640</b>	<b>10,564</b>	<b>5,295</b>
<b><i>Real estate income</i></b>					
Development and sale		13,517	4,411	6,041	1,211
Rental and operating income		1,248	1,410	686	848
		<b>14,765</b>	<b>5,821</b>	<b>6,727</b>	<b>2,059</b>
<b><i>Treasury and other income</i></b>					
Finance income		9,423	473	4,159	31
Dividend and gain / (loss) on treasury investments		16,530	(432)	10,748	(432)
Other income, net		1,462	24,053	730	23,343
		<b>27,415</b>	<b>24,094</b>	<b>15,637</b>	<b>22,942</b>
<b>Total income</b>		<b>163,545</b>	<b>134,118</b>	<b>92,943</b>	<b>69,109</b>
Operating expenses		48,783	42,544	26,871	21,813
Finance expense		53,705	15,407	29,998	8,534
Impairment allowances	17	12,164	5,699	8,352	4,025
<b>Total expenses</b>		<b>114,652</b>	<b>63,650</b>	<b>65,221</b>	<b>34,372</b>
<b>Profit from continuing operations</b>		<b>48,893</b>	<b>70,468</b>	<b>27,722</b>	<b>34,737</b>
(Loss) / profit from assets held-for-sale and discontinued operations, net		(467)	2,938	-	1,774
<b>Profit for the period</b>		<b>48,426</b>	<b>73,406</b>	<b>27,722</b>	<b>36,511</b>
<b>Attributable to:</b>					
Shareholders of Bank		49,134	72,502	27,768	36,023
Non-controlling interests		(708)	904	(46)	488
		<b>48,426</b>	<b>73,406</b>	<b>27,722</b>	<b>36,511</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share (US cents)		<b>1.45</b>	2.02	<b>0.84</b>	1.00
<b>Earnings per share – continuing operations</b>					
Basic and diluted earnings per share (US cents)		<b>1.47</b>	2.02	<b>0.84</b>	1.00

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
**for the six months ended 30 June 2019**

US\$ 000's

30 June 2019 (reviewed)	Attributable to shareholders of the Bank							Non – controlling interests	Non – controlling interests held-for- sale	Total owners’ equity	
	Share capital	Treasury shares	Statutory reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Share grant reserve				Total
Balance at 1 January 2019 *	975,638	(85,424)	117,301	(4,725)	(43,380)	98,318	1,086	1,058,814	323,408	40,556	1,422,778
Profit for the period (page 3)	-	-	-	-	-	49,134	-	49,134	(708)	-	48,426
Fair value changes during the period	-	-	-	(916)	-	-	-	(916)	-	-	(916)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(916)</b>	<b>-</b>	<b>49,134</b>	<b>-</b>	<b>48,218</b>	<b>(708)</b>	<b>-</b>	<b>47,510</b>
Bonus shares issued	55,000	-	-	-	-	(55,000)	-	-	-	-	-
Extinguishment of treasury shares	(55,000)	50,549	-	-	-	4,451	-	-	-	-	-
Dividends declared (note 8)	-	-	-	-	-	(30,000)	-	(30,000)	-	-	(30,000)
Transfer to zakah and charity fund (page 8)	-	-	-	-	-	(2,219)	-	(2,219)	(223)	-	(2,442)
Issue of shares under incentive scheme	-	-	-	-	-	-	112	112	-	-	112
Purchase of treasury shares	-	(109,627)	-	-	-	-	-	(109,627)	-	-	(109,627)
Sale of treasury shares	-	85,612	-	-	-	(14,817)	-	70,795	-	-	70,795
Foreign currency translation differences	-	-	-	-	230	-	-	230	(4,856)	-	(4,626)
Acquisition of NCI without a change in control	-	-	-	-	-	431	-	431	-	(15,160)	(14,729)
<b>Balance at 30 June 2019</b>	<b>975,638</b>	<b>(58,890)</b>	<b>117,301</b>	<b>(5,641)</b>	<b>(43,150)</b>	<b>50,298</b>	<b>1,198</b>	<b>1,036,754</b>	<b>317,621</b>	<b>25,396</b>	<b>1,379,771</b>

\* The Bank used to recognise gain / (loss) on sale of treasury shares in statutory reserve. The Bank has regrouped the losses on sale of treasury shares of US\$ 24,818 thousand for the year ended 31 December 2018 to retained earnings.

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY****for the six months ended 30 June 2019** *(continued)*

US\$ 000's

	Attributable to shareholders of the Bank								Non – controlling interests	Total owners' equity
	Share capital	Share premium	Treasury shares	Statutory reserve	Retained earnings	Share grant reserve	Investment fair value reserve	Foreign currency translation reserve	Total	
30 June 2018 (reviewed)										
Balance at 1 January 2018 (as previously reported)	975,638	3,058	(58,417)	105,893	122,825	1,026	-	-	1,150,023	345,770
Impact of adoption of FAS 30	-	-	-	-	(16,586)	-	-	-	(16,586)	(13,092)
Balance at 1 January 2018 (restated)	975,638	3,058	(58,417)	105,893	106,239	1,026	-	-	1,133,437	332,678
Profit for the period (page 3)	-	-	-	-	72,502	-	-	-	72,502	904
Fair value changes during the period	-	-	-	-	-	-	3,342	-	3,342	-
Total recognised income and expense	-	-	-	-	72,502	-	3,342	-	75,844	904
Dividends declared	-	-	-	-	(82,412)	-	-	-	(82,412)	-
Transfer to zakah and charity fund	-	-	-	-	(2,432)	-	-	-	(2,432)	(522)
Derecognition on loss of control	-	-	-	-	-	-	-	-	-	(711)
Issue of shares under incentive scheme	-	-	-	-	-	89	-	-	89	-
Purchase of treasury shares	-	-	(16,241)	-	-	-	-	-	(16,241)	-
Sale of treasury shares	-	(3,058)	23,843	-	(3,030)	-	-	-	17,755	-
Foreign currency translation differences	-	-	-	-	-	-	-	(11,866)	(11,866)	(7,161)
Non-controlling interests arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	6,383
Balance at 30 June 2018	975,638	-	(50,815)	105,893	90,867	1,115	3,342	(11,866)	1,114,174	331,571

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the six months ended 30 June 2019**

	US\$ 000's	
	30 June 2019 (reviewed)	30 June 2018 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	48,426	73,406
Adjustments for:		
Income from deal related income	(42,089)	(15,000)
Income from commercial banking	(13,560)	(10,382)
Income from proprietary investments	(10,482)	(9,292)
Income from dividend and gain / (loss) on treasury investments	(16,530)	432
Foreign exchange (gain) / loss	623	307
Restructuring related income	(29,406)	(35,300)
Finance expense	63,493	26,008
Impairment allowances	12,164	5,699
Depreciation and amortisation	1,097	1,026
	<b>13,736</b>	<b>36,904</b>
Changes in:		
Placements with financial institutions (maturities of more than 3 months)	(280,537)	8,301
Financing assets	(91,284)	(5,594)
Other assets	(137,426)	(52,118)
CBB Reserve and restricted bank balance	(15,783)	(2,454)
Clients' funds	14,458	(12,341)
Placements from financial and non-financial institutions	1,161,368	88,688
Customer current accounts	(14,223)	(23,856)
Equity of investment account holders	98,927	(74,237)
Payables and accruals	(48,042)	(11,093)
<b>Net cash generated from / (used in) operating activities</b>	<b>701,194</b>	<b>(47,800)</b>
<b>INVESTING ACTIVITIES</b>		
Payments for purchase of equipment	(273)	(1,065)
Proceeds from sale of proprietary investment securities, net	2,156	23,670
Purchase of treasury portfolio, net	(261,748)	(38,910)
Proceeds from sale of a subsidiary	-	104,591
Proceeds from sale of investment in real estate	38,118	-
Dividends received from proprietary investments and co-investments	3,065	15,983
Advance paid for development of real estate	(11,734)	(2,652)
Acquisition of additional stake in a subsidiary	-	(5,144)
<b>Net cash (used in) / generated from investing activities</b>	<b>(230,416)</b>	<b>96,473</b>
<b>FINANCING ACTIVITIES</b>		
Financing liabilities, net	(59,028)	(7,012)
Finance expense paid	(25,794)	(22,651)
Dividends paid	(27,829)	(90,533)
Acquisition of NCI	(9,026)	-
Purchase of treasury shares, net	(39,182)	1,514
<b>Net cash used in financing activities</b>	<b>(160,859)</b>	<b>(118,682)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>309,919</b>	<b>(70,009)</b>
Cash and cash equivalents at 1 January *	397,620	256,887
<b>Cash and cash equivalents at 30 June</b>	<b>707,539</b>	<b>186,878</b>
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash)	298,544	118,999
Placements with financial institutions (less than 3 months)	408,995	67,879
	<b>707,539</b>	<b>186,878</b>

\* net of expected credit loss of US\$ 55 thousand (31 December 2018: US\$ 1,041 thousand).

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS**  
**for the six months ended 30 June 2019**

**30 June 2019** (reviewed)

Company	Balance at 1 January 2019			Movements during the period						Balance at 30 June 2019		
	No of units (000)	Average value per share US\$	Total US\$ 000's	Investment/ (withdrawal) US\$ 000's	Revaluation US\$ 000's	Gross income US\$ 000's	Dividends paid US\$ 000's	Group's fees as an agent US\$ 000's	Administration expenses US\$ 000's	No of units (000)	Average value per share US\$	Total US\$ 000's
Mena Real Estate Company KSCC	150	0.33	50	-	-	-	-	-	-	150	0.33	50
Al Basha'er Fund	13	7.03	91	-	12	-	-	-	-	13	7.91	103
Safana Investment (RIA 1)	6,254	2.65	16,573	-	-	-	-	-	-	6,254	2.65	16,573
Shaden Real Estate Investment WLL (RIA 5)	3,434	2.65	9,100	-	-	-	-	-	-	3,434	2.65	9,100
Locata Corporation Pty Ltd (RIA 6)	2,633	1.00	2,633	-	-	-	-	-	-	2,633	1.00	2,633
			<b>28,447</b>	-	12	-	-	-	-			<b>28,459</b>

**30 June 2018** (reviewed)

Company	Balance at 1 January 2018			Movements during the period						Balance at 30 June 2018		
	No of units (000)	Average value per share US\$	Total US\$ 000's	Investment/ (withdrawal) US\$ 000's	Revaluation US\$ 000's	Gross income US\$ 000's	Dividends paid US\$ 000's	Group's fees as an agent US\$ 000's	Administration expenses US\$ 000's	No of units (000)	Average value per share US\$	Total US\$ 000's
Mena Real Estate Company KSCC	150	0.35	53	-	-	-	-	-	-	150	0.35	53
Al Basha'er Fund	13	7.15	93	-	-	-	-	-	-	13	7.15	93
Safana Investment (RIA 1)	6,254	2.65	16,573	-	-	-	-	-	-	6,254	2.65	16,573
Shaden Real Estate Investment WLL (RIA 5)	3,529	2.65	9,352	-	-	-	-	-	-	3,529	2.65	9,352
Locata Corporation Pty Ltd (RIA 6)	2,633	1.00	2,633	-	-	-	-	-	-	2,633	1.00	2,633
			<b>28,704</b>	-	-	-	-	-	-			<b>28,704</b>

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF ZAKAH AND CHARITY FUND****for the six months ended 30 June 2019**

US\$ 000's

	<b>30 June 2019 (reviewed)</b>	<b>30 June 2018 (reviewed)</b>
<b>Sources of zakah and charity fund</b>		
Contribution by the Group	2,437	2,954
Non-Islamic income	256	27
<b>Total sources</b>	<b>2,693</b>	<b>2,981</b>
<b>Uses of zakah and charity fund</b>		
Contributions to charitable organisations	(1,368)	(3)
<b>Total uses</b>	<b>(1,368)</b>	<b>(3)</b>
<b>Surplus of sources over uses</b>	<b>1,325</b>	<b>2,978</b>
Undistributed zakah and charity fund at beginning of the period	4,636	2,841
<b>Undistributed zakah and charity fund at end of the period</b>	<b>5,961</b>	<b>5,819</b>
<b>Represented by:</b>		
Zakah payable	973	1,970
Charity fund	4,988	3,849
	<b>5,961</b>	<b>5,819</b>

The accompanying notes 1 to 22 form an integral part of the condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**1 Reporting entity**

The condensed consolidated interim financial information for the six months ended 30 June 2019 comprise the financial information of GFH Financial Group BSC (GFH or the “Bank”) and its subsidiaries (together referred to as “the Group”).

The following are the principal subsidiaries consolidated in the condensed consolidated interim financial information.

Financial information:

Investee name	Country of incorporation	Parent / Owning Company	Effective ownership interests 2019	Activities
GFH Capital Limited	United Arab Emirates	GFH	100%	Investment management
Khaleeji Commercial Bank BSC ('KHCB')	Kingdom of Bahrain		55.41%	Islamic retail bank
Morocco Gateway Investment Company ('MGIC')	Cayman Islands		89.26%	Real estate development
Tunis Bay Investment Company ('TBIC')			51.41%	Real estate development
Energy City Navi Mumbai Investment Company & Mumbai IT & Telecom Technology Investment Company (together "India Projects")			77.20%	Real estate development
Al Areen Project companies			100%	Real estate development
Falcon Cement Company BSC (c)			51.72%	Cement manufacturing
Gulf Holding Company KSCC	State of Kuwait		51.18%	Investment in real estate
Surooh Company ('Surooh')	Cayman Islands	KHCB	10.00%	Construct and sell properties at "Oryx Hills"

**2 Basis of preparation**

The condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standards (IFRS). Accordingly, the condensed consolidated interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

2 *Basis of preparation (continued)*

***Change in presentation:***

Effective January 2019, the Group has changed its description and presentation of the statement of financial position and income statement to better align them with the various revenue generating activities of the Group and to enhance disclosures to enable users have a better understanding of the activities and financial performance of the Group. The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

***Activities:***

The Group's primary activities include: a) to provide investment opportunities and manage assets on behalf of its clients as an agent, b) to provide commercial banking services, c) to undertake targeted development and sale of infrastructure and real estate projects for enhanced returns, d) to co-invest with clients and hold strategic proprietary assets as a principal. In addition, the Group also manages its treasury portfolio with the objective of earning higher returns from capital and money market opportunities.

***Segments:***

To undertake the above activities, the Group has organised itself in the following operating segments units:

<b>Investment banking</b>	<p>Investment banking segment focuses on private equity and asset management activities. Private equity activities include acquisition of interests in unlisted or listed businesses at prices lower than anticipated values. The Group acts as both a principal and an intermediary by acquiring, managing and realizing investments in investment assets for institutional and high net worth clients. The asset management unit is responsible for identifying and managing investments in income yielding real estate and leased assets in the target markets.</p> <p>Investment banking activities focuses on acquiring, managing and realizing investments to achieve and exceed benchmark returns.</p> <p>Investment banking activities produce fee-based, activity-based and asset-based income for the Group. Assets under this segment include proprietary private equity, co-investments and strategic non-banking investments.</p>
<b>Commercial banking</b>	<p>This includes all sharia compliant corporate banking and retail banking activities of the Group provided through the Group's subsidiary, Khaleeji Commercial Bank BSC. The subsidiary also manages its own treasury and proprietary investment book within this operating segment.</p>
<b>Real Estate development</b>	<p>This business unit is primarily involved in origination and management of large scale economic infrastructure projects. The business unit also covers the Group's investment in real estate and related assets.</p>
<b>Corporate and treasury</b>	<p>All common costs and activities that are undertaken at the Group level, including treasury and residual investment assets, is considered as part of the Corporate and treasury activities of the Group.</p>

Each of the above operating segments, except commercial banking which is a separate subsidiary has its own dedicated team of professionals and are supported by a common placement team and support units.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**2** *Basis of preparation (continued)*

The strategic business units offer different products and services, and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing, if any is determined on an arm's length basis.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Expenses are not allocated to the business segment.

Sources of revenue:

The Group primarily earns its revenue from the following sources and presents its statement of income accordingly:

Activity/ Source	Products	Types of revenue
Investment banking activity	Deal-by-deal offerings of private equity, income yielding asset opportunities	<i>Deal related income</i> , earned by the Group from investee companies in connection with new acquisitions  <i>Fee based income</i> , in the nature of management fees, performance fee, acquisition fee and exit fee which are contractual in nature
Commercial banking income	Islamic Shari'ah compliant corporate, institutional and retail banking financing and cash management products and services	Financing income, fees and investment income (net of direct funding costs)
Proprietary investments	Proprietary investments comprise the Group's strategic and co-investment exposure. This also includes non-banking subsidiaries and equity - accounted investees where the Bank has significant influence.	Includes dividends, gain / (loss) on sale and remeasurement of proprietary investments, co-investments and share of profit / (loss) of equity accounted investees.  Income from restructuring of liabilities and funding arrangements are also considered as income from proprietary investments.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

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**2** *Basis of preparation (continued)*

<b>Activity/ Source</b>	<b>Products</b>	<b>Types of revenue</b>
Co-investment	Represent the Group's co-investment along with its clients in the products promoted by the Group.	<i>Dividends, gain / (loss) on co-investments of the Bank</i>
Real estate	Proprietary holdings of real estate for direct sale, development and sale, and/ or rental yields. This also includes the group's holding or participation in leisure and hospitality assets.	<i>Development and sale income</i> , from development and sale of real estate projects of the Group based on percentage of completion (POC) method  <i>Rental and operating income</i> , from rental and other ancillary income from investment in real estate
Treasury operations	Represents the Bank's liquidity management operations, including its fund raising and deployment activities to earn a commercial profit margin.	Income arising from the deployment of the Bank's excess liquidity, through but not limited to short term placements with bank and financial institutions, money market instruments, capital market and other related treasury investments.

**3 Significant accounting policies**

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Group's audited financial statements for the year ended 31 December 2018.

**4 Estimates**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those applied to the audited consolidated financial statements for the year ended 31 December 2018.

**5 Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2018.

**6 Seasonality**

Due to the inherent nature of the Group's business (investment banking, commercial banking and leisure and hospitality management business), the six month results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

7 The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2018 and the reviewed condensed consolidated interim financial information for the six months ended 30 June 2018. The comparatives for the condensed consolidated statements of income, cash flows, changes in owners' equity, changes in restricted investment accounts and sources and uses of zakah and charity fund have been extracted from the reviewed condensed consolidated interim financial information for the six months ended 30 June 2018.

**8 Appropriations**

Appropriations, if any, are made when approved by the shareholders.

In the shareholders meeting held on 28 March 2019, the following were approved and effected during the period:

- a) Cash dividend of 3.34% of the paid-up share capital amounting to US\$ 30 million;
- b) Bonus shares of US\$ 55 million representing 5.97% of the nominal value of shares (1 share for every 16.74 shares held).
- c) Appropriation of US\$ 1 million towards charity for the year;
- d) Appropriation of US\$ 941 thousand towards zakah for the year;
- e) Transfer of US\$ 11.4 million to statutory reserve; and
- f) Extinguishment of 207,547,170 treasury shares held by the Bank as of the date of the AGM, after obtaining the approval of relevant authorities.

**9 Treasury portfolio**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
<b>Placements with financial institutions</b>	866,120	289,558	67,879
<b>Equity type investments</b>			
<i>At fair value through income statement</i>			
- Structured notes	178,988	-	-
<b>Debt type investments</b>			
<i>At fair value through income statement</i>			
- Quoted sukuk	155,326	100,527	-
<i>At amortised cost</i>			
- Quoted sukuk *	481,971	427,915	339,116
- Unquoted sukuk	-	-	170
	<b>1,682,405</b>	<b>818,000</b>	<b>407,165</b>

\* Includes sukuk of US\$ 107,395 thousand pledged against medium-term borrowing of US\$ 91,700 thousand.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**10 Financing assets**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
Murabaha	985,179	948,189	985,950
Musharaka	7,327	9,393	11,618
Wakala	13,280	13,281	14,655
Mudharaba	2,799	2,782	2,780
Istisnaa	6,900	5,448	1,127
Asset held-for-leasing	360,763	294,788	270,292
	<b>1,376,248</b>	<b>1,273,881</b>	<b>1,286,422</b>
Less: Impairment allowances	(76,017)	(64,934)	(60,198)
	<b>1,300,231</b>	<b>1,208,947</b>	<b>1,226,224</b>

**11 Real estate investments**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
Investment Property			
- Land	485,504	482,851	485,012
- Building	40,841	40,841	40,841
	<b>526,345</b>	<b>523,692</b>	<b>525,853</b>
Development Property			
- Land	806,827	811,684	791,758
- Building	488,272	504,634	480,862
	<b>1,295,099</b>	<b>1,316,318</b>	<b>1,272,620</b>
	<b>1,821,444</b>	<b>1,840,010</b>	<b>1,798,473</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**12 Proprietary investments**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
<b>Equity type investments</b>			
<i>At fair value through income statement</i>			
- Unquoted securities	34,875	34,875	34,875
<i>At fair value through equity</i>			
- Listed securities (at fair value)	26,511	29,093	23,022
- Unquoted securities (at cost)	103,006	103,080	97,608
	129,517	132,173	120,630
Equity-accounted investees	114,656	66,964	85,441
	<b>279,048</b>	<b>234,012</b>	<b>240,946</b>

**13 Co-investments**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
<i>At fair value through equity</i>			
- Unquoted securities (at cost)	77,048	77,644	76,653
	<b>77,048</b>	<b>77,644</b>	<b>76,653</b>

**14 Assets held-for-sale and liabilities related to it**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
Assets	101,213	147,141	-
Liabilities	39,936	42,749	-

Assets and related liabilities held-for-sale represents the assets and liabilities of Falcon Cement Company BSC (c) ('FCC'), the Group's subsidiary acquired in 2018. The Group has an active plan approved by the Board, to sell its stake in FCC, and accordingly, the asset, liabilities and non-controlling interest acquired are classified as held-for-sale in the consolidated statement of financial position. The net profit / (loss) from operations is presented in the condensed consolidated income statement as 'Profit / (loss) from assets held-for-sale and discontinued operations, net'.

During the period, the Group disposed off its entire stake (along with the additional interests acquired during the quarter) in Sheffield Dubai Investment Company (SDIC) that was previously classified as 'held-for-sale' resulting in loss of control, accordingly, the assets and liabilities of SDIC were derecognised in the condensed consolidated interim financial information and the resulting gain of US\$ 8 Million is included under 'deal related income'.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**15 Term financing**

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
Murabaha financing	119,461	145,167	152,100
Wakala financing	-	24,797	49,797
Sukuk liability	-	-	25,226
Ijarah financing	25,724	26,743	14,021
Other borrowings	54,775	59,430	230,303
	<b>199,960</b>	<b>256,137</b>	<b>471,447</b>

**16 Restructuring related income**

This represents income from restructuring of liabilities of a subsidiary. During the period, the Group agreed to settle a liability of US\$ 56 million to a service provider in exchange for cash and partial stake (40%) in a subsidiary engaged in hospitality management. The excess of the carrying amount of liability over the cash paid and carrying value of the 40% stake in the subsidiary is recognised as 'restructuring related income' representing income from settlement of liabilities at lower amounts. As the investee is now jointly managed between the service provider and the Group based on contractual arrangement between the parties (joint venture), this has resulted in loss of control and the carrying value of retained investment is recognised as 'equity-accounted investee' and included under Proprietary investment.

2018 income of US\$ 35.3 million represents income from restructuring of liabilities of a subsidiary. In 2016, as part of total recoveries made by the Group following litigation settlements, the Group had acquired the holding company of a master developer for a project in the Kingdom of Bahrain under administration and insolvency proceedings which had net liabilities at the time of the settlement. Subsequently, the Group managed to get the company out of administration by restructuring the liabilities of the Company and negotiating settlements with creditors through a court administered process. The legal process of confirming creditors claims was completed in 2018 resulting in the Company being taken out of legal administration and handed back to the Group. Accordingly the difference between the previously recognised liability / provisions and the court approved amounts was reversed to the income statement.

**17 Impairment allowances**

	<b>Six months ended</b>	
	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>30 June 2018</b> US\$ 000's (reviewed)
Expected credit loss on:		
- Bank balances	7	1
- Placement with financial institutions	10,751	5,653
- Financing assets	694	-
- Other receivables	712	45
	<b>12,164</b>	<b>5,699</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**18 Related party transactions**

The significant related party balances and transactions as at 30 June 2019 are given below:

30 June 2019 (reviewed)	Related parties as per FAS 1			Assets under management (including special purpose and other entities)	Total
	Associates and joint venture	Key management personnel	Significant shareholders / entities in which directors are interested		
	US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
<b>Transactions</b>					
Sale of real estate investment			40,000		40,000
<b>Assets</b>					
Financing assets	-	5,621	15,146	29,552	50,319
Proprietary investments	102,632	-	6,058	54,416	163,106
Co-investments	-	-	-	23,638	23,638
Receivables and prepayments	3,236	-	13,257	193,905	210,398
<b>Liabilities</b>					
Clients' funds	3,445	-	-	15,161	18,606
Placements from financial, non-financial institutions and individuals	-	4,817	2,873	-	7,690
Customer accounts	199	151	16,300	3,912	20,562
Term financing	-	-	-	-	-
Payables and accruals	1,398	-	9,519	19,731	30,648
<b>Equity of investment account holders</b>	1,101	2,804	38,152	1,101	43,158
<b>Income</b>					
Income from Investment banking	-	-	-	43,344	43,344
Income from commercial banking	(133)	24	124	(13)	2
Income from proprietary and co-invetments	1,651	-	-	508	2,159
Real estate income	-	50	9,248	-	9,298
Treasury and other income	120	-	-	827	947
<b>Expenses</b>					
Operating expenses	-	10,252	-	45	10,297
Finance expense	-	-	623	-	623

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

18 *Related party transactions (continued)*

	Related parties as per FAS 1			Assets under management (including special purpose and other entities) US\$ 000's	Total US\$ 000's
	Associates and joint venture US\$ 000's	Key management personnel US\$ 000's	Significant shareholders / entities in which directors are interested US\$ 000's		
31 December 2018 (audited)					
Assets					
Financing assets	-	6,016	15,146	44,810	65,972
Proprietary investments	54,829	-	6,058	54,958	115,845
Co-investments	-	-	-	16,798	16,798
Receivables and prepayments	914	-	13,257	47,605	61,776
Liabilities					
Investment funds	129	-	-	14,412	14,541
Placements from financial, non-financial institutions and individuals	-	-	249,117	-	249,117
Customer accounts	178	2,117	1,844	3,196	7,335
Term financing	-	-	24,797	-	24,797
Payables and accruals	-	3,499	3,132	8,364	14,995
Equity of investment account holders	1,273	3,634	28,592	1,241	34,740
Six months ended 30 June 2018 (reviewed)					
Income					
Income from investment banking	-	-	15,000	16,600	31,600
Income from commercial banking	(19)	98	189	(8)	260
Income from proprietary and co-invetments	3,999	-	-	(86)	3,913
Treasury and other income	-	-	-	69	69
Expenses					
Operating expenses	-	4,774	-	-	4,774
Finance expense	-	-	1,637	-	1,637

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**19 Segment reporting**

The Group is organised into business units based on their nature of operations and independent reporting entities and has four reportable operating segments namely real estate development, investment banking, commercial banking and corporate and treasury.

	<b>Real estate development</b>	<b>Investment banking</b>	<b>Commercial banking</b>	<b>Corporate and treasury</b>	<b>Total</b>
	US\$ '000s	US\$ '000s	US\$ '000s	US\$ '000s	US\$ '000s
<b>30 June 2019 (reviewed)</b>					
Segment revenue	44,048	64,178	37,920	17,399	163,545
Segment expenses	(13,057)	(53,613)	(28,010)	(19,972)	(114,652)
Segment result *	30,991	10,565	9,910	(2,573)	48,893
Segment assets	2,011,374	1,126,011	2,538,667	461,921	6,137,973
Segment liabilities	379,961	1,078,917	1,047,090	1,256,398	3,762,366
<i>Other segment information</i>					
Proprietary investments ( <i>Equity-accounted investees</i> )	46,214	56,418	12,024	-	114,656
Equity of investment account holders	-	-	995,250	587	995,837
Commitments	114,314	-	122,167	18,000	254,481

\* Includes segment result of discontinued operations, net.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

19 *Segment reporting (continued)*

	Real estate development US\$ '000s	Investment banking US\$ '000s	Commercial banking US\$ '000s	Corporate and treasury US\$ '000s	Total US\$ '000s
30 June 2018 (reviewed)					
Segment revenue	42,531	42,524	26,849	22,214	134,118
Segment expenses	(21,277)	(10,970)	(22,525)	(8,878)	(63,650)
Segment result *	21,254	31,553	4,324	13,337	70,468
31 December 2018 (audited)					
Segment assets	2,035,664	686,688	2,246,159	20,854	4,989,365
Segment liabilities	1,238,147	558,787	817,529	55,214	2,669,677
<i>Other segment information</i>					
Propriety investments (Equity-accounted investees)	5,702	49,127	12,135	-	66,964
Equity of investment account holders	-	-	896,320	590	896,910
Commitments	114,314	-	122,167	18,000	254,481

\* Includes segment result of discontinued operations, net.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

**20 Commitments and contingencies**

The commitments contracted in the normal course of business of the Group:

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)	<b>30 June 2018</b> US\$ 000's (reviewed)
Undrawn commitments to extend finance	179,196	88,045	87,239
Financial guarantees	28,061	34,122	53,988
Capital commitment for infrastructure development projects	35,518	55,407	87,584
Purchase commitment for investment in real estate	-	58,907	-
Commitment to invest	-	-	-
Commitment to lend	16,500	18,000	-
Other commitments	7,000	7,000	7,000
	<b>266,275</b>	<b>261,481</b>	<b>235,811</b>

*Performance obligations*

During the ordinary course of business, the Group may enter into performance obligations in respect of its infrastructure development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group at 30 June 2019 due to the performance of any of its projects.

*Litigations, claims and contingencies*

The Group has a number of claims and litigations filed against it in connection with projects promoted by the Bank in the past and with certain transactions. Further, claims against the Bank also have been filed by former employees. Based on the advice of the Bank's external legal counsel, the management is of the opinion that the Bank has strong grounds to successfully defend itself against these claims. Appropriate provision have been made in the books of accounts. No further disclosures regarding contingent liabilities arising from any such claims are being made by the Bank as the directors of the Bank believe that such disclosures may be prejudicial to the Bank's legal position.

**21 Financial instruments**

**Fair values**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. This represents 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.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

As at 30 June 2019 and 31 December 2018, the fair value of bank balances, placements with financial institutions, other financial assets, client funds, placements from financial and other institutions and other financial liabilities are not expected to be materially different from their carrying values as these are short term in nature and are re-priced frequently to market rates, where applicable. Investment securities carried at fair value through income statement are carried at their fair values determined using quotes market prices and internal valuation models for unquoted investments. Other investments are carried at cost in the absence of a reliable measure of fair value.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2019**
**21 Financial instruments (continued)**
*Term financing*

As at 30 June 2019, the fair value of term financing was estimated at US\$ 199,960 thousand (carrying value US\$ 199,960 thousand) (31 December 2018: fair value US\$ 256,137 thousand (carrying value US\$ 256,137 thousand)). These may not necessarily represent active market quotes. In a normal (and not stressed) scenario excluding adjustments for own credit risk, the carrying values would approximate fair value of financing liabilities as these are largely floating rate instruments which were re-priced recently as part of the debt restructuring process.

**Fair value hierarchy**

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**30 June 2019 (reviewed)**
*i) Proprietary investments*

Investment securities carried at fair value through:

- income statement
- equity

*ii) Treasury portfolio*

Investment securities carried at fair value through:

- income statement
- equity

Level 1	Level 2	Level 3	Total
US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
-	-	34,875	34,875
26,511	-	-	26,511
26,511	-	34,875	61,386
334,314	-	-	334,314
-	-	-	-
334,314	-	-	334,314
<b>360,825</b>	<b>-</b>	<b>34,875</b>	<b>395,700</b>

**31 December 2018 (audited)**
*i) Proprietary investments*

Investment securities carried at fair value through:

- income statement
- equity

*ii) Treasury portfolio*

Investment securities carried at fair value through:

- income statement
- equity

Level 1	Level 2	Level 3	Total
US\$ 000's	US\$ 000's	US\$ 000's	US\$ 000's
-	-	34,875	34,875
29,093	-	-	29,093
29,093	-	34,875	63,968
100,527	-	-	100,527
-	-	-	-
100,527	-	-	100,527
<b>129,620</b>	<b>-</b>	<b>34,875</b>	<b>164,495</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2019**

21 *Financial instruments (continued)*

The following table analyses the movement in Level 3 financial assets during the period:

	<b>30 June 2019</b> US\$ 000's (reviewed)	<b>31 December 2018</b> US\$ 000's (audited)
At beginning of the period	34,875	34,875
Gains (losses) in income statement	-	-
Derecognition on loss of control	-	-
Transfers into (out) of Level 3	-	-
<b>At end of the period</b>	<b>34,875</b>	<b>34,875</b>

**22** Certain prior period amounts have been regrouped to confirm current period presentation. Such regrouping does not affect the previously reported profit for the period or total owners' equity.