

United Gulf Bank B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2015 (Reviewed)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED GULF BANK B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (the Bank) and its subsidiaries (together the Group) as at 31 March 2015, comprising the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 International Standards on Auditing. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



13 May 2015
Manama, Kingdom of Bahrain

United Gulf Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015 (Reviewed)

		<i>Reviewed</i> 31 March 2015 <i>US\$ 000</i>	<i>Audited</i> 31 December 2014 <i>US\$ 000</i>	<i>Reviewed</i> 31 March 2014 <i>US\$ 000</i>
	<i>Note</i>			
ASSETS				
Demand and call deposits with banks		273,123	284,048	281,492
Placements with banks		125,261	142,481	60,589
Investments carried at fair value through statement of income		66,748	57,063	70,507
Non-trading investments	4	178,024	218,407	215,642
Loans and receivables		887,257	990,164	985,215
Other assets		117,154	113,574	78,603
Investments in associates and joint ventures		850,682	864,991	798,812
Investment properties		30,623	4,774	14
Property and equipment		40,838	39,926	39,359
Goodwill		54,442	54,509	57,437
Assets of disposal group classified as held for sale		6,937	7,893	-
TOTAL ASSETS		2,631,089	2,777,830	2,587,670
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		700,774	712,615	786,644
Deposits from customers		458,347	548,417	446,193
Loans payable		788,010	781,347	667,368
Subordinated debt		93,270	93,270	93,135
Other liabilities		52,649	61,545	45,859
Liabilities of disposal group classified as held for sale		269	249	-
TOTAL LIABILITIES		2,093,319	2,197,443	2,039,199
EQUITY				
Share capital		208,651	208,651	208,651
Treasury shares		(18,131)	(18,131)	(18,131)
Share premium		11,459	11,459	11,459
Statutory reserve		98,766	98,766	96,882
General reserve		79,251	79,251	77,367
Treasury shares reserve		14,248	14,248	14,248
Fair value reserve		(19,974)	7,539	(5,277)
Foreign currency translation reserve		(27,345)	(10,403)	6,036
Retained earnings		73,645	71,522	66,669
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		420,570	462,902	457,904
Non-controlling interests		117,200	117,485	90,567
TOTAL EQUITY		537,770	580,387	548,471
TOTAL LIABILITIES AND EQUITY		2,631,089	2,777,830	2,587,670



Masaud Hayat
Chairman



Faisal Al Ayyar
Vice Chairman



Rabin Soukari
Chief Executive Officer

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2015 (Reviewed)

		<i>Three-month period ended 31 March</i>	
		2015	2014
		US\$ 000	US\$ 000
Note			
	Investment income - net	6 (170)	14,312
	Interest income	16,958	11,619
		16,788	25,931
	Fees and commissions	7,700	9,310
	Foreign currency translation gains (losses) - net	3,019	(1,673)
	Share of results of associates and joint ventures - net	6 7,731	6,968
	Total income	35,238	40,536
	Interest expense	(12,262)	(11,891)
	Operating income before expenses and provisions	22,976	28,645
	Salaries and benefits	(12,142)	(10,445)
	General and administrative expenses	(6,952)	(6,527)
	Operating income before provisions	3,882	11,673
	Impairment loss on loans and receivables	(2,560)	(95)
	Taxation	51	-
	Net profit for the period from continuing operations	1,373	11,578
	Discontinued operations		
	Net loss from discontinued operations	(1,204)	-
	Net profit for the period	169	11,578
	Net (loss) profit attributable to non-controlling interests	(1,954)	1,360
	NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT	2,123	10,218
	Net profit (loss) for the period attributable to:		
	Shareholders of the parent		
	- from continuing operations	2,860	10,218
	- from discontinued operations	(737)	-
		2,123	10,218
	Non-controlling interests		
	- from continuing operations	(1,487)	1,360
	- from discontinued operations	(467)	-
		(1,954)	1,360
	Earnings per share		
	Basic and diluted earnings per share from continuing operations (US cents)	0.35	1.25
	Basic and diluted earnings per share from discontinued operations (US cents)	(0.09)	-


Masaud Hayat
Chairman


Faisal Al Ayyar
Vice Chairman


Rabih Soukari
Chief Executive Officer

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2015 (Reviewed)

	<i>Three-month period ended 31 March</i>	
	2015	2014
	US\$ 000	US\$ 000
NET PROFIT FOR THE PERIOD	169	11,578
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation reserve	(17,600)	(569)
Fair value reserve	(20,505)	8,866
Transfer to interim consolidated statement of income upon derecognition	(25)	1,688
Share of other comprehensive loss of associates and joint ventures - net	(6,884)	(721)
Cash flow hedges	(69)	30
Other comprehensive (loss) income for the period to be reclassified to profit or loss in subsequent periods	(45,083)	9,294
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(44,914)	20,872
Total comprehensive (loss) income attributable to		
- shareholders of the parent	(42,332)	21,604
- non-controlling interests	(2,582)	(732)
	(44,914)	20,872

United Gulf Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2015 (Reviewed)

	<i>Note</i>	<i>Three-months period ended 31 March</i>	
		2015	2014
		US\$ 000	US\$ 000
OPERATING ACTIVITIES			
Net profit for the period from continuing operations		1,373	11,578
Adjustments for non-cash items:			
Depreciation		805	732
Loss (gain) on investments carried at fair value through statement of income		208	(3,648)
Share of results of associates and joint ventures - net		(7,731)	(6,968)
Gain on sale of associated companies		-	(26)
Impairment loss on loans and receivables		2,560	95
Interest income		(16,958)	(11,619)
Interest expense		12,262	11,891
Dividend income		(826)	(844)
Operating (loss) profit before working capital changes		(8,307)	1,191
Changes in operating assets and liabilities:			
Placements with banks with original maturities of more than ninety days		(4,509)	-
Investments carried at fair value through statement of income		(9,893)	(2,530)
Non-trading investments		19,822	(7,389)
Loans and receivables		100,347	39,786
Other assets		(3,191)	(4,492)
Due to banks and other financial institutions		(11,841)	(41,374)
Deposits from customers		(90,070)	(9,802)
Other liabilities		(3,494)	(2,556)
Net assets of disposal group classified as held for sale		(228)	-
Interest received		16,500	7,791
Interest paid		(17,244)	(9,696)
Dividends received		826	844
Donations		(220)	(200)
Directors' remuneration		(200)	(200)
Net cash used in operating activities		(11,702)	(28,627)
INVESTING ACTIVITIES			
Investment in subsidiaries - net of cash acquired		-	74,714
Investments in associates and joint ventures - net		15,157	58,543
Investment properties - net		(25,849)	-
Property and equipment - net		(1,717)	(484)
Net cash (used in) from investing activities		(12,409)	132,773
FINANCING ACTIVITIES			
Proceeds from loans		6,663	106,577
Subordinated debt		-	(6,865)
Net cash from financing activities		6,663	99,712
Foreign currency translation adjustments		(16,875)	(650)
Movement in non-controlling interests		1,669	200
NET CHANGE IN CASH AND CASH EQUIVALENTS		(32,654)	203,408
Cash and cash equivalents at 1 January		418,416	130,491
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	385,762	333,899

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

United Gulf Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2015 (Reviewed)

	Attributable to shareholders of the parent										Non-controlling interests US\$ 000	Total equity US\$ 000
	Share capital US\$ 000	Treasury shares US\$ 000	Share premium US\$ 000	Statutory reserve US\$ 000	General reserve US\$ 000	Treasury share reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	Retained earnings US\$ 000	Total before non-controlling interests US\$ 000		
Balance at 1 January 2015	208,651	(18,131)	11,459	98,766	79,251	14,248	7,539	(10,403)	71,522	462,902	117,485	580,387
Profit (loss) for the period	-	-	-	-	-	-	-	-	2,123	2,123	(1,954)	169
Other comprehensive loss	-	-	-	-	-	-	(27,513)	(16,942)	-	(44,455)	(628)	(45,083)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(27,513)	(16,942)	2,123	(42,332)	(2,582)	(44,914)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,297	2,297
Balance at 31 March 2015	208,651	(18,131)	11,459	98,766	79,251	14,248	(19,974)	(27,345)	73,645	420,570	117,200	537,770
Balance at 1 January 2014	208,651	(18,131)	11,459	96,882	77,367	14,248	(17,313)	6,686	56,451	436,300	23,262	459,562
Profit for the period	-	-	-	-	-	-	-	-	10,218	10,218	1,360	11,578
Other comprehensive income (loss)	-	-	-	-	-	-	12,036	(650)	-	11,386	(2,092)	9,294
Total comprehensive income (loss) for the period	-	-	-	-	-	-	12,036	(650)	10,218	21,604	(732)	20,872
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	68,037	68,037
Balance at 31 March 2014	208,651	(18,131)	11,459	96,882	77,367	14,248	(5,277)	6,036	66,669	457,904	90,567	548,471

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

As at 31 March 2015 (Reviewed)

1 INCORPORATION AND PRINCIPAL ACTIVITY

United Gulf Bank B.S.C. [the Bank] is a joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550, and is listed on the Bahrain Bourse. The address of the Bank's registered office is UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

The Bank operates in Bahrain under a Wholesale Banking License issued by the Central Bank of Bahrain [the CBB].

The principal activities of the Bank and its principal subsidiaries [together the Group] comprise of investment and commercial banking. Investment banking includes asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking includes extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

The Bank's parent and ultimate holding company is Kuwait Projects Company (Holding) K.S.C. [KIPCO], a company incorporated in the State of Kuwait and listed on the Kuwait Stock Exchange. As at 31 March 2015, KIPCO owned 97.41% of the Bank's outstanding shares (31 December 2014: 97.41%).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 13 May 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2015 are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not contain all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014. In addition, results for the three-month period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements or the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard / amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 8 in these interim condensed consolidated financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of his decision making.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at 31 March 2015 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

This amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements incorporate the interim condensed financial statements of the Bank and its principal subsidiaries.

The Bank has the following principal subsidiaries:

Name of the subsidiary	Country of incorporation	Effective ownership		Year of incorporation
		31 March 2015	31 December 2014	
Held directly				
FIMBank Group [FIMBank]	Malta	61%	61%	1994
KAMCO Investment Company K.S.C.P. [KAMCO]	Kuwait	86%	86%	1998
Hatoon Real Estate Company	Kuwait	98%	98%	2008
Syria Gulf Investment Company	Syria	99%	99%	2007
Takaud Saving & Pensions Company	Bahrain	50%	50%	2011
United Gulf Financial Services Company-North Africa	Tunisia	85%	85%	2008
Held through KAMCO				
Al Dhiyafa United Real Estate Company W.L.L.	Kuwait	100%	100%	2007
Al Janah Holding Company K.S.C. (Closed)	Kuwait	99%	99%	2005
Al Rawabi International Real Estate Co. W.L.L.	Kuwait	96%	96%	2009
Al Raya Real Estate Projects Company W.L.L.	Kuwait	100%	100%	2007
Al Zad Real Estate W.L.L.	Kuwait	100%	100%	2007
Kamco GCC Opportunistic Fund	Kuwait	100%	100%	2013
KAMCO Real Estate Company S.P.C.	Bahrain	-	-	2005
Kuwait Private Equity Opportunity Fund	Kuwait	71%	71%	2004
North Africa Real Estate Co.	Kuwait	100%	100%	2014
Orange Real Estate Co. W.L.L.	Kuwait	100%	100%	2005
Held through FIMBank				
India Factoring and Finance Solutions Private Limited	India	79%	79%	2010
CIS Factors Holdings B.V.	Russia	80%	80%	2009
FIM Holdings (Chile) S.p.a.	Chile	100%	100%	2014
First Factors S.A.	Chile	51%	51%	2014
London Forfaiting Company Limited	United Kingdom	100%	100%	2009
London Forfaiting International Limited	United Kingdom	100%	100%	2009
	United States of America			
London Forfaiting Americas Inc.	America	100%	100%	2009
London Forfaiting do Brasil Ltd.	Brazil	100%	100%	2009
FIM Factors B.V.	Netherlands	100%	100%	2009
	United Arab Emirates			
Menafactors Limited	Emirates	100%	100%	2009
FIM Business Solutions Limited	Malta	100%	100%	2009
FIM Property Investment Limited	Malta	100%	100%	2010

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

As at 31 March 2015 (Reviewed)

4 NON - TRADING INVESTMENTS

Included under non-trading investments are unquoted available for sale investments, primarily representing nominal equity stakes of up to 13% (31 December 2014: 13%) in various geographically and sectorally dispersed entities, amounting to US\$ 45.4 million (31 December 2014: US\$ 27 million) for which fair value cannot be determined with sufficient accuracy, as future cash flows are not determinable. Accordingly, these investments are carried at cost less provisions for impairment.

5 CASH AND CASH EQUIVALENTS

	<i>Reviewed 31 March 2015 US\$ 000</i>	<i>Audited 31 December 2014 US\$ 000</i>	<i>Reviewed 31 March 2014 US\$ 000</i>
Demand and call deposits with banks	273,123	284,048	281,492
Time deposits with original maturities of ninety days or less	112,639	134,368	52,407
	385,762	418,416	333,899

6 NON-RECURRING INCOME

Investment income for the three-month period ended 31 March 2015 includes US\$ 1.2 million representing income from consultancy services provided to an associate during the period (three-month period ended 31 March 2014: nil) which is of a non-recurring nature.

United Gulf Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

7 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its parent, associated companies, directors, senior management and entities which are either controlled or significantly influenced by any of the above mentioned parties.

The income and expenses in respect of related party transactions during the three-month period are included in the interim condensed consolidated financial statements and are as follows:

	Reviewed Three-month period ended 31 March 2015			Reviewed Three-month period ended 31 March 2014 US\$ 000
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Loss on investments carried at fair value through statement of income-net	-	-	-	(66)
Loss on sale of non-trading investments	-	-	-	(341)
Fees and commissions	792	420	1,364	2,576
Dividend income	22	40	-	62
Interest income	-	295	164	459
Interest expense	(287)	(3,227)	(933)	(4,447)
Others	1	1,207	(242)	966
Purchase transactions				
Non-trading investments	-	15,293	-	15,293
Investments in associates and joint ventures	-	30,055	-	30,055
Investment properties	-	12,734	-	12,734
Sales transactions				
Non-trading investments	-	19,253	-	19,253
Investment properties	-	4,001	-	4,001

All related party transactions are on terms that are mutually agreed between the counterparties.

United Gulf Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7 RELATED PARTY TRANSACTIONS (continued)

The period-end balances in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	Reviewed 31 March 2015			Audited 31 December 2014	Reviewed 31 March 2014
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000	US\$ 000
Demand and call deposits with banks	-	1,055	550	1,605	994
Placements with banks	-	34,033	15,523	49,556	15,521
Investments carried at fair value through statement of income	377	1,227	-	1,604	1,677
Investments carried at fair value through statement of income in funds managed by related party	-	-	9,962	9,962	9,962
Non-trading investments	1,531	-	17,838	19,369	18,447
Loans and receivables	-	36,293	2,090	38,383	47,525
Other assets	1,849	41,730	4,885	48,464	12,832
Due to banks and other financial institutions	-	(18,637)	(162,634)	(181,271)	(144,098)
Deposits from customers	(44)	(2,703)	(12,294)	(15,041)	(20,366)
Loans payable	-	(451,344)	-	(451,344)	(491,017)
Other liabilities	(22)	(1,420)	(3,405)	(4,847)	(3,401)
Off statement of financial position items:					
Letters of guarantee	-	-	-	-	29,123
Funds managed or advised by the Group	-	-	35,960	35,960	58,554

All related party exposures are performing and are free of any provision for possible credit losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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8 SEGMENTAL INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (the chief operating decision-maker), who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments reported by the Group meet the definition of a reportable segment under IFRS 8.

For management purposes, the Group is organised into business units based on the nature of their operations and services. The Group has two reportable operating segments being 'asset management and investment banking' and 'commercial banking'.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are generally recorded at estimated market rates.

Segmental results

Segmental results for the three-month period ended 31 March 2015 were as follows:

	<i>Reviewed</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Total US\$ 000</i>
Income from external customers	8,721	18,786	27,507
Share of results of associates and joint ventures	981	6,750	7,731
Total income	<u>9,702</u>	<u>25,536</u>	<u>35,238</u>
Operating income before provisions and tax	1,625	2,257	3,882
Impairment loss on loans and receivables	-	(2,560)	(2,560)
Taxation	-	51	51
Profit (loss) for the period from continuing operations	<u>1,625</u>	<u>(252)</u>	<u>1,373</u>
Discontinued operations			
Net loss from discontinued operations	-	(1,204)	(1,204)
	<u>1,625</u>	<u>(1,456)</u>	<u>169</u>
Profit attributable to shareholders of the parent			2,123
Loss attributable to non-controlling interests			(1,954)
			<u>169</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

8 SEGMENTAL INFORMATION (continued)**Segmental results (continued)**

Segmental results for the three-month period ended 31 March 2014 were as follows:

	<i>Reviewed</i>		
	<i>Asset management and investment banking</i>	<i>Commercial banking</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Income from external customers	9,456	24,112	33,568
Share of results of associates and joint ventures	1,625	5,343	6,968
Total income	11,081	29,455	40,536
Operating income before provisions	6,322	5,351	11,673
Impairment loss on loans and receivables	-	(95)	(95)
Net profit for the period	6,322	5,256	11,578
Profit attributable to shareholders of the parent			10,218
Profit attributable to non-controlling interests			1,360
			11,578

Segmental assets and liabilities

Segmental assets and liabilities at 31 March 2015 were as follows:

	<i>Reviewed</i>		
	<i>Asset management and investment banking</i>	<i>Commercial banking</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Investments in associates and joint ventures	318,945	531,737	850,682
Segment assets	906,298	1,724,791	2,631,089
Segment liabilities	992,650	1,100,669	2,093,319

Segmental assets and liabilities at 31 December 2014 were as follows:

	<i>Audited</i>		
	<i>Asset management and investment banking</i>	<i>Commercial banking</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Investments in associates and joint ventures	298,790	566,201	864,991
Segment assets	900,502	1,877,328	2,777,830
Segment liabilities	977,792	1,219,651	2,197,443

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

9 COMMITMENTS, CONTINGENCIES AND OTHER OFF STATEMENT OF FINANCIAL POSITION ITEMS**Commitments**

Credit-related commitments include commitments to extend credit, standby letters of credit, letters of guarantee and acceptances which are designed to meet the requirements of the Group's customers.

Letters of credit, letters of guarantee (including standby letters of credit) and acceptances commit the Group to make payments on behalf of customers if certain conditions are met under the terms of the contract.

The Group has the following credit and investment-related commitments:

	Reviewed 31 March 2015 US\$ 000	Audited 31 December 2014 US\$ 000	Reviewed 31 March 2014 US\$ 000
Credit-related commitments:			
Letters of credit	41,794	65,834	93,260
Letters of guarantee	20,023	49,524	54,953
	61,817	115,358	148,213
Undrawn commitments	44,656	109,260	128,791
Investment-related commitments	27,950	-	32,813
	134,423	224,618	309,817

Investment-related commitments represent commitments for capital calls of fund structures. These commitments can be called during the investment period of the fund, which is normally between 1 to 5 years.

10 DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments.

	<i>Notional amounts</i>		
	Reviewed 31 March 2015 US\$ 000	Audited 31 December 2014 US\$ 000	Reviewed 31 March 2014 US\$ 000
<i>Derivatives held for trading:</i>			
Forward foreign exchange contracts *	401,590	404,064	600,550
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	1,736,324	1,526,194	596,758
Cross currency swaps	-	139,040	747,602
<i>Derivatives used as cash flow hedges</i>			
Interest rate swap	100,000	100,000	175,000

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

11 FINANCIAL INSTRUMENTS

The table below summarises the accounting classification of the Group's financial assets and financial liabilities:

	<i>Held for trading</i>	<i>Designated at fair value through statement of income</i>	<i>Available-for-sale</i>	<i>Amortised cost / Loans and receivables</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
31 March 2015					
Demand and call deposits with banks	-	-	-	273,123	273,123
Placements with banks	-	-	-	125,261	125,261
Investments carried at fair value through statement of income	54,577	12,171	-	-	66,748
Non-trading investments	-	-	178,024	-	178,024
Loans and receivables	-	-	-	887,257	887,257
Other assets	-	-	-	112,592	112,592
Assets of disposal group classified as held for sale	-	-	-	6,937	6,937
Total financial assets	54,577	12,171	178,024	1,405,170	1,649,942
Due to banks and other financial institutions	-	-	-	700,774	700,774
Deposits from customers	-	-	-	458,347	458,347
Loans payable	-	-	-	788,010	788,010
Subordinated debt	-	-	-	93,270	93,270
Other liabilities	-	-	-	52,649	52,649
Liabilities of disposal group classified as held for sale	-	-	-	269	269
Total financial liabilities	-	-	-	2,093,319	2,093,319
	<i>Held for trading</i>	<i>Designated at fair value through statement of income</i>	<i>Available-for-sale</i>	<i>Amortised cost / Loans and receivables</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
31 December 2014					
Demand and call deposits with banks	-	-	-	284,048	284,048
Placements with banks	-	-	-	142,481	142,481
Investments carried at fair value through statement of income	44,786	12,277	-	-	57,063
Non-trading investments	-	-	218,407	-	218,407
Loans and receivables	-	-	-	990,164	990,164
Other assets	303	3,381	-	105,105	108,789
Assets of disposal group classified as held for sale	-	-	-	7,893	7,893
Total financial assets	45,089	15,658	218,407	1,529,691	1,808,845
Due to banks and other financial institutions	-	-	-	712,615	712,615
Deposits from customers	-	-	-	548,417	548,417
Loans payable	-	-	-	781,347	781,347
Subordinated debt	-	-	-	93,270	93,270
Other liabilities	-	-	-	61,545	61,545
Liabilities of disposal group classified as held for sale	-	-	-	249	249
Total financial liabilities	-	-	-	2,197,443	2,197,443

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

11 FINANCIAL INSTRUMENTS (continued)

The fair values of financial instruments on statement of financial position are not significantly different from their carrying values included in the interim condensed consolidated financial statements except for non-trading investments of US\$ 45.4 million (31 December 2014: US\$ 27.0 million) carried at cost less impairment (Note 4) and the following:

	31 March 2015		31 December 2014	
	Carrying value	Fair value	Carrying value	Fair value
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Subordinated debt	93,270	93,923	93,135	80,458

Fair value hierarchy

Fair value is 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.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

11 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 March 2015:

	<i>Level 1</i> <i>US\$ 000</i>	<i>Level 2</i> <i>US\$ 000</i>	<i>Level 3</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Assets measured at fair value				
Investments carried at fair value through statement of income				
Quoted equities	36,654	-	-	36,654
Credit linked notes	17,922	-	-	17,922
Managed funds	9,962	2,209	-	12,171
Non-trading investments				
Equities - quoted	4,894	-	-	4,894
Equities - unquoted	277	26,414	517	27,208
Real estate managed funds - unquoted	-	16,150	-	16,150
Other managed funds	-	70,978	13,437	84,415
Debt securities - unquoted	-	-	-	-
Derivatives				
Held for trading	-	401,590	-	401,590
Used as hedge of net investments in foreign operations	-	1,736,324	-	1,736,324
	<u>69,709</u>	<u>2,253,665</u>	<u>13,954</u>	<u>2,337,328</u>
Assets for which fair values are disclosed				
Placements with banks	-	12,622	-	12,622
Loans and receivables	-	130,669	-	130,669
	<u>-</u>	<u>143,291</u>	<u>-</u>	<u>143,291</u>
Liabilities for which fair values are disclosed				
Loans payable	-	324,878	-	324,878
Subordinated debt	93,923	-	-	93,923
	<u>93,923</u>	<u>324,878</u>	<u>-</u>	<u>418,801</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2015 (Reviewed)

11 FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 December 2014:

	<i>Level 1</i> <i>US\$ 000</i>	<i>Level 2</i> <i>US\$ 000</i>	<i>Level 3</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Assets measured at fair value				
Investments carried at fair value through statement of income				
Quoted equities	26,786	-	-	26,786
Credit linked notes	18,000	-	-	18,000
Managed funds	9,962	2,315	-	12,277
Non-trading investments				
Equities - quoted	5,590	-	-	5,590
Equities - unquoted	84	41,620	531	42,235
Real estate managed funds - unquoted	-	64,070	-	64,070
Other managed funds	-	64,821	14,674	79,495
Debt securities - unquoted	-	-	1,368	1,368
Derivatives				
Held for trading	-	404,064	-	404,064
Used as hedge of net investments in foreign operations	-	1,526,194	-	1,526,194
Used as cash flow hedges	-	139,040	-	139,040
	<u>60,422</u>	<u>2,242,124</u>	<u>16,573</u>	<u>2,319,119</u>
Assets for which fair values are disclosed				
Placements with banks	-	8,113	-	8,113
Loans and receivables	-	144,655	-	144,655
	<u>-</u>	<u>152,768</u>	<u>-</u>	<u>152,768</u>
Liabilities for which fair values are disclosed				
Loans payable	-	325,942	-	325,942
Subordinated debt	80,458	-	-	80,458
	<u>80,458</u>	<u>325,942</u>	<u>-</u>	<u>406,400</u>

Transfers between Level 1, Level 2 and Level 3

During the three-month period ended 31 March 2015 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.