

BANK ALKHAIR B.S.C (c)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

31 MARCH 2016

Commercial registration:	53462 (registered with the Central Bank of Bahrain as a wholesale Islamic bank).
Registered Office:	26th Floor, West Tower, Bahrain Financial Harbour Building No. 1459, Road 4626, Manama, Sea Front 346 PO Box 31700, Manama, Kingdom of Bahrain
Directors:	Yousef A. Al-Shelash, <i>Chairman</i> Hethloul Saleh Al-Hethloul Abdullatif Abdullah Al-Shalash Ayman Ismail Abudawood Abdulaziz Naif Al Orayer Ahmed Saleh Dehailan Khaled Shaheen Saqer Shaheen Khaled Abdulla Mohammed Ateeq Abdullah Ali Al Dubaikhi Majed Abdulrahman Al Qasem Sultan Abdulrahman Abalkheel Abdulrazaq Mohamed Al Wohaib Ali Saleh Al Othaim Khalid Mohamed Abdulrahim Hamad Abdulrazaq Al-Turkait
Chief Executive Officer:	Ayman Sejiny
Auditors:	KPMG Fakhro

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To
The Board of Directors
Bank Alkhair B.S.C. (c)
Manama
Kingdom of Bahrain

12 May 2016

Introduction

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of Bank Alkhair B.S.C. (c) (the "Bank") and its subsidiaries (the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated income statement for the three-month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2016;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2016; 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 the 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 31 March 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 2 to the condensed consolidated interim financial information which discusses certain matters relating to the Group's liquidity position and regulatory capital adequacy requirements, implications of these matters for the basis of preparation of the condensed consolidated interim financial information and management's action plans to deal with these matters.

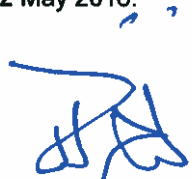
BANK ALKHAIR B.S.C (C)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

US\$ 000's

	note	31 March 2016 (reviewed)	31 December 2015 (audited)
ASSETS			
Cash and balances with banks		13,577	17,021
Placements with financial institutions		6,517	9,648
Financing receivables	6	54,443	66,713
Investment securities	7	74,753	64,930
Equity-accounted investees	8	140,050	139,658
Investment property	9	241,523	241,466
Other assets	10	36,542	32,313
Equipment		13,045	13,274
Total assets		580,450	585,023
LIABILITIES AND EQUITY			
LIABILITIES			
Due to financial institutions		121,492	123,252
Due to customers		177,304	208,250
Other liabilities	11	60,685	28,727
Total liabilities		359,481	360,229
EQUITY			
Share capital		207,962	207,962
Statutory reserve		664	664
Fair value reserve		(214)	(249)
Foreign currency translation reserve		(15,143)	(15,290)
Accumulated losses		(63,477)	(58,478)
Equity attributable to the shareholders of the bank		129,792	134,609
Non-controlling interests		91,177	90,185
Total equity (page 4)		220,969	224,794
Total liabilities and equity		580,450	585,023

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 16 on 12 May 2016.



Yousef Abdullah Al-Shelash
Chairman



Hethloul Saleh Al-Hethloul
Board Member

CONDENSED CONSOLIDATED INCOME STATEMENT
for the three months ended 31 March 2016

US\$ 000's

		Three months ended	
note	31 March 2016 (reviewed)	31 March 2015 (reviewed) (restated- note 3)	
	884	711	
Finance income			
12	(1,118)	1,117	
Income from investment securities			
	1,837	1,286	
Fees and commission			
	242	1,115	
Share of profit of equity-accounted investees, net			
	8,017	7,586	
Income from non-banking operations			
	606	829	
Rental income			
	(124)	(92)	
Other income			
Total income	10,344	12,552	
	3,408	3,384	
Staff cost			
	2,996	2,432	
Finance expense			
	462	679	
Legal and professional expenses			
	283	355	
Premises cost			
	115	54	
Business development expenses			
	5,380	5,849	
Expenses of non-banking operations			
	379	779	
Depreciation			
	1,328	1,108	
Other operating expense			
Total expenses	14,351	14,640	
Loss for the period	(4,007)	(2,088)	
Attributable to:			
	(4,999)	(2,938)	
Shareholders of the Bank			
	992	850	
Non-controlling interests			
	(4,007)	(2,088)	

BANK ALKHAIR B.S.C (C)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2016

US\$ 000's

	Attributable to the shareholders of the Bank						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Total		
As at 1 January 2016	207,962	664	(249)	(15,290)	(58,478)	134,609	90,185	224,794
(Loss) / profit for the period (page 3)	-	-	-	-	(4,999)	(4,999)	992	(4,007)
Foreign currency translation differences	-	-	-	33	-	33	-	33
Share of changes in reserves of equity-accounted investees	-	-	35	114	-	149	-	149
Total recognised income and expense for the period	-	-	35	147	(4,999)	(4,817)	992	(3,825)
As at 31 March 2016	207,962	664	(214)	(15,143)	(63,477)	129,792	91,177	220,969

2016 (reviewed)

As at 1 January 2016

(Loss) / profit for the period (page 3)
Foreign currency translation differences
Share of changes in reserves of equity-accounted investees
Total recognised income and expense for the period

As at 31 March 2016

	Attributable to the shareholders of the Bank						Non-controlling interests	Total equity
	Share capital	Statutory reserve	fair value reserve	Foreign currency translation reserve	Accumulated losses	Total		
As at 1 January 2015 (reviewed) (re-stated)	207,962	664	(185)	(13,333)	(52,479)	142,629	86,744	229,373
(Loss) / profit for the period (page 3)	-	-	-	-	(2,938)	(2,938)	850	(2,088)
Foreign currency translation differences	-	-	-	(222)	-	(222)	(51)	(273)
Share of changes in reserves of equity-accounted investees	-	-	(353)	(762)	-	(1,115)	-	(1,115)
Total recognised income and expense for the period	-	-	(353)	(984)	(2,938)	(4,275)	799	(3,476)
As at 31 March 2015	207,962	664	(538)	(14,317)	(55,417)	138,354	87,543	225,897

2015 (reviewed)

As at 1 January 2015 (reviewed) (re-stated)

(Loss) / profit for the period (page 3)
Foreign currency translation differences
Share of changes in reserves of equity-accounted investees
Total recognised income and expense for the period

As at 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2016

US\$ 000's

	31 March 2016 (reviewed)	31 March 2015 (reviewed) (restated- note 3)
Loss for the period	(4,007)	(2,088)
Adjustments for:		
Gain on sale of investment securities	150	(1,059)
Fair value changes in investment securities	981	184
Share of profit of equity-accounted investees	(242)	(1,115)
Depreciation and amortisation	379	779
Sukuk amortisation	(13)	(75)
	(2,752)	(3,374)
Changes in:		
Financing receivables	12,238	(53,718)
Other assets	(4,237)	(13,944)
Due to financial institutions	180	32,872
Due to customers	(30,946)	1,114
Other liabilities	31,951	8,211
Net cash generated from / (used in) operating activities	6,434	(28,839)
INVESTING ACTIVITIES		
Purchase of equipment, net	(56)	(12)
Proceeds from sale of investment securities	17,518	18,610
Purchase of investment securities	(28,417)	(11,478)
Purchase of investment property	(42)	144
Net cash (used in) / generated from investing activities	(10,997)	7,264
FINANCING ACTIVITIES		
Repayment of financing liabilities	(1,940)	(5,567)
Net cash used in financing activities	(1,940)	(5,567)
Net decrease in cash and cash equivalents during the period	(6,503)	(27,142)
Effect of exchange rate changes on cash and cash equivalents	(72)	(48)
Cash and cash equivalents at the beginning of the period	26,669	65,148
Cash and cash equivalents at the end of the period	20,094	37,958
Cash and cash equivalents comprise:		
Cash and balances with banks	13,577	5,956
Placements with financial institutions	6,517	32,002
	20,094	37,958

1 REPORTING ENTITY

Bank Alkhair B.S.C. (c) ("the Bank") was incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration No. 53462 on 29 April 2004 and operates under a wholesale Islamic banking license granted by the Central Bank of Bahrain (CBB). The Bank's registered office is at the 26th floor, West Tower Bahrain Financial Harbour, Building No. 1459, Road No. 4626, Manama Sea Front 346, Kingdom of Bahrain.

The Bank and its subsidiaries (together referred to as "the Group") aim to provide a full range of investment banking products and services that are compliant with Shari'ah principles. The principal products and services offered by the Group are:

- financial advisory services;
- private equity, equity structuring, private placements and initial public offerings;
- facility structuring, restructuring and placement including project finance, securitisation and Sukuk;
- structuring and marketing of both open and closed end mutual funds as well as client portfolio management and brokerage services that aim to meet investor driven return and asset criteria;
- advisory and investment services for takaful (Islamic insurance) and retakaful (Islamic reinsurance) providers; and
- mergers and acquisitions, including deal sourcing, structuring, valuations and advisory.

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. 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 consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2015. 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 2015.

Going concern

As at 31 March 2016, the current contractual liabilities of the Group exceeded its liquid assets. As a result, the ability of the Group to meet its obligations when due depends on its ability to roll over short term liabilities and timely disposal of assets. Further, the Bank's capital adequacy ratio as of 31 March 2016 was below the minimum regulatory capital requirements. These factors indicate the existence of material uncertainties, which may cast doubt about the Group's ability to continue as a going concern. To address these, the management has taken a number of initiatives including discussions with creditors who have shown willingness in the past to roll over short term placements, putting together a robust assets sales plan and support from major shareholders who have also in the past provided support when it was needed. The Board of Directors has reviewed these initiatives and is satisfied with the appropriateness of the going concern assumption for preparation of the condensed consolidated interim financial information".

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 audited consolidated financial statements for the year ended 31 December 2015. There were no new standards or amendments that were issued and effective from 1 January 2016 that would have a material effect on the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

US\$ 000's

2 BASIS OF PREPARATION (continued)

Judgements and 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 2015.

Financial Risk Management

The Group's financial risk management objectives and policies are consistent with that disclosed in the audited consolidated financial statements for the year ended 31 December 2015.

- 3 The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position has been extracted from the audited consolidated financial statements for the year ended 31 December 2015 and comparatives for the condensed consolidated statements of income, changes in equity and cash flows have been extracted from the condensed consolidated interim financial information for the three months ended 31 March 2015 effected for the restatement given below.

Restatement

In the 4th quarter of 2015, the Group re-classified its investment in a subsidiary, Tintoria International, as held-for-use, because the investment no longer met the criteria to be classified as held-for-sale. In accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, upon reclassification as held-for-use, the subsidiary was consolidated on a line by line basis including earlier periods resulting in restatement of the prior period as if the subsidiary had always been consolidated. The reclassification has resulted in recognition of depreciation on equipment amounting to US\$ 0.22 million for the three months ended 31 march 2015 with a corresponding increase the previously reported loss.

Further, in the 4th quarter of 2015, the Group changed its accounting policy for investment property from cost to fair value model. In accordance with FAS 26 and FAS 1, the earlier periods were re-stated. The change resulted in reversal of depreciation of US\$ 0.65 million that was previously recognised for the three months ended 31 march 2015 and a corresponding decrease reported accumulated losses.

4 SEASONALITY

Due to nature of the Bank's business, the three months' results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

- 5 Appropriations of net profit, if any, are made only after the year end and approval by the shareholders in the annual general meeting.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

US\$ 000's

6 FINANCING RECEIVABLES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Gross murabaha receivables	64,722	77,338
Less: Deferred profits	(177)	(556)
Net murabaha receivables	64,545	76,782
Less: Specific impairment allowances	(9,269)	(9,269)
Less: Collective impairment allowances	(833)	(800)
	54,443	66,713

7 INVESTMENT SECURITIES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Equity type instruments		
<i>At fair value through income statement:</i>		
- Quoted equity securities	317	673
- Unquoted equity securities	21,595	21,593
- Quoted funds	18,464	7,855
- Unquoted funds	28,504	29,490
Total equity type instruments	68,880	59,611
Debt type instruments		
<i>At amortised cost :</i>		
- Sukuk	5,873	5,319
	74,753	64,930

The fair value of the investments carried at amortised cost at 31 March 2016 is US\$ 5,809 thousands (2015: US\$ 5,267 thousands).

8 EQUITY-ACCOUNTED INVESTEEES

	31 March 2016 (reviewed)	31 December 2015 (audited)
BFC Group Holdings Ltd.	120,443	119,160
Burj Bank Limited	10,275	11,215
T'azur Company B.S.C. (c)	9,332	9,283
	140,050	139,658

T'azur Company B.S.C (c) has a commitment to provide a qard hassan to the extent of the accumulated deficit in the participants' fund of US\$ 33.5 million. The Group's share of the commitment is US\$ 8.7 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

US\$ 000's

9 INVESTMENT PROPERTY

	31 March 2016 (reviewed)	31 December 2015 (audited)
Shopping mall – Jordan	185,282	185,239
Land and building – Kingdom of Saudi Arabia	38,535	38,521
Land – Kingdom of Bahrain	17,706	17,706
	241,523	241,466

10 OTHER ASSETS

	31 March 2016 (reviewed)	31 December 2015 (audited)
Prepayments and advances	6,860	6,721
Rental income receivable	25,416	21,207
Fees and expenses recoverable	2,958	2,980
Intangible assets	164	176
Others	3,046	3,131
	38,444	34,215
Less: Provision for impairment	(1,902)	(1,902)
	36,542	32,313

11 OTHER LIABILITIES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Trade and other payables	12,230	11,120
Advance rental income	16,091	5,240
Accruals and other provisions	4,173	4,382
Deal-related payables	24,868	4,725
Staff-related payables	2,704	2,641
Provision for legal and professional expenses	200	200
Restructuring provision	419	419
	60,685	28,727

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

US\$ 000's

12 INCOME FROM INVESTMENT SECURITIES

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Fair value loss on investment securities	(981)	(184)
(Loss) / Gain on sale of investment securities	(148)	817
Sukuk income		
- Sukuk profit	13	242
- Gain on sale of sukuk	(2)	242
	(1,118)	1,117

13 COMMITMENTS AND CONTINGENCIES

	31 March 2016 (reviewed)	31 December 2015 (audited)
Commitment to invest	10,030	10,030
Guarantees	647	727
Lease commitments	5,311	5,311
	15,988	16,068

Litigations and claims

The Bank has filed a number of legal cases against the former Chief Executive Officer before the Civil and Criminal Courts of the Kingdom of Bahrain and the UK. The former CEO has also filed a counter court case in the Bahraini courts for wrongful dismissal. The Bahraini Courts have ruled in favour of the Bank in a number of the civil and criminal cases. The case in the UK was filed by the Bank to remedy the damages resulting from defamation and unlawful conspiracy. The case is currently in progress and the ultimate outcome of the matter cannot presently be determined and, accordingly, no provision for any effects on the Group that may result has been made in this condensed consolidated interim financial information. In 2015, the Group paid US\$ 8.1 million to the UK court, of which US\$ 4 million was utilised to pay legal expenses of the counterparties and the balance US\$ 4.1 million is included under "prepayment and advances" pending outcome of the case.

A number of employment claims have been filed against the Bank by former employees. The Bank's external legal counsel has confirmed that the Bank has strong grounds to successfully defend itself against these claims. No disclosure regarding contingent liabilities arising from the employment claims has been made as the directors of the Bank believe that such disclosures may be prejudicial to the Bank's legal position.

The Group's share of commitments arising from its equity-accounted investees is given in note 8.

14 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include significant shareholders and entities over which the Bank and shareholders exercise significant influence, directors, members of Shari'ah Supervisory Board and executive management of the Bank.

Compensation of key management personnel

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation during the period is as follows:

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Short term employee benefits	1,231	1,203
Post-employment benefits	1,485	1,489
	2,716	2,692

BANK ALKHAIR B.S.C (C)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

14 RELATED PARTY TRANSACTIONS (continued)

US\$ 000's

The significant related party transactions and balances included in this condensed consolidated interim financial information are as follows:

	31 March 2016 (reviewed)				31 December 2015 (audited)			
	Associates	Significant shareholders/ entities in which directors have interest	Key management	Other entities	Associates	Significant shareholders/ entities in which directors have interest	Key management	Other entities
Assets								
Cash and balances with banks	22	-	-	-	22	-	-	-
Financing receivables	-	-	-	1,956	-	-	-	15,070
Investment securities	45,597	-	-	23,777	46,584	-	-	6,910
Equity-accounted investees	140,050	-	-	-	139,658	-	-	-
Other assets	1,856	-	503	412	1,849	-	497	366
Liabilities								
Due to financial institutions	14,656	-	-	-	14,570	-	-	-
Due to customers	918	-	-	30,937	918	-	-	30,461
Other liabilities	161	520	2,784	542	222	417	2,574	516

	Three months ended 31 March 2016 (reviewed)				Three months ended 31 March 2015 (reviewed)			
	Associates	Significant shareholders/ entities in which directors have interest	Key management	Other entities	Associates	Significant shareholders/ entities in which directors have interest	Key management	Other entities
Income / (expenses)								
Income from investment securities	(986)	-	-	27	(127)	-	-	783
Fees and commission	619	-	-	26	566	-	-	82
Net finance income / (expense)	-	-	-	(427)	(134)	-	-	(375)
Share of profit of equity-accounted investees	242	-	-	-	1,115	-	-	-
Directors' and Shari'ah board remuneration and expenses	-	(98)	-	(26)	-	(106)	-	(13)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

US\$ 000's

15 SEGMENT INFORMATION

	For the three months ended 31 March 2016 (reviewed)				
	Investment Banking & Alkhair Capital Menkui Degerler A.S	Alkhair International Islamic Bank Malaysia Berhad	Alkhair Capital Saudi Arabia	Inter- company	Total
Net finance (expense) / income	(2,497)	385	-	-	(2,112)
Income from investment securities	(981)	(1)	(136)	-	(1,118)
Fees and commission	653	81	1,103	-	1,837
Share of profit of equity-accounted investees	242	-	-	-	242
Income from non-banking operations	8,017	-	-	-	8,017
Rental income	-	-	606	-	606
Other income	(136)	12	-	-	(124)
Inter-segment income	(68)	68	-	-	-
Total income	5,230	545	1,573	-	7,348
Total operating expenses	(8,713)	(598)	(2,044)	-	(11,355)
Impairment allowance	31	(31)	-	-	-
Loss for the period	(3,452)	(84)	(471)	-	(4,007)
Equity-accounted investees	140,050	-	-	-	140,050
Segment assets	441,941	91,280	68,109	(20,880)	580,450
Segment liabilities	306,081	67,916	6,364	(20,880)	359,481

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

US\$ 000's

14 SEGMENT INFORMATION (continued)

For the three months ended 31 March 2015 (restated note-3)					
	Investment Banking & Alkhair Capital Menkul Degerler A.S	Alkhair International Islamic Bank Malaysia Berhad	Alkhair Capital Saudi Arabia	Inter- company	Total
External revenue					
Net finance (expense) / income	(1,971)	250	-	-	(1,721)
Income from investment securities	209	220	688	-	1,117
Fees and commission	641	82	563	-	1,286
Share of profit of equity-accounted investees	1,115	-	-	-	1,115
Income from non-banking operations	7,586	-	-	-	7,586
Rental income	-	-	829	-	829
Other income	(89)	(3)	-	-	(92)
Inter-segment income	(82)	82	-	-	-
Total income	7,409	631	2,080	-	10,120
Total operating expenses	(9,647)	(743)	(1,818)	-	(12,208)
Impairment allowance	-	-	-	-	-
(Loss) / profit for the period	(2,238)	(112)	262	-	(2,088)
As at 31 December 2015					
Equity-accounted investees	139,658	-	-	-	139,658
Segment assets	454,214	85,865	5,705	(20,761)	585,023
Segment liabilities	294,327	80,842	5,821	(20,761)	360,229

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

US\$ 000's

16 FINANCIAL INSTRUMENTS**Fair values**

The Group's financial instruments are accounted for under the historical cost method with the exception of investment securities. By contrast, the fair value 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. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices and the use of valuation techniques such as discounted cash flow analysis.

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

31 March 2016 (reviewed)**Financial assets:**

Balances with banks

Placements with financial institutions

Financing receivables

Investment securities

Other financial assets

Financial liabilities:

Due to financial institutions

Due to customers

Other financial liabilities

	Carrying amount	Fair Value
	13,577	13,577
	6,517	6,517
	54,443	54,443
	74,753	74,688
	33,534	33,534
	182,824	182,759
	121,492	121,492
	177,304	177,304
	60,685	60,685
	359,481	359,481

31 December 2015 (audited)**Financial assets:**

Balances with banks

Placements with financial institutions

Financing receivables

Investment securities

Other financial assets

Financial liabilities:

Due to financial institutions

Due to customers

Other financial liabilities

	Carrying amount	Fair Value
	17,021	17,021
	9,648	9,648
	66,713	66,713
	64,930	64,878
	29,460	29,460
	187,772	187,720
	123,252	123,252
	208,250	208,250
	28,727	28,727
	360,229	360,229

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

US\$ 000's

16 FINANCIAL INSTRUMENTS (continued)

Valuation techniques

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

Investment securities

The Group measures the fair value of quoted investments using the market bid-prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active or the instrument is not quoted, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flow analyses and other valuation models with accepted economic methodologies for pricing financial instruments.

Sensitivity analysis

Unquoted securities and funds - Investment securities carried at fair value through income statement:

The effect on profit as a result of a change in the fair value of equity instruments due to a reasonable possible change (i.e. +/- 15%) in the value of individual investments, with all other variables held constant, is US\$ 7.5 million. The effect of decrease in the value of individual investments is expected to be equal and opposite to the effect of an increase.

Financing receivables

The fair values of financing receivables are principally estimated at their carrying amount less impairment provisions as these are for short term (i.e. less than 12 months). Hence, the present value of expected future cash flows is not expected to be different from their carrying values.

Other financial instruments

Placements with financial institutions, due to financial institutions and due to customers are for short term tenure hence their carrying value is not different from the fair value. Fair value of other financial assets and liabilities are not significantly different from their carrying values due to their short term nature.

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).

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

31 March 2016 (reviewed)

Investment securities

Equity type instruments carried at fair value through income statement

	Level 1	Level 2	Level 3	Total
	18,781	45,598	4,501	68,880
	18,781	45,598	4,501	68,880

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

US\$ 000's

16 FINANCIAL INSTRUMENTS (continued)

31 December 2015 (audited)

Investment securities

Equity type instruments carried at fair value through income statement

	Level 1	Level 2	Level 3	Total
	8,528	46,584	4,499	59,611
	8,528	46,584	4,499	59,611

FINANCIAL INSTRUMENTS (continued)

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

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
At 1 January	4,499	5,618
Gain/(Loss) recognised in income statement	2	(7)
At 31 March	4,501	5,611

17 COMPARATIVES

Certain prior period amounts have been regrouped to conform to current period's presentation. Such regrouping did not affect previously reported loss for the period or total equity except for the restatement mentioned in note 3.