GULF MERCHANT GROUP LLP

REPORT AND CONSOLIDATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

GULF MERCHANT GROUP LLP

I N D E X

Year ended 31 December 2014

GULF MERCHANT GROUP LLP

G E N E R A L   I N F O R M A T I O N

Year ended 31 December 2014

Members	Nabil Maaloul * GCG Limited Gulf Merchant Group Holdings Limited * Mohamed Nehiane Maaloul Rola Hamdan
Registered office	35 Old Queen Street London SW1H 9JD
Registered number	OC 301023
Auditors	Dixon Wilson 22 Chancery Lane London WC2A 1LS
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP
Solicitors	Clyde & Co The St. Botolph Building 138 Houndsditch London EC3A 7AR
FCA membership number	208628

Notes:

* Designated member

The members present their report and financial statements for the year ended 31 December 2014.

Activities

The principal activity of the LLP during the year was providing financial consultancy services. The LLP is regulated by the Financial Conduct Authority (FCA).

Results for the year and allocation to members

The income and expenditure of the LLP remained similar to that of the prior year. The loss for the year available for division among the members was £217,779 (2013 - £280,826).

Future developments

The focus of the LLP is to move towards providing corporate finance services and asset management for investments in the Middle East to western investors.

Designated members

Those members who held the position of designated member during the year are shown on page 2.

Members' interests

Members are required to subscribe for capital in accordance with their individual allocation and the contribution deed. No interest is paid on capital.

No member shall have the right directly or indirectly to withdraw or receive back any part of their subscribed capital, except upon ceasing to be a member (and only if the capital withdrawn is replaced by another member) or upon the termination and dissolution of the LLP.

Members may withdraw any amounts standing to the credit of their distribution accounts. Members are allocated residual profits for a financial period following the finalisation of the financial statements for that period and after taking account of such amounts as may be required to pay any current or foreseen liabilities and expenditure of the LLP.

Approved by the members on 16th April 2015 and signed on their behalf by

NABIL MAALOUL
Designated member

Background
There are three supervisory pillars set out in the revised Basel Accord, which have been written into European Law through the Capital Requirements Directive ('CRD'), and further developed in the Pillar 2 guidance issued by the Committee of European Banking Supervisors ('CEBS').

Collectively Pillars 1, 2 and 3 form an overall framework for prudential supervision of banks, credit institutions and investment firms. The first pillar revises existing minimum regulatory capital standards for three major components of risk that firms face: credit, market and operational risk. The second pillar requires firms to assess the amount of internal capital they consider adequate to cover all of the risks to which they are, or likely to be, exposed. The third pillar requires firms to publish certain details of their risks, capital and risk management process.

The Pillar 3 disclosure must be done in accordance with a formal disclosure policy which sets out our policies for assessing the appropriateness of our disclosures, including their verification and frequency. The rules provide that firms may omit one or more of the required disclosures if we believe that the information is immaterial. Where we have considered a disclosure to be immaterial, we have stated this in the relevant section.

We are also permitted to omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential, which if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers and counterparties. Where we have omitted information for either of these two reasons we have stated this in the relevant section and the reasons for this.

Information covered under this Disclosure
In this document we disclose information, unless it has been determined as immaterial or of a proprietary or confidential nature, on:

- our risk management objectives and policies;
- the scope of application of directive requirements;
- our capital resources;
- our compliance with the rules in BIPRU and on Pillar 2 requirements;
- market risk; and
- our remuneration

Scope of the Disclosure
The disclosures in this document are made in respect of Gulf Merchant Group LLP ('GMG'), which is authorised and regulated by the Financial Conduct Authority ('FCA'). GMG was originally established to provide discretionary investment management services and corporate advisory services. These disclosures do not include any statements for any other member of the GMG group of companies. GMG is not required by the FCA to report its financial returns on a consolidated basis for the period ended 31 December 2014.

Risk Management objectives and policies
Our risk management policy reflects the FCA requirement that we must manage a number of different categories of risk. These include: credit, market, business, operational, insurance, liquidity and group risk. In respect of this disclosure it is the first four risks that are relevant and further information is provided on these risks below.

Credit Risk
GMG'S current business model does not expose the business to any credit risk. Consequently, GMG has concluded that no further action and or additional capital is required to mitigate this risk.

Liquidity Risk
GMG has established a liquidity risk management statement in accordance with its regulatory requirements and this forms a part of its ICAAP. The Firm has assessed its liquidity requirements including under stress testing and specific scenarios and has concluded that no additional capital is required to mitigate this risk.

Market Risk
Under Pillar 1, we do not have any exposure to either foreign exchange risk or position risk, which together make up market risk.

Business Risk
Our Pillar 2 business risk assessment principally takes the form of a fall in assets under management following a market downturn that leads to lower management fees or a fall in advisory fees from a market downturn. Different economic scenarios are modelled as part of the Internal Capital Adequacy Assessment Process ('ICAAP') to establish the impact of economic downturns on our financial position.

GMG's Partners are responsible for monitoring the impacts of any market downturn on the business. Controls implemented include the continuing monitoring of its budgets and expenses and reviews of performance to determine any market risk. All figures are reviewed monthly by the Chief Executive Officer and Managing Partner with monthly management accounts prepared by the third party accountants.

Operational Risk
Most of our risk management efforts are focused on operational risk. This includes everything, from risk to our high-level strategy to risk of administrative errors, fraud and theft. Our policy is to operate a robust and effective risk management process, embedded within the governance and management structures of our business.

Our risk management framework defines what operational risk means to us and this is approved by our Board. The main initiative is the establishment of a 'Risk Map' which includes analysis of the key risk areas identified by the senior management. These areas cover specific risk items within the following areas: Financial; Strategy; Customer Service; Third Party Outsourcing; Operational; and Legal and Regulatory.

We seek to identify the impact and probability of each risk item and rank it as high, medium or low. We also identify and implement measures to mitigate the risk and monitor any residual risk on an ongoing basis. The Risk Map is appended to the ICAAP which is formally approved by the Partners.

Capital Resources
GMG's Capital Resources Requirement ('CRR') Pillar 1 calculation, as a Limited Licence Firm, is its Fixed Overheads Requirement £71k, which is higher than its base capital requirement (€50,000) or the Market Risk ('MR') and Credit Risk ('CR') – both of which are deemed to be immaterial. GMG holds Tier 1 capital of £152k to meets its current CRR.

Credit and Market Risk
Disclosures in relation to these risks have been considered immaterial under BIPRU 11.3.5R (Exemption from disclosure: Materiality), as our capital requirement under GENPRU 2.1.45R (Calculation of the variable capital requirement for a BIPRU firm), is our fixed overheads requirement rather than the sum of our credit risk capital requirement and our market risk capital requirement.

Compliance with rules in BIPRU and Pillar 2 rule requirements
Our overall approach to assessing the adequacy of our internal capital is set out in our ICAAP. The ICAAP process involves separate consideration of risks to our capital combined with stress testing using scenario analysis. The level of capital required to cover risks is a function of impact and probability. We assess impact by modelling the changes in our income and expenses caused by various potential risks over a 1-year time horizon. Probability is assessed subjectively.

Following the risk and capital requirement analysis undertaken by the senior management team, we have concluded that no additional capital is required under our Pillar 2 calculation. GMG holds £152k in Tier 1 capital after deductions, which comfortably meets our fixed overhead requirement.

Remuneration Policy
From 1 January 2011 we have been required by the FCA to provide information on our remuneration arrangements. GMG has been categorised by the FCA as a 'Proportionality Level Three Firm' and is therefore subject to the minimum prescribed levels of disclosure.

Due to the nature, scale and complexity of GMG's business and the nature and range of the investment services and activities undertaken in the course of that business, and based on proportionality grounds, GMG has not deemed it appropriate to establish and maintain a remuneration committee. GMG's Managing Partner reviews the firm's remuneration policy and the remuneration of its code staff on an annual basis. The Managing Partner analyses GMG's profits for the calendar period and determines whether to allocate a set amount of the profits for the year to i) meet basic remuneration requirements; ii) meet an incremental increase in basic remuneration; and iii) meet any variable remuneration requirements.

Basic remuneration and any incremental increases are established after consideration of applicable industry levels. Variable remuneration levels are established on an individual basis dependent on that individual's contribution to the overall growth of GMG's business and are not just determined on the individual contribution to profitability. Total variable remuneration is either generally considerably contracted when GMG's performance is subdued or is not established for a period of negative performance. GMG does not use a pre-set formulaic matrix to determine either basic remuneration and or variable remuneration.

Once the basic and variable remuneration levels have been established, the Managing Partner reviews the proposals for any risks and or conflicts and as part of the Firm's continuing risk management arrangements before authorising the new remuneration package for each code staff. Remuneration is determined on (but not limited to) the following: the Firm's profitability; the composition and the contribution of staff eligible to receive a bonus; current market practices and forces; and the Firm's budgeted expenditure and plans for the future.

GMG does not use the services of any external consultants to either determine or assist in the determination of its remuneration policy.

Breakdown of Remuneration for the financial year ended 31 December 2014:

Breakdown of aggregate remuneration of staff in respect of whom disclosure is required by Business Area	
Business Area	***Total Remuneration***
Corporate Finance and Investment Management	£0.00

Breakdown of aggregate quantitative information on remuneration by Senior Management and members of staff whose actions have a material impact on the risk profile of the Firm		
Senior Management	***Other Staff (material impact)***	***Total***
£70,335.41	£0.00	**£70,335.41**

Statement of members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that year. In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Limited Liability Partnership Regulations. The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

So far as each member is aware, there is no relevant audit information of which the LLP's auditors are unaware and they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GULF MERCHANT GROUP LLP

We have audited the consolidated financial statements of Gulf Merchant Group LLP for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group and Parent LLP Balance Sheet, the Group Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Limited Liability Partnership ("LLP") as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Resolutions 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement set out on page 7, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent LLP's affairs as at 31 December 2014 and of the group's loss for the year then ended ;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Opinion on other matter prescribed by the Companies Act 2006 as applied to limited liability partnerships

In our opinion, the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Steven Wakefield (Senior statutory auditor)
For and on behalf of Dixon Wilson, Statutory Auditor
22 Chancery Lane, London WC2A 1LS
20 APRIL 2015

GULF MERCHANT GROUP LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1	66,000	*51,600*
Administrative expenses		(218,392)	*(258,675)*
Operating loss	2	(152,392)	*(207,967)*
Other interest receivable and similar income		314	*391*
Loss for the financial year before members' remuneration and profit shares		(152,078)	*(206,684)*
Members' remuneration charged as an expense		(70,335)	*(77,033)*
Loss on ordinary activities before and after taxation and loss for the financial year available for discretionary division among members		(222,413)	*(283,717)*

All amounts relate to continuing operations. There are no recognised gains or losses for the year or the previous year other than those included in the above profit and loss account.

BALANCE SHEETS

At 31 December 2014

	Note	Group 2014 £	Group 2013 £	LLP 2014 £	LLP 2013 £
Fixed assets					
Investment in Tamra S.A	4	-	-	73,368	*73,368*
Tangible assets	5	490	*967*	490	*967*
		490	*967*	73,858	*74,335*
Current assets					
Debtors	6	96,855	*70,650*	96,855	*70,650*
Cash at bank and in hand		202,503	*221,038*	143,553	*156,628*
		299,358	*291,688*	240,408	*227,278*
Creditors: amounts falling due within one year	7	(46,689)	*(42,783)*	(45,403)	*(40,671)*
Net current assets		252,669	*248,905*	195,005	*186,607*
Net assets attributable to members		253,159	*249,872*	268,863	*260,942*
Represented by:					
Equity					
Other reserves classified as equity	8,9	2,780,000	*2,450,000*	2,780,000	*2,450,000*
Members capital classified as equity	8,9	(2,526,841)	*(2,304,428)*	(2,511,137)	*(2,293,358)*
		253,159	*145,572*	268,863	*156,642*
Loans and other debts due to members within one year		-	*104,300*	-	*104,300*
		253,159	*249,872*	268,863	*260,942*
Total members' interests					
Amounts due from members	8,9	(4,300)	-	(4,300)	-
Loans and other debts due to members	8,9	-	*104,300*	-	*104,300*
Members' other interests	8,9	253,159	*145,572*	268,863	*156,642*
		248,859	*249,872*	264,563	*260,942*

Approved by the members of the LLP on 16th April 2015 and signed on its behalf by:-

NABIL MAALOUL
Designated member

GULF MERCHANT GROUP LLP

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2014

	Note		2014		2013
		£	£	£	£
Net cash outflow from operating activities	10		(166,582)		*(193,392)*
Returns on investments and servicing of finance					
Interest received and similar income			314		*391*
Capital expenditure					
Purchase of fixed assets			-		*(1,444)*
Transactions with members					
Contributions by members		230,000		*104,300*	
Payments to members		(78,935)		*(77,033)*	
Net cash inflow from transactions with members and former members			151,065		*27,267*
Increase/(decrease) in cash in the year	11		(15,203)		*(167,178)*

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Limited Liability Partnerships, issued March 2010. The particular accounting policies are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings (the "Group") drawn up to 31 December 2014.

The subsidiary undertaking is included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of the subsidiary from the date of acquisition and to the date of sale outside the group in the case of the subsidiary. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No profit and loss account is presented for the LLP as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £217,779 (2013 - £280,826).

Going concern

The financial statements have been prepared on a going concern basis.

Income recognition

Income from financial consultancy is recognised in the period in which the services are provided.

Depreciation

Depreciation is provided on all tangible fixed assets at the following annual rates in order to write off the cost less estimated residual value, of each asset over its expected useful life as follows:

Computer equipment	- 33% straight line
Office equipment	- 20% straight line
Fixtures and fittings	- 20% straight line

Operating lease agreements

Rental costs payable and incentives received under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions during the year are recorded at an average monthly rate. All exchange differences are taken to the profit and loss account.

1. Turnover - Group

100% (2013 – 100%) of turnover is attributable to markets outside the UK and is stated exclusive of VAT.

2. Operating loss - Group

	2014 £	2013 £
This is stated after charging:		
Operating lease payments – land and buildings	59,888	55,097
Auditors' remuneration		
Fees payable to the company's auditors:		
- for the audit of the company's accounts	9,500	11,800
Fees payable to the company's auditor for other services:		
- other services relating to taxation	129	3,750
- all other services	33,627	36,587
Depreciation of tangible fixed assets	477	477
Exchange loss	3,332	977

3. Employee and member information - Group

	2014 £	2013 £
Members' remuneration charged as an expense	70,335	77,033
Employee wages and salaries	48,000	48,000
Social security costs	12,244	15,145
	130,579	140,178

The average number of persons employed by the LLP during the year, analysed by category, was as follows:

	Number	Number
Administration	2	2

Information in relation to members

The average number of members during the year was	5	5

4. Fixed asset investments – LLP

	2014	2013
	£	£
Shares in subsidiary undertakings	73,368	*73,368*
	73,368	*73,368*

The above investment is unlisted and represents 100 shares with a nominal value of CHF1,000.

The LLP holds 100% of the ordinary share capital of Tamra S.A, a company incorporated in Switzerland which will provide financial consultancy services.

5. Tangible fixed assets – Group and LLP

	Computer equipment	Office equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 2014	7,608	2,032	10,000	19,640
Additions	-	-	-	-
At 31 December 2014	7,608	2,032	10,000	19,640
Depreciation				
At 1 January 2014	6,641	2,032	10,000	18,673
Charge for the year	477	-	-	477
At 31 December 2014	7,118	2,032	10,000	19,150
Net book value				
At 31 December 2014	490	-	-	490
At 31 December 2013	967	-	-	967

6. Debtors

	Group 2014 £	Group 2013 £	LLP 2014 £	LLP 2013 £
Trade debtors	15,000	*840*	15,000	*840*
Amounts due from members	4,276	-	4,276	-
Prepayments and accrued income	67,724	*59,366*	67,724	*59,366*
Taxation and social security	9,855	*10,444*	9,855	*10,444*
	96,855	*70,650*	96,855	*70,650*

7. Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	LLP 2014 £	LLP 2013 £
Trade creditors	24,240	*17,857*	24,240	*17,857*
Accruals and deferred income	22,449	*24,926*	21,163	*22,814*
	46,689	*42,783*	45,403	*40,671*

8. Members' interests - Group

	Members' other interests				
	Members' capital classed as equity £	Other reserves £	Total £	Loans and other debts to/(from) members £	Total members' interests £
Members' interests at 1 January 2014	2,450,000	(2,304,428)	145,572	104,300	249,872
Members' remuneration charged as an expense	-	-	-	70,335	70,335
Loss for the financial year available for discretionary division among members	-	(222,413)	(222,413)		(222,413)
Members' interests after loss for the year	2,450,000	(2,526,841)	(76,841)	174,635	97,794
Introduced by members	230,000	-	230,000	-	230,000
Conversion of subordinated loan	100,000	-	100,000	(100,000)	-
Drawings and distributions	-	-	-	(78,935)	(78,935)
Members' interests at 31 December 2014	2,780,000	(2,526,841)	253,159	(4,300)	248,859

9. Members' interests - LLP

	Members' other interests				
	Members' capital classed as equity £	Other reserves £	Total £	Loans and other debts to/(from) members £	Total members' interests £
Members' interests at 1 January 2014	2,450,000	(2,293,358)	156,642	104,300	260,942
Members' remuneration charged as an expense	-	-	-	70,335	70,335
Loss for the financial year available for discretionary division among members	-	(217,779)	(217,779)	-	(217,779)
Members' interests after loss for the year	2,450,000	(2,511,137)	(61,138)	174,635	113,498
Introduced by members	230,000	-	230,000	-	230,000
Conversion of subordinated loan	100,000	-	100,000	(100,000)	-
Drawings and distributions	-	-	-	(78,935)	(78,935)
Members' interests at 31 December 2014	2,780,000	(2,511,137)	268,863	(4,300)	264,563

10. Reconciliation of operating loss to net cash flow from operating activities - Group

	2014 £	2013 £
Operating loss	(152,392)	*(207,967)*
Depreciation	477	*477*
Increase in creditors	3,930	*3,271*
(Increase)/decrease in debtors	(21,929)	*9,831*
Adjustment for exchange loss/(gain)	3,332	*997*
Net cash outflow from operating activities	(166,582)	*(193,392)*

11. Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Decrease in cash in year	(15,203)	*(167,178)*
Exchange movement	(3,332)	*(997)*
Movement in net funds in year	(18,535)	*(168,175)*
Net funds at 1 January 2014 (note 12)	221,038	*389,213*
Net funds at 31 December 2014 (note 12)	202,503	*221,038*

12. Analysis of changes in net funds - Group

	At 1 January 2014	Cash flows	Exchange movement	At 31 December 2014
	£	£	£	£
Cash at bank and in hand	221,038	(15,203)	(3,332)	202,503
	221,038	(15,203)	(3,332)	202,503

13. Financial commitments - Group

At 31 December 2014, the LLP was committed to making land and building operating lease payments of £44,916 within 1 year (2013 – £59,888 within 2 to 5 years).

14. Parent undertaking

The parent company is GCG Limited, a company incorporated in the British Virgin Islands.

15. Ultimate controlling party

In the opinion of the members, the LLP is controlled by Nabil Maaloul, its Managing Partner.

16. Related party transactions

During the year, £66,000 (2013 - £51,600) was charged to GMG Holding Limited in respect of strategic advisory services. At the year end £15,000 (2013 - £nil) was due in respect of these services.

GMG Holding Limited is a member of the LLP.