



الخليج المتحد للخدمات المالية إفريقيا الشمالية

United Gulf Financial Services North Africa

Annual Report UGFS-NA 2017



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Chairman Statement

DEAR SHAREHOLDER'S,

On BEHALF OF YOUR BOARD OF DIRECTORS, it is my honor and privilege as the Chairman, to present you the annual Report of UGFS-NA, for the financial year ended December 31, 2017.

I am pleased to share with you this year's report as I am satisfied with the performance achieved by our company despite prevailing socio-economic and political situation in Tunisia. In fact, economic indicators are mainly negative as evidenced by the large and growing imbalances in public finances, the continuous decrease of the dinar; and the decline of foreign investments.

COMPANY'S PERFORMANCE

UGFS-NA is pleased to announce that its underlying performance continues to deliver steady Value recovery to its shareholders, maintaining the trend established over recent years. UGFS-NA has achieved +26% increase in turnover, which generates +270% increase in net income.

As of today, UGFS-NA is managing TND 110 million AUM representing a portfolio with 55 investee companies generating more than 1600 jobs.

UGFS-NA has consolidated its leading position in the market (with 25% market share) after its election by its peers company as chairman of the ATIC (Tunisian Association of Capital Investor).

We aim to gain recognition from our clients, investors, partners and community to be amongst the best service providers in our industry. We reiterate that your Board of directors continue to be fully dedicated to achieving these objectives. Our intention is to ensure that these fundamentals are maintained, as they form the bedrock of future value accretion.

GRATITUDE

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the Tunisian authorities and administration, especially the Financial Market Council (CMF) their continued and valued support.

I also wish to extend my deep appreciation to our shareholders for their unrelenting support and to our investors and partners for their continued trust and confidence. Last, and by no means least, I would like to acknowledge the loyalty, dedication, professionalism, and teamwork of our management and staff members, who have worked above and beyond to ensure to positive results in 2017. I thank you all once again and I am confident that UGFS-NA is well positioned for continued future success.

Mohamed Fekih

Chairman of the Board of Directors

Company Overview

UGFS-NA is a Tunisian licensed asset management company which was established on November 2008 with the mission to lead local investment service providers by offering a range of best investment opportunities to investors such as individuals, corporations and financial institutions. UGFS-NA is a subsidiary of United Gulf Bank; the investment banking subsidiary of Kuwait Projects (Holding) Company (KIPCO).

The Company is regulated by the Conseil du Marché Financier (CMF). Among the Funds regulated by the CMF, UGFS-NA is a leading asset manager with 25% market share in terms of AMU (based on CMF figures).

The team number is 21 employees including 6 seniors.

In terms of Fund services, UGFS-NA has launched fourteen funds to date.

UGFS-NA managed total AUM of TND 109 million at the end of 2017, including 21 customers relationship with 31 managed portfolio accounts and 58 institutional investors for the Private Equity and Seed Funds representing a total of investment in TND Thousand more than 230 000 generating more than 1 600 jobs.

UGFS holds the Chairman position of the Board of ATIC (Tunisian Association of Capital Investors). This election demonstrates the confidence of the venture capital industry in Tunisia in our company, especially since it is the first time an asset management company holds the presidency of this Association.

الخليج المتحد للخدمات المالية - إفريقيا الشمالية

United Gulf Financial Services – North Africa

Rue du Lac Biwa – Immeuble Fraj- Etg2

1053 les Berges du Lac – Tunisia

License : N° 14-2008 date : 26/06/2008

Commercial Registration: B2481662008

Phone: (+216) 71 167 500

Fax : (+216) 71 965 181

Email : contact@ugfsnorthafrica.com.tn

Board of Directors

Mohamed Fekih



Chairman of the Board,

Chairman of the Board Audit Committee

Chief Executive Officer Director of Tunis International Bank
Board and Executive Committee Member of Gulf Bank Algeria
Chairman of SACEM Industries, Tunisia
Board Member of Ooredoo, Tunisia
Board and Risk Committee Member of FIM Bank p.l.c., Malta
Board Member of London Forfaiting Company Ltd, UK
Board Member of Hannibal Lease, Tunisia

Masaud Hayat



Member of the Board,

Chairman & chairman of the Executive Committee of Tunis International Bank, Tunisia
Chairman of United Gulf Bank, Bahrain
Chairman of United Gulf Holding Company in Bahrain
Vice Chairman of FIM Bank p.l.c, Malta
Vice Chairman of Gulf Bank Algeria, Algeria
Board Director of North Africa Holding Company, Kuwait
Board Member of Jordan Kuwait Bank, Jordan
Vice Chairman of Bank of Baghdad, Iraq
Board Director of KAMCO Investment Company, Kuwait

Rabih Soukarieh



Member of the Board,

Member of the Chartered Financial Analysts
Board Member & CEO of Gulf Bank Algeria,
Board Member of Tunis International Bank
Chairman of Syria Gulf Bank
Board & Board & Executive Committee Member of North Africa Holding Company, Kuwait

Hussain A. Lalani



Member of the Board

Chief Executive Officer of United Gulf Bank, Bahrain

Board Member of Takaful Savings & Pensions B.S.C. Bahrain, Global Banking Corporation, Bahrain and Assoufid

Board Member of FIM Bank p.l.c, Malta

Chartered Accountant and a Certified Information Systems Auditor

Osama Talat Al Ghousein



Member of the Board

Senior Vice President and Deputy Chief Executive Officer, Banking for Kuwait Projects Company (KIPCO Holding Company)

Member of the team responsible for the strategy and supervision of KIPCO's regional banking operations

Board Audit Committee

Mohamed Fekih

Chairman

Anas Labidi

Member
TIB Internal Audit Head

Khaled Kammoun

Member
Sacem Deputy General Manager

Compliance and Internal Control

Faysal Melliti



Assistant Vice President

Head of Compliance & Internal Control Department

Senior Management

Mohamed Salah Frad



General Manager
Managing Director

Nabil Chahdoura



Deputy General Manager
Head of Business Group

Sarra Ben Slima



Senior Vice President
Head of Operations & Services

Ahmed Dhouib



Vice President
Head of Private Equity and Early Stage Department

Ranim Fekih Ahmed



Assistant Vice President
Head of Capital Market Department

Our Team

Haithem Ben Nasr
Portfolio Manager

Khaled Dridi
Fund Manager

Besma Ourabi
Accounting & Back Office
Manager

Ali Sfar
Deputy Fund Manager

Manel Kamoun
Junior Financial-Analyst

Rym Bessaoud
Junior Financial-Analyst

Dorra Chouchen
Junior Financial-Analyst

Emir Denden
Compliance Officer

Hassen Arfaoui
Assistant Fund Manager

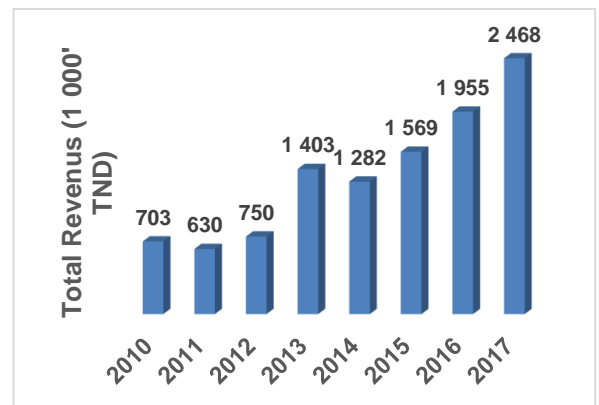
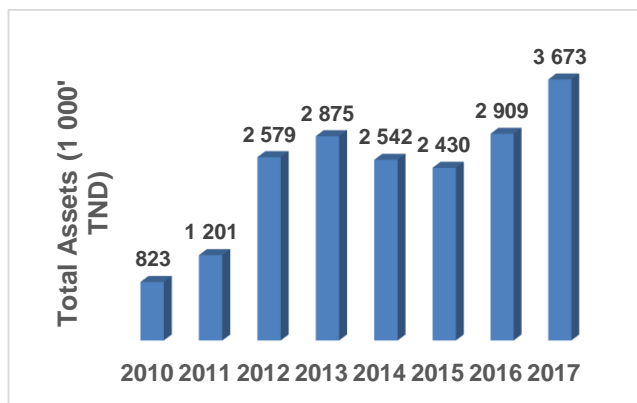
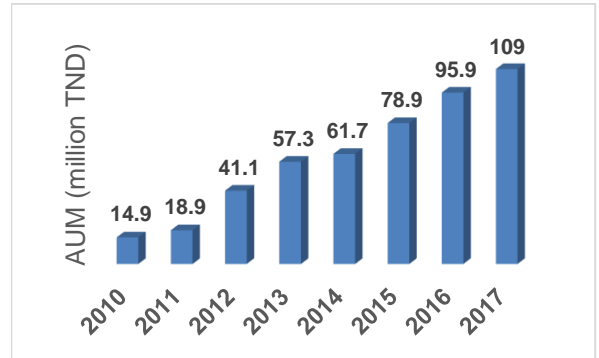
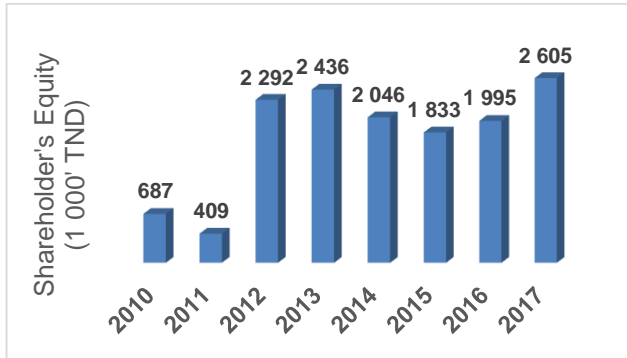
Zeineb Jaafri
Back Office Officer

Khadouja Soumer
Junior Sales Officer

Arwa Cherif
Executive assistant to the
Board

Ines Bouamaied
Administrative assistant &
executive assistant to the
GM

Financial Highlights 2017



AUM
109MD
 (+13% 2016)

Selected Financial Information

	2017	2016	2015	2014	2013	2012
Financial Statements Highlights (1000 TND)						
Total Revenues	2468	1 954	1 569	1 282	1 403	745
Total Revenues Consolidated	2 527	2 081	1 554			
Total Operating Expenses	1884	1 794	1 850	1 703	1 270	845
Total Operating Expenses consolidated	1 903	1 822	1 893			
Net Income	609	162	-213	-390	143	-116
Net Income Consolidated	633	255	-243			
Total Assets	3673	2 909	2 430	2 542	2 875	2 579
Total Assets Consolidated	3 681	2 916	2 370			
Shareholder's Equity	2 605	1 995	1 833	2 046	2 436	2 293
Shareholder's Equity Consolidated	2 623	1 995	1 747			
Profitability						
Earnings Per Share (EPS)	2%	1%	-71%	-130%	48%	-39%
Expenses / Revenues	76%	92%	118%	133%	90%	113%
Return on Assets (ROA)	16%	6%	-9%	-15%	5%	-4%
Return on Equity (ROE)	23%	8%	-12%	-19%	6%	-5%
Equity / Total Assets	71%	69%	75%	80%	85%	89%
Management Fees (1000 TND)						
From managed funds	1953	1550	1 240	963	781	371
From Individual portfolio management	47	25	71	43	41	74

Our Funds



صندوق ثمار
Theemar Investment Fund



الصندوق التونسي للتنمية I
Tunisian Development Fund



الصندوق التونسي للتنمية II
Tunisian Development Fund II



الصندوق التونسي للتنمية III
Tunisian Development Fund III



صندوق كابتيل إيز
CAPITALease Seed Fund



صندوق كابتيل إيز
CAPITALease II Seed Fund



صندوق سترتاب فكتوري
STARTUP FACTORY Fund



الصندوق التونسي للأسهم
Tunisian Equity Fund



الصندوق التونسي للحبطة
Tunisian Prudence Fund



صندوق الخليج المتحد
للخدمات المالية الإسلامي
UGFS Islamic Fund



UGFS Bonds Fund



Social Business Fund
YUNUS Social Business Tunisia



إدارة محافظ مالية
Private Portfolio Management

Our Investors



بنك تونس العالمي
Tunis International Bank



بنك الخليج المتحد
United Gulf Bank S.S.C



Our portfolio Private Equity



Our portfolio Seed Funds



Review of Operations

Strategy and Business Organization

UGFS has separated units: Private Equity- Seed Fund – Capital Market- Operations & services and compliance & internal control- Corporate finance through its subsidiary United Gulf Financial Services UGAS.

Private Equity Funds

During 2017, UGFS-NA has succeeded to strengthen the Private Equity's activity by increasing the overall size of managed funds to TND 68 million of AUM including *Tunisian Development Fund III*, the Third Islamic funds with TND 14.3 million size.

Seed Funds

For Seed funds, which are intended for investments in innovative projects in early stage development companies, particularly in business related to information technology, the AUM has reached TND 19 million distributed in five Seed Funds:

- *IntillaQ For Growth* with a capital of TND 6.1 million. The fund has been created following to a joint initiative of Ooredoo and Qatari Friendship Fund.
- *Social Business* with raised capital TND 1.3million, sponsored by African Development Bank and Yunus Social Business Association.
- *Capitalease Fund 2*: duplication of *Capitalease Fund 1* but on a larger scale for a total size of TND 15million. The fund has already raised TND 8.1 million end 2017.
- *Capitalease Fund 1*: The fund has raised TND 0.8 million.
- *Start up Factory*: The fund has raised TND 2.5 million

Mutual Funds

The AUM has reached TND 11 million through four funds: TEF- TPF- UGFS Bonds Fund and UGFS Islamic Fund.

Portfolio Management Service

The company managed discretionary portfolio accounts held for selected clients including individuals, corporate and financial institutions. Investment held for each account consists of stocks, bonds, or any

other short-term financial instrument or also a combination of those investments., The aggregate value of the portfolio is around TND 10 million at the end of 2017isremaining relatively stable compared to the previous year.

Compliance and Internal Control

UGFS-NA is registered with the Financial Market Council (CMF) as an asset management company. As such, the company's operations are subject to financial regulations including minimum capital requirements and compliance procedures in the local jurisdiction. The company seeks to manage the risks associated with these regulations by ensuring close monitoring of compliance with the regulations and by tracking proposed changes and reacting immediately when changes are required. The company has a dedicated registered Compliance Officer.

Accordingly, UGFS-NA has set up standards internal rules of conduct and procedures that comply with applicable regulations.

Policies & Procedures Manual

During this year 2017, UGFS-NA has reviewed the current investment processes and has begun setting up a global Policies & Procedures Manual that fits with local regulation and international standards. The final implementation is planned during the year 2018.

Outsourcing

In order to increase efficiency for time-consuming functions and reducing operating costs, the company has outsourced mutual funds administration and valuation function. The role of the back-office should be limited in assisting business units in their day to day operations and support them in handling and documenting customer accounts.

Also, Legal and Fiscal advisory functions are outsourced. The legal adviser should provide a support to the management team in analyzing and interpreting legal issues and preparing and drafting investment acts. Besides, the company has hired a Tax adviser to undertake a review of the whole tax files of the company.

Archiving system

The company has engaged an archiving company to work on the implementation of the archiving system, which will provide an off-site archiving location and the digitalization of all the Company's documents

Information system

The company has hired a specialized IT consulting to adapt its information system for the growing company needs. UGFS-NA internet connection has already migrated from an ADSL broadband to Fiber Optic access and from local Exchange server to the Office365 cloud solution. The cloud back-up solution should be finalized by the end of February 2018.

Prospecting Africa

UGFS is prospecting its entry into the African market and exploring new partnerships through advisory missions. In fact, the African continent presents a wide growth potential to conquer.

Outlook 2018

During 2018, UGFS-NA will target on total Fund raising of TND 25.5 million mainly based on the raising Fund: Gabes South Fund with an expected subscription of TND 10 million and Tunisian Development Fund III with an expected subscription of TND 5 million. As such, the total AUM should reach over TND 135 million at the end of 2018.

Regarding the expenses, a rational strategy will continue to keep them under a level of TND 2.3 million in 2018.

As a result, the budget 2018 plans a positive net income that could reach TND 0.7million.

Independent Auditor's Report

Financial Statements 2017

**AUDIT REVISION CONSEIL
ARC**

Membre de l'Ordre des Experts Comptables de Tunisie
Correspondant en Tunisie de RSM International

MEMBER OF RSM INTERNATIONAL



Immeuble Aziz A 3.1- Montplaisir - Tunis - Tunisie
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Télécopie : 216-71 950 852
Email : arc@gnet.tn

**United Gulf Financial Services –
North Africa
(UGFS-NA)**

**STATUTORY AUDITOR REPORTS ON FINANCIAL
STATEMENTS AS AT DECEMBER 31, 2017**

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I- STATUTORY AUDITORS' GENERAL REPORT

II- STATUTORY AUDITORS' SPECIAL REPORT

III- FINANCIAL STATEMENTS

**AUDIT REVISION CONSEIL
ARC**

Membre de l'Ordre des Experts Comptables de Tunisie

Correspondant en Tunisie de RSM International

MEMBRE DE L'ORDRE DES
EXPERTS COMPTABLES
DE TUNISIE



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STATUTORY AUDITOR GENERAL REPORT

The shareholders of
United Gulf Financial Services –NORTH AFRICA , "UGFS – NA"
Immeuble FRAJ 2ième étage rue du Lac BIOUA
Les Berges du Lac 1053, Tunis.

In compliance with the assignment entrusted to us by your General Meeting, we present below our report on the financial statements of "**UGFS – NORTH AFRICA**" for the year ended December 31, 2017 and on the specific procedures as prescribed by law and professional standards.

These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the financial statements

We conducted our audit in accordance with Tunisian Accounting Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of "**UGFS – NORTH AFRICA**" as of December 31st, 2017 and of the results of its operations and its cash flows for the period then ended in accordance with Tunisian Accounting Standards.

United Gulf Financial Services – North Africa.

Auditor Report as at December 31, 2017

2. Specific examinations

We have also carried out the specific procedures prescribed by law and professional standards.

We inform you that your company has a subsidiary UGAS "United Gulf Advisory Services", which gives it the status of parent company under the provisions of Article 461 of the Commercial Companies Code. CSC requires the same in section 471 to establish its consolidated financial statements.

We report, based on our review and as required by the article 3 of the law n° 94-117 dated November 14th, 1994 as amended by the law n° 2005-96 dated October 18th, 2005, that we have not pointed out major weaknesses of the internal control procedures related to the financial information processing and reporting which might affect our opinion on the financial statements.

Furthermore, in accordance with the article 19 of the decree 2001-2728 dated November 20, 2001, we have performed the required examination and have no observation regarding the conformity of "**UGFS – NORTH AFRICA**" with the regulatory requirements relating to securities accounts.

Tunis, March 2, 2018

Foued AMIRI
Partner -Chartered Public accountant

AUDIT REVISION CONSEIL ARC

Membre de l'Ordre des Experts Comptables de Tunisie

Correspondant en Tunisie de RSM International

MEMBRE DE L'ORDRE DES
EXPERTS COMPTABLES
DE TUNISIE



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STATUTORY AUDITOR SPECIAL REPORT

The shareholders of
United Gulf Financial Services –NORTH AFRICA , "UGFS – NA"
Immeuble FRAJ 2ième étage rue du Lac BIOUA
Les Berges du Lac 1053, Tunis.

In our capacity as statutory auditors of your Company, we hereby present our report on the regulated agreements and commitments concluded or continued during the year ended December 31, 2017, in accordance with Articles 200 and 475 of the Commercial Companies Code.

Our responsibility is to ensure the due process of authorization and approval of these agreements or transactions and their translation, ultimately, in the financial statements.

We are required to present to you, on the basis of the information provided to us, the terms and conditions of the agreements of which we were notified or of which we became aware during our engagement. It is not our role to determine whether they are beneficial or appropriate neither to ascertain whether any other regulated agreement exists.

It is your responsibility to evaluate the benefits arising from these agreements prior to their approval.

1-Compensation and benefits of managers

In accordance with the article 200 of the Commercial Companies Code related to the agreements concluded between the company and the president, general manager, assistant general managers or members of the board, we draw your attention to the following convention:

- General Manager Mohamed Salah Frad received us December 2017 :
 - Annual gross salary : TND 176 154,
 - Fuel : TND 4 200

- Liabilities: the social security contribution is supported by the General Manager.

United Gulf Financial Services – North Africa.

Auditor Report as at December 31, 2017

2-Transactions with related party

According to an agreement signed between UGFS-NORTH AFRICA and its subsidiary UGAS on January 1st, 2011, UGFS-NORTH AFRICA will charge UGAS for the part overhead expenses. The amount of overhead expenses charged by UGFS-NORTH AFRICA for the year 2017 is TND 24 825.

Moreover, our investigations didn't reveal other agreement falling within the scope of the article 200.

Tunis, March 2, 2018

Foued AMIRI
Partner -Chartered Public accountant

UGFS – NORTH AFRICA

BALANCE SHEET - ASSETS

As at December 31, 2017

(in Tunisian Dinars)

	NOTES	2017	2016
NON CURRENT ASSETS			
Intangible assets		91 104	76 542
- Depreciation		-69 516	-62 479
Net value	1	21 587	14 063
Tangible assets		914 081	865 046
- Depreciation		-577 408	-518 720
Net value	2	336 672	346 326
Financial assets	3	76 540	76 540
Other non currents assents		-	-
TOTAL NON CURRENT ASSETS		434 799	436 929
CURRENT ASSETS			
Trade and others receivables	4	1 126 045	1 110 728
-Depreciation		-	-233 538
Net value		1 126 045	877 190
Other current assets	5	1 514 439	1 232 094
-Depreciation		-212 352	-212 352
Net value		1 302 087	1 019 742
Placements and other financial assets	6	740 758	514 749
Cash	7	69 348	60 357
CURRENT ASSETS		3 238 238	2 472 038
TOTAL ASSETS		3 673 038	2 908 967

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UGFS – NORTH AFRICA

BALANCE SHEET - LIABILITIES

As at December 31, 2017

(in Tunisian Dinars)

	NOTES	2017	2016
SHAREHOLDERS' EQUITY			
Share capital		3 000 000	3 000 000
Losses of previous years		(1 004 713)	1 167 061)
Shareholders equity before loss/profits		1 995 287	1 832 939
Result of the period		609 728	162 348
TOTAL SHAREHOLDERS' EQUITY	8	2 605 015	1 995 287
NON CURRENT LIABILITIES			
Provision		100 000	-
Loans	9	172 434	181 919
TOTAL NON CURRENT LIABILITIES		272 434	181 919
CURRENT LIABILITIES			
Trade suppliers and related accounts	10	348 004	362 527
Other current liabilities	11	359 787	303 027
Bank overdraft and other	12	87 797	66 206
TOTAL CURRENT LIABILITIES		759 589	731 761
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		3 673 038	2 908 967

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GFS – NORTH AFRICA

PROFIT & LOSS

As at December 31, 2017

(in Tunisian Dinars)

	NOTES	2017	2016
OPERATING REVENUES		2 483 165	1 962 065
Revenues	13	2 474 230	1 954 777
Other operating revenues		8 936	7 288
OPERATING EXPENSES		1 650 190	1 794 407
Current operating expenses	14	78 053	70 533
Wages and salaries	15	1 036 590	887 890
Depreciation and provisions		226 682	117 518
Reversal of provisions		(233 538)	-
Other operating expenses	16	542 403	718 466
NET OPERATING LOSS		832 975	167 657
Financial charges	17	46 216	30 178
Financial revenues	18	37 010	31 838
Other loss		-	(1 400)
Other gains		25 314	-
ORDINARY ACTIVITY RESULT		849 083	167 918
Income tax		(5 817)	(4 569)
Result of the Period		609 728	163 343
Contribution tax		-	1 000
Exceptional losses		233 538	-
Result of the Period after		609 728	162 348

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UGFS – NORTH AFRICA

Cash Flow statement

As at December 31, 2017

(in Tunisian Dinars)

	2017	2016
Cash flow related to operating activity		
Net loss of the year	609 728	162 348
Adjustment for :		
Depreciations	- 6 856	117 518
Trade and others receivables	-15 317	-228 840
Other current assets	-282 345	-211 574
Trade suppliers	-14 523	174 547
Other current liabilities	56 760	37 690
Capital gain	-	-
Other financial assets	-226 009	14 605
Cash flow related to operating activity	121 438	66 294
Cash flow related to investment activity		
Purchase of Intangible and tangible assets	-124 552	-199 164
Purchase of financial assets	-	-
Sale of financial assets	-	-
Cash flow related to investment activity	- 124 552	- 199 164
Cash flow related to financing activity		
Loans acquisitions	12 105	104 520
Disbursement of loans	-	-
Cash flow related to financing activity	12 105	104 520
Variation	8 991	-28 351
Cash at the beginning of the period	60 357	88 708
Cash at the end of the period	69 348	60 357

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NOTES TO FINANCIAL STATEMENTS

PERIOD ENDED DECEMBER 31, 2017

AMOUNTS EXPRESSED IN TUNISIAN DINARS (TND)

1. CORPORATE INFORMATION

- United Gulf Financial Services – North Africa (“UGFS-NA”) was effectively established on 21 November 2008 as a public limited liability under the Tunisian Law with a share capital of TND 1.0 million (100,000 shares) and its shareholders are UGB (77.14%), TIB (12.88%), KAMCO (6.67%), NAHC (3.33%) and Others (0.003%).
- Accordingly, in June 2008, UGFS-NA obtained a license from the (“CMF”) to offer Asset Management services in Tunisia.
- As per the obtained license, UGFS-NA’s AM Services will encompass Portfolio Management Services (“PMS”) and Fund Services (“FS”). The license also allows UGFS-NA to offer the Corporate Finance Services (“CFS”) but only in connection with the Portfolio Management Services.

2. PRINCIPLES AND ACCOUNTING METHODS

FINANCIAL STATEMENTS ELABORATION REFERENCE:

- The financial statements of *United Gulf Financial Service – North Africa* have been prepared in accordance with Tunisian accounting standards.
- The financial statements are issued in Tunisian Dinar and cover the period ending at December 31, 2017.
- The financial statements include the Balance sheet, the profit and loss account, the cash flow statement and the notes to financial statements
- The profit and loss account and the cash flow statement are presented according to models’ authorized by Tunisian accounting standards.

ACCOUNTING STANDARDS AND METHODS :

▪ Intangible fixed assets

The fixed assets are stated at their directly attributable costs, including the purchase price and duties paid. The fixed assets are depreciated at the rate of 33%.

▪ Tangible fixed assets

The fixed assets are stated at their directly attributable costs, including the purchase price and duties paid. The fixed assets are depreciated according to the straight-line method of depreciation as follow:

▪ Equipments and offices furniture's	20%
▪ Equipments and computer hardware	33.33%
▪ General installations	10%

▪ **Investments and placements**

All investments are initially recognized at cost being the fair value of consideration given and including acquisition charges associated with the investments.

Investments are measured at fair value. Fair value of investments listed on active markets is determined by reference to quoted bid prices. The fair value changes of Investments are directly recognized in the income statement.

Exceptionally for the placements which are not liquid, only the depreciation is directly recognized in the income statement.

▪ **Foreign currency note**

The transactions in foreign currencies are recognized at the spot rate ruling at transaction date. The exchange differences on settlement of monetary items are recognized in loss or gain of exchange.

The exchange differences from the translation of monetary items at balance sheet date are recognized in income.

3-NOTES TO BALANCE SHEET

Note1- Intangible fixed assets

	2017		2016	
	Gross amounts	Depreciation	Net value	Net value
Computer software	76 542	69 516	7 026	14 063
Computer software in progress	14 562	-	14 562	-
	91 104	69 516	21 587	14 063

Note2- Tangible fixed assets

	2017		2016	
	Gross amounts	Depreciation	Net value	Net value
Transportation equipments	142 704	115 988	26 716	236 098
General installations	201 137	160 822	40 315	38 953
Equipments and office furniture	126 585	114 744	11 841	50 686
Equipments computer hardware	443 654	185 854	257 801	20 589
	914 081	577 408	336 672	346 326

Note3- Financial Assets

	2017	2016
Security deposit for office rent	13 550	13 550
Equity shares Wiki Start-UP	50 000	50 000
Equity shares Capitalseed Seed Fund	3 000	3 000
Equity shares UGAS	9 990	9 990
	76 540	76 540

Note 4: Trade and other receivables

	2017	2016
Due from customers	1 126 045	1 110 728
Provisions	-	-233 538
Net of provision	1 126 045	877 190

Note 5: Other current assets

	2017	2016
Corporate Tax Credit	1 093 373	863 594
Various debtors and creditors (5-1)	327 216	237 814
Accounts receivables	16 600	87 939
Advances and loans	36 730	5 850
Prepaid expenses	21 394	17 771
Sundry accounts	19 125	19 125
	1 514 439	1 232 094
Provisions (5-2)	<212 352>	<212 352>
	1 302 087	1 019 742

5-1: Details of debtors & creditors

	2017	2016
UGAS	319 537	234 688
PINHOLE	2 000	2 000
TDF II	5 030	-
OTHER	649	1 126
	327 216	237 814

5-2: Details of provisions

	2017	2016
UGAS	210 352	210 352
PINHOLE	2 000	2 000
	212 352	212 352

Note 6: Placements and other financial assets

	2017	2016
TPF Fund	192 032	336 242
UGFS ISLAMIC FUND	67 331	71 597
UGFS BONDS FUND	468 427	89 367
Placements TSI	2 494	3 538
MILLENIUM SICAV	725	732
HIFADH SICAV	1 133	1 140
SICAV Patrimoine	1 159	-
Placement Tunisie Valeurs	19	1 580
Other placements	7 439	10 553
	740 758	514 749

Note 7: Cash

	2017	2016
BIAT Bank 253-7	40 313	45 927
BIAT Bank AG LAC 35-1	28 786	13 890
Cash on hand	248	540
	69 348	60 357

Note 8: Share capital

	2017	2016
Share capital	3 000 000	3 000 000
Losses brought forward	<1 004 713>	<1 167 061>
Profit of the year	609 728	162 348
	2 605 015	1 995 287

Note 9: Loans

Loans are related to leasing of cars with a maturity of more than one year

Note 10: Trade suppliers and related accounts

	2017	2016
Due to suppliers (1)	348 004	362 527

(1) The balance of this account is detailed as follows:

ICD		274 200
Business et Financial Consulting		21 042
Sesame Assurances		7 274
CGF		4 494
System Plus		207
TUNISIE TELECOM		2 455
FIM		2 098
Autres		36 234
		348 004

Note 11: Other current liabilities

	2017	2016
Social security	55 256	52 504
Taxes (VAT)	141 758	100 102
Withholding tax on salaries	40 753	25 798
Annual Lave reserve	44 900	52 000
Accrued expenses	62 900	51 690
Differed revenue	8 003	14 403
Others taxes	6 151	6 530
Others	66	-
	359 787	303 027

Note 12: Bank overdraft and other financial liabilities

	2017	2016
Leasing maturities up to one year	87 797	66 206
	87 797	66 206

5- NOTE TO PROFIT & LOSS ACCOUNT

Note 13: Revenues

	2017	2016
Management fees FCPR	1 487 829	1 227 274
Management fees FCP	188 637	160 920
Placement fees	391 083	299 781
Portfolio Management Services fees	47 381	25 275
Subscription fees	58 000	35 500
Management fees Seed Fund	276 475	161 963
Reimbursement from UGAS	24 825	44 064
	2 474 230	1 954 777

Note 14: Current operating expenses

	2017	2016
Operating expenses related to investment funds	19 767	18 769
Other related expenses	15 347	17 630
Office supplies	17 228	17 283
Electricity and Water	10 321	8 331
Fuel	15 390	8 520
	78 053	70 533

Note 15: Wages and salaries

	2017	2016
Salaries	891 989	756 185
Social security	119 658	103 000
Personnel food expenses	24 943	28 705
	1 036 590	887 890

Note 16: Others operating expenses

	2017	2016
Rent	116 837	109 325
Maintenance and repairs	32 859	17 815
Legal fees	137 469	415 652
Taxes	46 792	29 512
Postal expenses	25 112	30 017
Donation	3 500	6 850
Travel expenses	34 793	-
Missions and receptions	13 355	9 692
Training fees	24 811	11 660
Advertising	5 173	6 667
Computing assistance	21 548	5 233
Insurance	70 943	63 826
Others operating expenses	9 211	12 217
	542 403	718 466

Note 17 : Financial Charges

	2017	2016
Impairment losses on investments	20 758	5 095
Currency exchange loss	46	-
Interest on loans	23 648	24 998
Other financial charges	1 764	85
	46 216	30 178

Note 18: Financial revenues

	2017	2016
Dividends	25 120	12 162
Capital gain on investment	3 734	16 281
Attendance fees	6 250	2 500
Placement revenues	1 906	894
	37 010	31 838

Consolidated Financial Statements 2017

**UGFS GROUP
AUDITORS' REPORT**

**Consolidated financial statements
as at December 31, 2017**

March 2018

**UGFS GROUP
STATUTORY AUDITORS' GENERAL REPORT
Consolidated financial statements as at December 31, 2017**

The shareholders of
United Gulf Financial Services –NORTH AFRICA , "UGFS – NA"
Immeuble FRAJ 2ème étage rue du Lac BIWA
Les Berges du Lac 1053, Tunis.

We present below our report on the consolidated financial statements of UGFS GROUP for the year ended December 31,2017 and on the specific procedures as prescribed by law and professional standards.

1. Opinion on the financial statements

We have audited the accompanying consolidated financial statements of UGFS GROUP as at December 31, 2016. These consolidated financial statements are the responsibility of the company's management and its board of directors. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Tunisian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of UGFS GROUP as at December 31, 2017 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

2. Specific examinations

We have also carried out the specific procedures prescribed by law and professional standards.

We have nothing to report on with respect to the consistency of the financial information included in the Board of Directors' report with the financial statements.

Tunis, March 2, 2018

Foued AMIRI
Partner - Chartered Public accountant



UGFS GROUP

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2017

Figures in Tunisian Dinars

ASSETS	Notes	2017	2016
NON CURRENT ASSETS		434 288	431 418
Intangible assets		91 104	76 542
Depreciation		69 516	62 479
Net value	1	21 587	14 063
Tangible assets		914 081	865 046
Depreciation		577 408	518 720
Net value	2	336 673	346 326
Financial assets		76 029	71 029
Depreciation		0	0
Net value	3	76 029	71 029
CURRENT ASSETS		3 247 161	2 517 980
Trade and others receivables		1 165 646	1 389 003
Depreciation			443 890
Net value	4	1 165 646	945 113
Other current assets	5	1 195 253	995 406
Placements and other financial assets	6	740 758	514 749
Cash	7	145 504	62 712
TOTAL ASSETS		3 681 449	2 949 398

UGFS GROUP

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2017

Figures in Tunisian Dinars

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2017	2016
LIABILITIES	8	2 623 414	1 989 813
Share capital		3 000 000	3 000 000
Consolidated losses of previous years		-1 009 967	-1 252 782
Consolidated Losses of the year		633 553	242 771
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2 623 586	1 989 989
Previous losses attributable to minority interests		-220	-299
Net income (loss) attributable to minority interests		49	123
Minority interests		-172	-176
NON CURRENT LIABILITIES		272 434	181 919
Loans	9	172 434	181 919
Provision for risques		100 000	0
CURRENT LIABILITIES		785 601	777 666
Trade suppliers and related accounts	10	352 734	364 568
Other current liabilities	11	345 070	346 892
Bank overdraft and other	12	87 797	66 206
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		3 681 449	2 949 398

UGFS GROUP

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2017

Figures in Tunisian Dinars

	Notes	2017	2016
Operating Revenues		2 536 590	2 088 000
Revenues	13	2 527 655	2 080 713
Other operating revenues		8 936	7 288
Operating income		1 451 474	1 822 046
Current operating expenses	14	78 791	70 533
Wages and salaries	15	1 036 590	890 729
Depreciation and provisions	16	-217 208	117 518
Other operating expenses	17	553 302	743 266
Net operating income (loss)		1 085 117	265 954
Financial charges		42 574	30 093
Financial revenues		28 854	29 275
Other gains		31 620	3 393
Other loss		590	6 367
Net income (loss) before tax		1 102 427	262 163
Income tax		17 018	15 520
Net income of consolidated companies after Tax		1 085 409	246 643
Contribution tax		0	5 285
Exceptional losses		451 807	0
Net income of consolidated companies		633 602	241 358
Net income (loss) attributable to associates compagnies		0	1 536
Net income (loss) attributable to the parent company		633 602	242 894
Net income (loss) attributable to minority interests		49	123
Consolidated net income (loss) of the year		633 553	242 771

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION

- The consolidated financial statements have been prepared in accordance with Tunisian accounting standards.
- The consolidated financial statements are issued in Tunisian Dinar and cover the period ending at December 31, 2017.
- The consolidated financial statements include the consolidated balance sheet, the consolidated income statement, and the notes to the consolidated financial statements.

1.2. PRINCIPLES OF CONSOLIDATION

- The scope of consolidation includes UGFS company (parent company), UGAS (subsidiary owned up to 99.90% of capital) and the Company Wiki Start UP (associated company owned as to 25% of capital).
- The consolidation method used is the global consolidation method for the subsidiary UGAS and the equity method for the associated Company Wiki Start UP.
- For global consolidation method, all accounts of both the assets and liabilities are incorporated item by item in the balance sheet of the mother company, with finding the liabilities of the rights of minority shareholders. The same is done for the income statement.
- Under the equity method, the investment in an associated company is initially recognised at cost and adjusted thereafter for the post-acquisition change in the UGFS's share of net assets of the investee.

2. ACCOUNTING STANDARDS AND METHODS :

▪ Intangible fixed assets

The fixed assets are stated at their directly attributable costs, including the purchase price and duties paid.

The fixed assets are depreciated at the rate of 33%.

▪ Tangible fixed assets

The fixed assets are stated at their directly attributable costs, including the purchase price and duties paid. The fixed assets are depreciated according to the straight-line method of depreciation as follow:

▪ Equipments and offices furniture's	20%
▪ Equipments and computer hardware	33.33%
▪ General installations	10%

▪ Investments and placements

All investments are initially recognized at cost being the fair value of consideration given and including acquisition charges associated with the investments.

Investments are measured at fair value. Fair value of investments listed on active markets is determined by reference to quoted bid prices. The fair value changes of investments are directly recognized in the income statement.

Exceptionally for the placements which are not liquid, only the depreciation is directly recognized in the income statement.

▪ Foreign currency note

The transactions in foreign currencies are recognized at the spot rate ruling at transaction date. The exchange differences on settlement of monetary items are recognized in loss or gain of exchange.

The exchange differences from the conversion of monetary items at balance sheet date are recognized in income.

2-NOTES TO BALANCE SHEET

Note1- Intangible fixed assets

	2017			2016
	Gross amounts	Depreciation	Net value	Net value
Computer software	76 542	69 516	7 026	14 063
Assets under construction	14 562	-	14 562	-
	91 104	69 516	21 587	14 063

Note2- Tangible fixed assets

	2017			2016
	Gross amounts	Depreciation	Net value	Net value
Transportation equipments	443 654	185 854	257 801	236 098
General Installations	142 704	115 988	26 716	38 953
Equipments and office furniture	201 137	160 822	40 315	50 686
Equipments computer hardware	126 585	114 744	11 841	20 589
	914 081	577 408	336 672	346 326

Note3- Financial Assets

	2017	2016
Security deposit for office rent	18 550	13 550
Equity shares Wiki Start-UP	54 479	54 479
Equity shares Capitalease Seed Fund	3 000	3 000
	76 029	71 029

Note 4: Trade and other receivables

	2017	2016
Due from customers	1 165 646	1 389 003
Provisions	-	-443 890
Net of provision	1 165 646	945 113

Note 5: Other current assets

	2017	2016
Tax Credit	1 095 724	863 595
Various debtors and creditors	7 679	3 126
Account receivable	16 600	87 939
Advances and loans	36 730	5 851
Prepaid expenses	21 394	17 771
Sundry account	19 125	19 125
	1 197 253	997 406
Provision	<2 000>	<2 000>
	1 195 253	995 406

Note 6: Placements and other financial assets

	2017	2016
TPF Fund	192 032	336 242
UGFS ISLAMIC FUND	67 331	71 597
UGFS BONDS FUND	468 427	89 367
Placements TSI	2 494	3 538
MILLENIUM SICAV	725	732
HIFADH SICAV	1 133	1 140
Placement Tunisie Valeurs	19	1 580
Other placements	8 597	10 553
	740 758	514 749

Note 7: Cash

	2017	2016
BIAT Bank 253-7	40 313	45 927
BIAT Bank AG LAC 35-1	28 786	13 890
Amen Bank	76 146	2 346
Cash on hand	257	549
	145 502	62 712

Note 8: Share capital

	2017	2016
Share capital	3 000 000	3 000 000
Consolidated losses of previous years	<1 009 967>	<1 252 782>
Consolidated Losses of year	633 553	242 771
Total	2 623 586	1 989 989
Minority interests	<172>	<176>
	2 623 414	1 989 813

Note 9: Loans

Loans are related to leasing of cars with a maturity of more than one year

Note 10: Trade suppliers and related accounts

		2017	2016
Due to suppliers	(1)	352 734	364 568

(1) The balance of this account is detailed as follows:

ICD	274 200
Business et Financial Consulting	21 042
Sesame Assurances	7 274
CGF	4 494
Systems Plus	207
TUNISIE TELECOM	2 455
FIM	2 098
Others	40 964
	352 734

Note 11: Other current liabilities

	2017	2016
Taxes (VAT)	124 231	88 360
Accrued expenses	65 400	99 254
Annual Leave reserve	44 900	52 000
Social security	55 256	52 749
Withholding tax on salaries	40 753	25 798
Differed revenues	8 003	14 403
Taxes	6 462	14 328
Others	65	-
	345 070	346 892

Note 12: Bank overdraft and other financial liabilities

	2017	2016
Leasing maturities up to one year	87 797	66 206
	87 797	66 206

3- NOTE TO PROFIT & LOSS ACCOUNT

Note 13: Revenues

	2017	2016
Management fees FCPR	1 487 829	1 227 274
Management fees FCP	188 637	160 920
Placement fees	391 083	299 781
Portfolio Management Services fees	47 381	25 275
Subscription fees	58 000	35 500
Management fees Seed Fund	276 475	161 963
Others revenues	78 250	170 000
	<u>2 527 655</u>	<u>2 080 713</u>

Note 14: Current operating expenses

	2017	2016
Operating expenses related to investment funds	19 767	18 769
Other related expenses	15 347	16 754
Office supplies	17 228	17 283
Electricity-Water	10 321	8 331
Fuel	15 390	8 520
Others	738	876
	<u>78 791</u>	<u>70 533</u>

Note 15: Wages and salaries

	2017	2016
Salaries	891 988	758 583
Social security	119 658	103 442
Personnel food expenses	24 943	28 705
	<u>1 036 590</u>	<u>890 729</u>

Note 16: Depreciations & Provisions

	2017	2016
Provisions	107 917	-
Depreciation of fixed assets	126 682	117 518
Reversal of provisions	-451 807	-
	<u>-217 208</u>	<u>117 518</u>

Note 17: Others operating expenses

	2017	2016
Rent	113 107	109 325
Maintenance and repairs	32 859	17 815
Legal fees	144 221	431 402
Taxes	46 792	29 512
Postal expenses	25 112	30 017
Donation	3 500	6 850
Missions and receptions	48 148	9 692
Training fees	24 811	11 660
Advertising	5 173	15 308
Computing assistance	21 548	5 233
Insurance	70 943	63 826
Others operating expenses	17 088	12 626
	<u>553 302</u>	<u>743 266</u>

Note 17: Others operating expenses

	<u>2017</u>	<u>2016</u>
Rent	113 107	109 325
Maintenance and repairs	32 859	17 815
Legal fees	144 221	431 402
Taxes	46 792	29 512
Postal expenses	25 112	30 017
Donation	3 500	6 850
Missions and receptions	48 148	9 692
Training fees	24 811	11 660
Advertising	5 173	15 308
Computing assistance	21 548	5 233
Insurance	70 943	63 826
Others operating expenses	17 088	12 626
	<u>553 302</u>	<u>743 266</u>