

Rasmala plc

("Rasmala" or the "Company")

Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

Highlights

- Financial performance in our core businesses for the six months to 30 June 2016 was stable in challenging market conditions
- Operating income of £4.0m (first half 2015: £4.9m)
- Operating loss of £1.3m, compared to a profit of £0.6m for the first half 2015
- Assets under management (AUM) at 30 June 2016 including capital seeded by the Group stood at US\$1,007m (31 December 2015: US\$1,072m)
- Strong capital adequacy, regulatory and liquidity ratios maintained

For further information, please contact:

Rasmala plc
Zak Hydari, CEO
Stockdale Securities
Antonio Bossi / David Coaten

Tel: +44 (0)20 7847 9900

Tel: +44 (0)20 7601 6100

Chief Executive's Statement

Financial results

Rasmala maintained stability in its core businesses in the period up to 30 June 2016 despite the challenging economic backdrop that has continued from 2015.

Total operating income for the six months to 30 June 2016 was £4.0m (six months to 30 June 2015: £4.9m). Total expenses for the six months were £5.2m (first half 2015: £4.3m). The resulting operating loss for the six months was £1.3m (profit in first half 2015: £0.6m).

Our stable performance in the first six months reflects a more diversified business and our cautious approach during a period of heightened uncertainty in our core markets and globally. We expect the uncertainty to continue in the second half of the year and remain defensively positioned.

The Group also maintained its strong capital adequacy, regulatory and liquidity ratios.

Commentary

There was significant volatility in the first half of 2016 driven by various challenges to global growth, oil prices, China's soft landing, US dollar strengthening, emerging market weakness and finally the unexpected vote by the UK to leave the European Union ("EU"). There was no respite at the start of the year after a challenging end to 2015 with low oil prices continuing to create uncertainty in the GCC and globally.

Rasmala continued to make progress in the first half despite these headwinds and there were some positive indicators in our core businesses of Investment Management and Investment Banking. During this period we continued to strengthen our platform with key new hires and investment in new product development and distribution.

The surprise referendum result in the UK to leave the EU highlights the high level of unpredictability in the global geopolitical environment. The US election in November and Italy's constitutional referendum in October pose similar challenges to the status quo and will likely continue to shape market sentiment globally. The UK referendum raises questions about the future shape of the EU and we expect pressures within the bloc to increase as the UK starts negotiations to leave the EU. Amid the uncertainty, and with the UK running a current account deficit of 5.2% of GDP (2015), sterling has seen a sharp weakening since June.

With regard to UK Real Estate, the number of counter-balancing economic variables and post-Brexit political uncertainty have combined to create a significant level of uncertainty in financial markets. There is concern that Brexit could result in large financial institutions moving jobs out of London and consequently weaken the London residential property market as well as the commercial office market. However most of the factors that have driven real estate over the past three years remain in place. The UK economy remains fundamentally robust, interest rates remain low and gilt prices high. We believe long term investors in UK commercial property would be best served by continuing to show tolerance to a period of weakness. European commercial property and property funds have yet to respond in a meaningful and material way to UK political uncertainty.

The U.S. Federal Reserve did not raise rates in Q2 2016 as a direct result of market volatility in the aftermath of Brexit. As compared to Q1 2016, markets now have lower expectations associated with rate hikes in 2016, and are now pricing in a further hike in Q4 2016. Recent economic data from the U.S. has been mixed with equity markets trading at record-high levels whilst yields on 10 year Treasuries had dropped from around 1.65% to 1.30%, and now stabilised around 1.59%. Growth in the US is expected to slow down, with GDP growth below 2%.

Global growth remains sluggish at a rate of 2.4% in 2016 and is the slowest pace since the financial crisis. Central banks of most major economies are engaged in some form of quantitative easing; Europe and Japan have lowered

rates to negative territory and the UK has cut rates by 0.25% in August. Inflation is low in OECD countries for structural reasons and is likely to remain low in 2016.

Oil continues to be a major contributor to global investment sentiment in 2016. In the second quarter of 2016 oil peaked at \$52/bbl and is now trading at around \$46/bbl. Despite the welcome rally in oil since Q1 2016, the current price is still low by historical standards with no cut in production by OPEC members despite ongoing speculation of such a move.

The low oil price is highly relevant for our client base in the GCC and MENA markets where it has implications for government revenues, project spending, capex planning as well as for the overall liquidity in the regional banking system. The recent price action validates our house view that in the near term the oil price is capped at around \$50-\$60/bbl which is seen as the cost of marginal production by shale producers.

A key trend in recent months has been the strengthening of the US Dollar, with the Dollar Index showing levels close to its 5 year highs, partly linked to its safe haven status against volatility.

Risks to the macro picture include a larger-than-expected rise in US interest rates, a sharp economic slowdown in China, weakness in the Euro area and the UK, and geopolitical events which threaten the status quo.

Investment Management

Our investment performance was positive across most Funds and client portfolios. The Arabian Markets Growth Equity Fund out performed its benchmark in the six months to 30 June 2016, and the Rasmala GCC Fixed Income Fund and the Rasmala Global Sukuk Fund, produced returns of 5.17% and 4.68%, respectively, over the same period.

Our Assets under management (AUM) including capital seeded by the Group stood at US\$1,007m (period to 31 December 2015: US\$1,072m). It is important to note our gross inflows during the period exceeded \$78m and we had net positive inflow for the period. The overall fall in our total AUMs relates to market and FX movements. The diversified flows continue across our product offering.

Investment Banking

In the first half of the year, the Investment Banking team successfully originated, structured and acquired AbbVie House office building for £24.5m and fully placed the equity. The team also successfully placed US\$25mn of Kuvyet Turk 7.9%. Our Investment Banking team will continue to focus on Real Estate opportunities in the UK, Europe and UAE.

Treasury and Principal Investments

We continue to manage our balance sheet on a conservative basis and deploy capital to support Investment Banking and drive our product expansion strategy. We also remain committed to an orderly exit of our legacy investments.

Outlook

The outlook for the second half of the year remains challenging and we will continue to steer a steady ship. We will closely monitor post Brexit investment opportunities in the UK and continue to invest in our people and platforms. Whilst uncertainty and market volatility are expected to pose challenges, we continue to identify investment opportunities at attractive valuations and will work closely with our clients to deliver on these.

Zulfi Caar Hydari

Chief Executiv

Rasmala plc
Condensed consolidated statement of income

For the six months ended 30 June 2016 (unaudited)

	6 months to 30-Jun-16 £'000	6 months to 30-Jun-15 £'000	Year to 31-Dec-15 £'000
Income			
Income from financing and investing activities	650	673	1,274
Returns to financial institutions and customers	(83)	(68)	(127)
Net margin	567	605	1,147
Net fees and commission income	2,826	1,522	5,338
Net (loss)/gain from financial assets measured at fair value through profit or loss	286	1,047	(59)
Gain on private equity investments designated at fair value through profit or loss	351	1,264	3,155
Fair value gain on investment property	(100)	(52)	25
Other operating income	45	468	609
Total operating income	3,975	4,854	10,215
Expenses			
Staff costs	(3,298)	(2,800)	(6,199)
Depreciation and amortisation	(44)	(33)	(76)
Other operating expenses	(1,903)	(1,438)	(3,403)
Total expenses	(5,245)	(4,271)	(9,678)
Operating profit before tax	(1,270)	583	537
Tax charge	8	(21)	(198)
Loss from continuing operations	(1,262)	562	339
Loss after tax from discontinuing operations	-	-	(90)
Loss for the year	(1,262)	562	249
Loss attributable to:			
Owner of the Company	(941)	997	(80)
Non-controlling interest	(321)	(435)	329
	(1,262)	562	249
Earnings per share			
- Basic	(3.14p)	3.33p	0.37p
- Diluted	(3.14p)	3.33p	0.37p

Rasmala plc

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2016 (unaudited)

	6 months to 30-Jun-16 £'000	6 months to 30-Jun-15 £'000	Year to 31-Dec-15 £'000
Loss for the year	(1,262)	562	249
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain on fair value of available-for-sale securities	317	107	109
Loss on fair value of available-for-sale securities	(96)	(396)	(658)
Exchange loss on net investment in foreign operations	(793)	(198)	(368)
Total comprehensive (loss)/income for the year	(1,834)	75	(668)
Total comprehensive (loss)/income attributable to:			
Owners of parent	(1,820)	627	(1,080)
Non-controlling interest	(14)	(552)	412
	(1,834)	75	(668)

Rasmala plc
Condensed consolidated statement of financial position

As at 30 June 2016 (unaudited)

	6 months to 30-Jun-16 £'000	6 months to 30-Jun-15 £'000	Year to 31-Dec-15 £'000
Assets			
Cash and cash equivalents	4,622	9,286	5,406
Financial assets measured at fair value through profit or loss	46,133	48,279	48,993
Available-for-sale securities	23,689	19,223	21,735
Financial assets measured at amortised cost	18,523	21,128	20,565
Other assets	10,393	6,056	7,404
Investment property	-	1,187	1,091
Property and equipment	334	189	344
Goodwill	12,651	10,660	11,331
	116,345	116,008	116,869
Assets classified as held for sale	107	90	96
Total assets	116,452	116,098	116,965
Liabilities			
Financial liabilities measured at fair value through profit or loss	5,931	40	1,481
Financial liabilities measured at amortised cost	3,677	6,635	4,180
Income tax payable	39	17	202
Other liabilities	4,256	4,236	6,731
	13,903	10,928	12,594
Liabilities associated with asset held for sale	128	122	115
Total liabilities	14,031	11,050	12,709
Net assets	102,421	105,048	104,256
Capital and reserves			
Share capital	15,721	15,721	15,721
Other reserves	103,386	103,386	103,386
Fair value reserve on available-for-sale securities	70	110	(151)
Foreign exchange reserve	(2,393)	(923)	(1,293)
Accumulated losses	(17,548)	(15,521)	(16,606)
Equity attributable to owners of parent	99,236	102,773	101,057
Non-controlling interest	3,184	2,275	3,199
Total equity	102,421	105,048	104,256

Rasmala plc
Condensed consolidated cash flow statement

For the six months ended 30 June 2016 (unaudited)

	6 months to 30-Jun-16 £'000	6 months to 30-Jun-15 £'000	Year to 31-Dec-15 £'000
Cash flows from operating activities			
Operating (loss)/profit for the period	(1,270)	583	537
Operating loss on discontinued operations	-	-	(90)
<i>Adjusted for:</i>			
Unrealised loss from financial assets measured at fair value through profit or loss	4	(848)	380
Unrealised gain on private equity investments designated at fair value through profit or loss	(316)	(1,264)	(3,061)
Unrealised gain on investment property	-	52	(99)
Depreciation and amortisation	44	33	76
Financial assets measured at fair value through profit or loss	2,856	(4,865)	(6,808)
Available-for-sale securities	(1,732)	3,249	188
Financial assets measured at amortised cost	2,357	22,000	24,359
Other assets	(5,103)	5,677	3,893
Investment property	1,091	434	682
Financial liabilities measured at fair value through profit or loss	4,450	(914)	527
Financial liabilities measured at amortised cost	(503)	4	(2,450)
Other liabilities	(2,475)	(593)	1,916
Assets classified as held for sale	(11)	1	(5)
Liabilities associated with asset held for sale	13	(1)	(9)
Distribution made by a subsidiary	-	-	(171)
Cash used in operating activities	(595)	23,547	19,865
Tax paid	(155)	(778)	(783)
Net cash generated by/ (used in) operating activities	(750)	22,769	19,082
Cash flow from investing activities			
Purchase of property and equipment	(34)	(45)	(238)
Net cash (used in)/ generated from investing activities	(34)	(45)	(238)
Cash flow from financing activities			
Tender offer	-	(20,000)	(20,000)
Net cash used in investing activities	-	(20,000)	(20,000)
Net (decrease)/increase in cash and cash equivalents	(784)	2,724	(1,156)
Cash and cash equivalents at the beginning of year	5,406	6,562	6,562
Cash and cash equivalents at the end of the period	4,622	9,286	5,406

Notes to the condensed consolidated interim financial statements (unaudited)

At 30 June 2016

1. Principal activities and authorisation of the financial statements

Rasmala plc ('Company') is a London headquartered specialist asset management and financing group incorporated in the United Kingdom on 11 January 2005. The Company is focused on the Gulf Cooperation Council countries and offers investment management and structured finance solutions.

The interim condensed consolidated financial statements of the Company and its subsidiaries (the 'Group') for the six months ended 30 June 2016 were authorised by the Board of Directors for issue on 19 September 2016.

The condensed consolidated financial statements of the Group as at and for the period ended 30 June 2016 are available at www.rasmala.com

2. Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

3. Subsequent events

There were no significant events occurring subsequent to the interim reporting period.