

**Gulf General Investments
Co. PSC and its subsidiaries**

Condensed consolidated interim
financial information (unaudited)
30 September 2017

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

30 September 2017

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of Gulf General Investments Co. PSC

Introduction

We have reviewed the accompanying 30 September 2017 condensed consolidated interim financial information of Gulf General Investments Co. PSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2017;
- the condensed consolidated statement of profit or loss for the three month and nine month period ended 30 September 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month and nine month period ended 30 September 2017;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2017;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2017; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 International Standards on Auditing 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 condensed consolidated interim financial information as at 30 September 2017 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of Matter

We draw attention to notes 5 and 17 of the condensed consolidated interim financial information which more fully explains that the Group is in the process of negotiation with the lenders to restructure certain existing loan and credit facilities to meet its commitments and financial obligations as they fall due in the foreseeable future. Our review conclusion is not modified in respect of this matter.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: **14 NOV 2017**

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position

as at 30 September 2017

		30 September 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		400,118	413,782
Investment properties	6	2,513,406	2,511,437
Goodwill		11,500	11,500
Investments in associates and joint ventures	7	373,968	379,681
Investments in securities	8	71,628	77,952
Trade and other receivables	11	281,762	280,736
		-----	-----
		3,652,382	3,675,088
		=====	=====
Current assets			
Properties held for development and sale	9	648,521	629,365
Inventories	10	37,124	44,301
Trade and other receivables	11	818,633	916,145
Re-insurance contract assets	12	193,973	207,571
Investments in securities	8	131,403	138,176
Cash in hand and at bank	13	384,924	342,165
		-----	-----
		2,214,578	2,277,723
		-----	-----
Total assets		5,866,960	5,952,811
		=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position (continued)
as at 30 September 2017

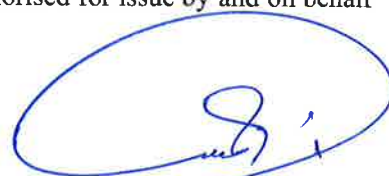
		30 September 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
	<i>Note</i>		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		44,202	44,202
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(36,392)	(31,678)
Accumulated losses		(1,092,546)	(958,530)
Equity attributable to owners of the Company		751,412	890,142
Non-controlling interests		301,005	301,033
Total equity		1,052,417	1,191,175
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		38,239	37,096
Finance lease		21,505	-
Long term portion of term loans	17	2,096,105	694,666
		2,155,849	731,762
Current liabilities			
Insurance contract liabilities	12	381,821	403,557
Finance lease		1,636	23,141
Short term borrowings	17	467,362	1,782,296
Trade and other payables		1,807,875	1,820,880
		2,658,694	4,029,874
Total liabilities		4,814,543	4,761,636
Total equity and liabilities		5,866,960	5,952,811

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on **14 NOV 2017**



Abdalla Juma Majid Al Sari
Chairman



Ahmad Yousuf Habib Al Yousuf
Director

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)
for the nine month period ended 30 September 2017

	Note	Nine month period ended 30 September		Three month period ended 30 September	
		2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Revenue		424,743	627,040	133,364	152,502
Cost of revenue		(272,434)	(403,704)	(87,486)	(113,615)
Gross profit		152,309	223,336	45,878	38,887
Administrative and general expenses	18	(173,385)	(214,852)	(55,985)	(67,573)
Selling and distribution expenses		(10,432)	(6,088)	(3,148)	(2,395)
Other income		3,804	21,398	1,169	4,791
Share of profit in associates and joint ventures	7	3,832	26,058	2,748	3,466
Change in fair value of investments in securities - net	8	562	(9,336)	1,301	(451)
Gain on sale of investments in securities		585	232	-	224
Finance cost		(105,718)	(78,687)	(34,882)	(25,059)
Finance income		5,759	5,481	1,956	1,752
Loss for the period		(122,684)	(32,458)	(40,963)	(46,358)
<i>(Loss)/ profit attributable to:</i>					
Owners of the Company		(133,772)	(70,242)	(43,821)	(45,213)
Non-controlling interests		11,088	37,784	2,858	(1,145)
		(122,684)	(32,458)	(40,963)	(46,358)
Earnings per share - Basic (AED Fils per share)		(7.47)	(3.92)	(2.45)	(2.52)

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

for the nine month period ended 30 September 2017

	Note	Nine month period ended 30 September		Three month period ended 30 September	
		2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Loss for the period		(122,684)	(32,458)	(40,963)	(46,358)
Other comprehensive income:					
<i>Items that will never be reclassified to profit or loss:</i>					
Share in other comprehensive income of associates and joint ventures (fair value through other comprehensive income ("FVOCI"))	7	256	(4,055)	403	458
Change in fair value of investments in securities - net (FVOCI)	8	(4,714)	4,163	101	5,070
Other comprehensive income for the period		(4,458)	108	504	5,528
Total comprehensive income for the period		(127,142)	(32,350)	(40,459)	(40,830)
<i>Total comprehensive income attributable to:</i>					
Owners of the Company		(138,230)	(70,134)	(43,317)	(39,685)
Non-controlling interests		11,088	37,784	2,858	(1,145)
Total comprehensive income for the period		(127,142)	(32,350)	(40,459)	(40,830)

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of cash flows (unaudited) for the nine month period ended 30 September 2017

		Nine month period ended 30 September	
	<i>Note</i>	2017 AED '000	2016 AED '000
Cash flows from operating activities			
Loss for the period		(122,684)	(32,458)
<i>Adjustments for:</i>			
Depreciation		10,587	9,614
Share of profit in associates and joint ventures		(3,832)	(26,058)
Change in fair value of investments measured at fair value through profit or loss		(562)	9,336
Allowance for slow moving inventories		1,132	2,096
Provision of employees' end of service benefits		4,741	4,836
Gain from sale of investments in securities		(585)	(232)
Impairment losses on trade receivables		149	5,146
Write back of impairment losses on trade receivables		(1,725)	(13,224)
Finance income		(5,759)	(5,481)
Finance costs		105,718	78,687
		-----	-----
Operating (loss)/ profit before working capital changes		(12,820)	32,262
Changes in re-insurance contract assets		13,598	19,904
Changes in insurance contract liabilities		(21,736)	(13,730)
Changes in properties held for development and sale		(19,156)	(28,328)
Changes in inventories		6,045	6,003
Changes in trade and other receivables		97,063	171,912
Changes in trade and other payables		(13,005)	88,466
Additions to investment properties		(1,969)	(32,147)
Additions to investment in securities	8	-	(10,793)
Proceeds from sale of investments in securities		9,530	2,595
		-----	-----
Employees' end of service benefits paid		57,550	236,144
		(3,598)	(4,242)
		-----	-----
Net cash generated from operating activities		53,952	231,902
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(7,794)
Proceeds from sale of property, plant and equipment		3,077	-
Dividend received from associate		9,800	-
Finance income		5,759	5,481
		-----	-----
Net cash generated from/ (used in) investing activities		18,636	(2,313)
		-----	-----
Cash flows from financing activities			
Dividend paid to non-controlling interests		(10,616)	(7,142)
Net movement in bank borrowings		51,405	89,694
Finance costs		(105,718)	(78,687)
		-----	-----
Net cash (used in)/ generated from financing activities		(64,929)	3,865
		-----	-----
Net increase in cash and cash equivalents		7,659	233,454
Cash and cash equivalents at the beginning of the period		177,045	(61,964)
		-----	-----
Cash and cash equivalents at the end of the period	15	184,704	171,490
		=====	=====

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity for the nine month period ended 30 September 2017

	Attributable to owners of the Company								
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2016 (audited)	1,791,333	34,283	7,068	37,747	(29,704)	(801,609)	1,039,118	227,870	1,266,988
Total comprehensive income for the period (unaudited)									
(Loss)/ profit for the period	-	-	-	-	-	(70,242)	(70,242)	37,784	(32,458)
Other comprehensive income	-	-	-	-	4,163	(4,055)	108	-	108
Total comprehensive income	-	-	-	-	4,163	(74,297)	(70,134)	37,784	(32,350)
Transactions with owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(7,142)	(7,142)
Changes in ownership interests									
Gain on disposal of a stake in a subsidiary without the change in control	-	-	-	-	-	12,857	12,857	16,333	29,190
Other movements									
Change in fair value of investments measured at fair value through other comprehensive income – reclassified to accumulated losses	-	-	-	-	(38)	38	-	-	-
At 30 September 2016 (unaudited)	1,791,333	34,283	7,068	37,747	(25,579)	(863,011)	981,841	274,845	1,256,686

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity (continued)

for the nine month period ended 30 September 2017

	Attributable to owners of the Company								
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2017 (audited)	1,791,333	44,202	7,068	37,747	(31,678)	(958,530)	890,142	301,033	1,191,175
Total comprehensive income for the period (unaudited)									
(Loss)/ profit for the period	-	-	-	-	-	(133,772)	(133,772)	11,088	(122,684)
Other comprehensive income	-	-	-	-	(4,714)	256	(4,458)	-	(4,458)
Total comprehensive income	-	-	-	-	(4,714)	(133,516)	(138,230)	11,088	(127,142)
Transactions with owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(10,616)	(10,616)
Other movements									
Directors' fees paid by a subsidiary	-	-	-	-	-	(500)	(500)	(500)	(1,000)
At 30 September 2017 (unaudited)	1,791,333	44,202	7,068	37,747	(36,392)	(1,092,546)	751,412	301,005	1,052,417

No allocation of profit has been made to the legal reserve for the nine month period ended 30 September 2017 as it would be effected at the year-end.

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2017 (unaudited)

1 Reporting entity

Gulf General Investments Co. PSC (“the Company”) is incorporated under Emiri Decree No. 2/73 dated 27 July 1973 as a Public Shareholding Company. The duration of the Company is ninety nine years commencing from the date of issuance of the above mentioned Emiri Decree. The registered address of the Company is P. O. Box 22588, Dubai, United Arab Emirates. The Company is listed on the Dubai Financial Market.

The condensed consolidated interim financial information as at and for the nine month period ended 30 September 2017 (“the current period”) comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint ventures.

The principal activities of the Group are to act as a real estate agent, manufacturing, retail trading and provision of real estate development, writing of insurance of all types, hospitality and other services.

Investment Group (Pvt) Limited, a company registered in UAE is a significant shareholder of the Company (“the significant shareholder”).

2 Basis of preparation

2.1 Statement of compliance

The condensed consolidated interim financial information as at and for the nine month period ended 30 September 2017 has been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. This does not include all of the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

2.2 Use of estimates and judgements

In preparing the condensed consolidated interim financial information, management has made 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.

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2016.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

4 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, equity price risk, and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016.

There has been no change in the risk management policies since the year end.

5 Funding and liquidity

The details of the Group's risk and cash flow management have been provided in the Group's consolidated financial statements as at and for the year ended 31 December 2016. Also refer to note to 17.

6 Investment properties

	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Opening balance	2,511,437	2,436,303
Additions during the period/ year	1,969	47,069
Change in fair value (refer to note (i) below)	-	28,065
Closing balance	<u>2,513,406</u>	<u>2,511,437</u>

- (i) During the nine month period ended 30 September 2017, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2016.

The fair value measurement of these properties have been categorised as Level 3 fair value.

- (ii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

7 Investments in associates and joint ventures

The Group's share of profit in associates and joint ventures for the nine month period ended 30 September 2017 amounted to AED 3.8 million (30 September 2016: AED 26.06 million).

As at 31 December 2015, the Group held 26% interest in Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% interest, the Group held 6% shares for the beneficial interest of other individuals. Furthermore, the Group had entered into a sale purchase agreement for 1% of interest with a third party. Accordingly, the Group had been accounting for 19% interest in Al Sagr Cooperative up until 31 December 2015. However, on 1 January 2016, the Group had reacquired 1% of the shares which it had previously sold. This resulted in an increase in the Group's holding percentage to 20%, thereby giving the Group significant influence over Al Sagr Cooperative.

Accordingly, the Group had reclassified its investment in Al Sagr Cooperative from investment in securities to an investment in associate (refer to note 8).

8 Investments in securities

	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVOCI")</i>		
Opening balance	77,952	80,507
Additions during the period/ year	-	130
Disposal during the period/ year	(1,610)	(767)
Change in fair value during the period/ year	(4,714)	(1,918)
	-----	-----
Closing balance	71,628	77,952
	=====	=====
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	138,176	299,325
Additions during the period/ year	-	2,573
Disposal during the period/ year	(7,335)	(390)
Change in fair value during the period/ year	562	(10,682)
Transferred to investment in associates (refer to note 7)	-	(152,650)
	-----	-----
Closing balance	131,403	138,176
	=====	=====

Certain investments are mortgaged to banks and financial institution towards credit facilities granted to the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

9 Properties held for development and sale

During the nine month period ended 30 September 2017, the Company's Directors have reviewed the carrying value of properties held for development and sale and are of the opinion that there is no significant change in the fair value of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2016.

10 Inventories

Certain inventories along with the assignment of insurance policies against those inventories are hypothecated to banks against credit facilities granted to the Group.

11 Trade and other receivables

Trade and other receivables include notes receivable that represent post-dated cheques received from the buyers of properties held for development and sale. Management has performed an impairment assessment on the future collectability of these notes receivable and accordingly has concluded that no allowance for impairment is required as these notes are expected to be realised in the normal course of business.

12 Reinsurance contract assets and insurance contract liabilities

	30 September 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
Gross		
Reserve for outstanding claims	125,699	189,834
Reserve for incurred but not reported claims (IBNR)	52,101	42,141
	-----	-----
Reserve for outstanding claims (including IBNR)	177,800	231,975
Unearned premium reserve	204,021	171,582
	-----	-----
Total insurance contract liabilities (gross)	381,821	403,557
	=====	=====
Less: Recoverable from reinsurers		
Reinsurer share of outstanding claims	(109,301)	(150,434)
Reinsurer share of incurred but not reported claims (IBNR)	(18,147)	(9,821)
	-----	-----
Reinsurer share of outstanding claims (including IBNR)	(127,448)	(160,255)
Unamortised reinsurance premium reserve	(66,525)	(47,316)
	-----	-----
Total re-insurance contract assets	(193,973)	(207,571)
	=====	=====
Net insurance contract liabilities	187,848	195,986
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

13 Cash in hand and at bank

	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Cash in hand	2,394	2,460
Bank balances:		
- Current accounts	100,364	73,618
- Deposit accounts	282,166	266,087
	-----	-----
	384,924	342,165
	=====	=====

Deposits include fixed deposits of AED 239.3 million (2016: AED 229.7 million) held under lien against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (2016: AED 10.3 million) deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law No. (6) of 2007 relating to the Insurance Authority.

14 Share capital

	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
<i>Authorised, issued and paid up</i>		
1,791 million shares of AED 1 each paid up in cash	1,791,333	1,791,333
	=====	=====

15 Cash and cash equivalents

	Nine month period ended 30 September 2017 AED '000 (Unaudited)	2016 AED '000 (Unaudited)
Cash in hand	2,394	8,344
Bank balances:		
-Current accounts	100,364	78,164
-Deposit accounts	282,166	266,198
	-----	-----
	384,924	352,706
Less: Fixed deposits under lien/ deposits with maturity over three months	(2,806)	-
Less: Bank overdrafts (refer to note 17(i))	(197,414)	(181,216)
	-----	-----
	184,704	171,490
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

16 Related party transactions and balances

The Group in the ordinary course of business, enters into transaction with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24. Pricing policies and terms of transactions with related parties are mutually agreed.

Significant transactions carried out with related parties during the period, other than those disclosed elsewhere in the condensed consolidated interim financial information, are as follows:

	Nine month period ended 30 September	
	2017	2016
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Gross premium	10,163	11,865
Claims paid	4,434	19,633
Purchase of services	773	211
Commission paid on rented properties	651	434
Funds given to a related party (net)	-	116,828
Interest charged to a related party	-	2770
Sale of properties held for development and sale	-	1275
	====	=====
Compensation to key management personnel:		
Salaries and benefits	3,731	5,951
	====	=====

Trade and other receivables include due from related parties amounting to AED 140.47 million (2016: AED 129.03 million). Refer to note 11.

Trade and other payables include due to related parties amounting to AED 369.82 million (2016: AED 401.69 million).

The Group's assets comprising of certain investment in subsidiaries, investment properties, investment in associates and investment in securities are held by the related parties for the beneficial interest of the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

17 Borrowings

	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
(i) Short term		
Bank overdrafts	197,414	162,313
Trust receipts	67,591	68,235
Current portion of term loans (refer to note (ii) below)	202,357	1,551,748
	-----	-----
	(A) 467,362	1,782,296
	=====	=====
(ii) Term loans		
At 1 January	2,246,414	2,394,282
Add: availed during the period/ year	-	190
Add: interest capitalised	73,602	-
Less: repaid during the period/ year	(21,554)	(148,058)
	-----	-----
At 30 September/ 31 December	2,298,462	2,246,414
Less: current portion of term loans	(202,357)	(1,551,748)
	-----	-----
Long term portion of term loans	(B) 2,096,105	694,666
	=====	=====
Total borrowings	(A+B) 2,563,467	2,476,962
	=====	=====
<i>Total borrowings comprise of:</i>		
Restructured loan	2,146,579	2,093,866
Other borrowings	416,888	383,096
	-----	-----
	2,563,467	2,476,962
	=====	=====

On 2 July 2012, the Company concluded the restructuring agreement with a group of banks covering the outstanding debt of AED 2,778.35 million ("Earlier Restructured Loan"). The restructured loan was repayable in annual instalments upto 31 December 2018.

During the previous year, the Company initiated a negotiation with the lenders to further restructure its outstanding debt. As at 30 September 2017, the Company concluded the revised restructuring agreement after obtaining approvals from the majority of the banks covering a total debt of AED 2,146.58 million (including interest payable of AED 73.6 million upto 31 December 2016). Under the revised agreement, 66.08% of the Earlier Restructured loan is repayable in annual instalments until 31 December 2023 and the remaining 33.92% as a final settlement in a manner to be renegotiated at that time.

The revised restructured facility carries interest at the rate of 2.75% per annum above 6-month EIBOR for term facilities denominated in AED and 6-month LIBOR for term facilities denominated in USD. Further, a payment-in-kind (PIK) at 0.5% will be additionally charged on a semi-annual basis on the outstanding debt and repaid on 31 December 2023.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

17 Borrowings (continued)

There is no change in the security and covenant requirements as per the revised restructuring agreement.

Furthermore, the Company is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257.04 million (included in trade and other payables) and interest of AED 14.2 million which became due for repayment on 30 September 2016.

Some of the Group entities are also in negotiation with banks to restructure their existing borrowings facilities with a total outstanding of AED 206.84 million (principal) and interest of AED 70.92 million (included in trade and other payables) as at the reporting date. A part of these loans amounting to AED 60.39 million are under legal proceedings initiated by the lenders. The Directors of the Company are of the view that these loans are expected to be restructured in due course.

As at 30 September 2017, one of the Group entities has not complied with a certain bank covenant. The carrying value of the loan is AED 102.22 million (principal) which is classified as current liabilities.

18 Administrative and general expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2017 AED '000 (Unaudited)	2016 AED '000 (Unaudited)	2017 AED '000 (Unaudited)	2016 AED '000 (Unaudited)
<i>These include:</i>				
Staff costs	85,235	98,113	26,544	29,022
Rent	18,753	19,876	6,163	8,069
Legal and professional fees	12,443	13,182	5,173	3,980
Depreciation	10,587	9,614	3,541	2,790
Repairs and maintenance	4,130	3,666	1,468	1,331
Telephone, postal and office supplies	2,692	3,025	881	1,091
	=====	=====	=====	=====

19 Financial instruments/ fair value hierarchy

(i) Financial instruments

Financial assets of the Group include investments in securities, re-insurance contract assets, trade and other receivables and cash at bank. Financial liabilities of the Group include borrowings, insurance contract liabilities, trade and other payables and finance lease liabilities. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and comparative period:

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(i) Financial instruments (continued)

	Designated as fair value through profit or loss AED' 000	Designated as fair value through other comprehensive income AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
30 September 2017					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	131,403	71,628	-	203,031	203,031
Re-insurance contract assets	-	-	193,973	193,973	193,973
Trade and other receivables	-	-	1,100,395	1,100,395	1,100,395
Cash at bank	-	-	382,530	382,530	382,530
	-----	-----	-----	-----	-----
	131,403	71,628	1,676,898	1,879,929	1,879,929
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,563,467	2,563,467	2,563,467
Insurance contract liabilities	-	-	381,821	381,821	381,821
Trade and other payables	-	-	1,807,875	1,807,875	1,807,875
Finance lease liabilities	-	-	23,141	23,141	23,141
	----	----	-----	-----	-----
	-	-	4,776,304	4,776,304	4,776,304
	====	====	=====	=====	=====
31 December 2016					
(Audited)					
<i>Financial assets</i>					
Investments in securities	138,176	77,952	-	216,128	216,128
Re-insurance contract assets	-	-	207,571	207,571	207,571
Trade and other receivables	-	-	1,196,881	1,196,881	1,196,881
Cash at bank	-	-	339,705	339,705	339,705
	-----	-----	-----	-----	-----
	138,176	77,952	1,744,157	1,960,285	1,960,285
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,476,962	2,476,962	2,476,962
Insurance contract liabilities	-	-	403,557	403,557	403,557
Trade and other payables	-	-	1,820,880	1,820,880	1,820,880
Finance lease liabilities	-	-	23,141	23,141	23,141
	----	----	-----	-----	-----
	-	-	4,724,540	4,724,540	4,724,540
	====	====	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
30 September 2017 (Unaudited)			
<i>Financial assets</i>			
<i>Investments measured at fair value through other comprehensive income</i>			
Quoted equity investments	61,365	-	-
Unquoted equity investments	-	-	10,263
	-----	-----	-----
	61,365	-	10,263
	=====	=====	=====
<i>Investments measured at fair value through profit or loss</i>			
Quoted equity investments	48,491	18,572	-
Unquoted equity investments	-	-	64,340
	-----	-----	-----
	48,491	18,572	64,340
	=====	=====	=====
31 December 2016 (Audited)			
<i>Financial assets</i>			
<i>Investments measured at fair value through other comprehensive income</i>			
Quoted equity investments	67,073	-	-
Unquoted equity investments	-	-	10,879
	-----	-----	-----
	67,073	-	10,879
	=====	=====	=====
<i>Investments measured at fair value through profit or loss</i>			
Quoted equity investments	72,487	22,754	-
Unquoted equity investments	-	-	42,935
	-----	-----	-----
	72,487	22,754	42,935
	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the nine month period ended 30 September 2017, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements (2016: Nil).

The fair value of unquoted equity investments was determined by an external, qualified and independent valuer as at 31 December 2016 who has experience in equity investments valuations. The Company's Directors are of the opinion that there is no significant change in fair value of unquoted equity investments as compared to the previous valuation carried out as at 31 December 2016.

20 Earnings per share

	Nine month period ended 30 September	
	2017 (Unaudited)	2016 (Unaudited)
Net loss attributable to owners of the Company (AED'000)	(133,772)	(70,242)
	=====	=====
Number of shares ('000)	1,791,333	1,791,333
	=====	=====
Basic earnings per share (AED Fils per share)	(7.47)	(3.92)
	=====	=====

There was no dilution effect on the basic earnings per share as the Company does not have any such outstanding commitment as at the reporting date.

21 Contingent liabilities and commitments

Guarantees

The Group has issued corporate guarantees for loans and advances from commercial banks obtained by related and third parties including subsidiaries, joint ventures and associates.

Litigations

Certain claims and contingent liabilities may arise during the normal course of business. The Board of Directors review these on a regular basis as and when such claims are received and each case is treated according to its merit. Based on the terms of the relevant contract and circumstances, the Group determines if a counter claim should be lodged. Based on the opinion of the Group's independent legal counsel and information presently available, the Board of Directors have assessed that the final outcome of outstanding legal claims (initial judgement in some cases is in favour and in some cases against the Company) cannot be reliably determined considering these cases are sub-judice. On the basis of their review of the current position of these legal claims, the Company's Directors are of the view that the existing provision as at the reporting date is adequate to cover any possible cash outflows arising from the final outcome of these claims. The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

21 Contingent liabilities and commitments (continued)

Furthermore, certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of the management, these contingent liabilities are not likely to result in any cash outflows for the Group in addition to any related existing provisions currently in the books.

The Group had a receivable from an associate company and advance received against sale of certain property from an entity being an SPV of this associate company. The Group had obtained an independent legal opinion from an external lawyer which confirms that the Group may have its option (at its sole decision) to commercially set-off advance with the receivable for like for like parties. The Board of Directors have reviewed the status of the legal proceedings and the above legal advice and have concluded that the Group will exercise its option (at the Group's sole decision) and will choose commercially to set-off the payable with the receivable as the entities involved will qualify for like for like parties. Accordingly, the Group have set off the advance received from the SPV of the associate company against the receivable from the associate company.

22 Segment reporting

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors based on the different sectors in which the Group operates. The Group has identified the following different sectors as its basis of segmentation:

<i>Manufacturing</i>	Includes manufacture and sale of oil, lubricants, grease, prefabricated houses, concrete, carpentry, restaurant, ovens, kitchens and central air conditioning systems.
<i>Investments</i>	Includes investments in real estate properties and equity securities.
<i>Services and others</i>	Service and other operations include writing of insurance and various other services including hospitality.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

22 Segment reporting (continued)

	Manufacturing		Investments		Services and others		Unallocated		Total	
	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Segment assets	330,672	349,255	4,439,545	4,566,587	571,349	565,777	525,394	471,192	5,866,960	5,952,811
Segment liabilities	288,171	285,750	3,359,892	3,284,144	622,482	630,076	543,998	561,666	4,814,543	4,761,636
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	30 September 2017 AED'000	30 September 2016 AED'000	30 September 2017 AED'000	30 September 2016 AED'000	30 September 2017 AED'000	30 September 2016 AED'000	30 September 2017 AED'000	30 September 2016 AED'000	30 September 2017 AED'000	30 September 2016 AED'000
<i>(Unaudited)</i>										
Revenue	59,357	101,705	23,480	141,241	341,906	384,094		-	424,743	627,040
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment result from operations	(16,434)	(9,433)	(1,170)	36,604	638	19,058	-	-	(16,966)	46,229
Finance cost	(10,642)	(846)	(89,448)	(73,409)	(5,628)	(4,432)		-	(105,718)	(78,687)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
(Loss)/ profit for the period	(27,076)	(10,279)	(90,618)	(36,805)	(4,990)	14,626		-	(122,684)	(32,458)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes *(continued)*

23 Comparative figures

Certain comparative figures have been reclassified or regrouped, wherever necessary, to conform to the presentation adopted in these condensed consolidated financial information.