

Gulf General Investments
Co. PSC and its subsidiaries

Condensed consolidated interim
financial information (unaudited)
30 September 2016

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

30 September 2016

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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Gulf General Investments Co. PSC

Introduction

We have reviewed the accompanying 30 September 2016 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 2016;
- the condensed consolidated statement of profit or loss for three month and nine month periods ended 30 September 2016;
- the condensed consolidated statement of other comprehensive income for three month and nine month periods ended 30 September 2016;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2016;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2016; 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.



Gulf General Investments Co. PSC and its subsidiaries
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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 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of matter

Without modifying our review conclusion above, we draw attention to note 17 of the condensed consolidated interim financial information which more fully explains that the Group is in the process of negotiation with the banks and a financial institution to restructure certain existing loan facilities.

KPMG Lower Gulf Limited
Fawzi AbuRass
Registration No: 968
Dubai, United Arab Emirates

Date: **13 NOV 2016**

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position

as at 30 September 2016

		30 September 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		443,319	445,139
Investment properties	6	2,468,450	2,436,303
Goodwill		11,500	11,500
Investments in associates and joint ventures	7	396,243	238,589
Investments in securities	8	84,001	80,507
Trade and other receivables	11	299,497	245,289
		3,703,010	3,457,327
Current assets			
Properties held for development and sale	9	640,979	580,562
Inventories	10	52,582	60,681
Trade and other receivables	11	975,332	1,179,274
Re-insurance contract assets	12	206,883	226,787
Investments in securities	8	146,438	299,325
Cash in hand and at bank	13	352,706	359,037
		2,374,920	2,705,666
Total assets		6,077,930	6,162,993

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position (continued)

as at 30 September 2016

		30 September 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
	Note		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		34,283	34,283
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		(25,579)	(29,704)
Accumulated losses		(863,011)	(801,609)
Equity attributable to owners of the Company		981,841	1,039,118
Non-controlling interests		274,845	227,870
Total equity		1,256,686	1,266,988
Non-current liabilities			
Provision for employees' end of service benefits		37,729	37,134
Finance lease		3,294	13,547
Long term portion of term loans	17	1,409,311	1,415,983
		1,450,334	1,466,664
Current liabilities			
Insurance contract liabilities	12	466,042	479,772
Finance lease		19,847	9,594
Short term borrowings	17	1,088,934	1,232,353
Trade and other payables		1,796,087	1,707,622
		3,370,910	3,429,341
Total liabilities		4,821,244	4,896,005
Total equity and liabilities		6,077,930	6,162,993

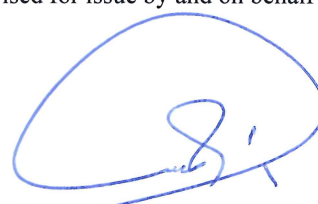
The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

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

13 NOV 2016



Abdalla Juma Majid Al Sari
Chairman



Ahmad Yousuf Habib Al Yousuf
Director

The independent auditors' report on review of 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 2016

		<div> <div>Nine month period</div> <div>ended 30 September</div> <div>2016</div> <div>2015</div> </div>		<div> <div>Three month period</div> <div>ended 30 September</div> <div>2016</div> <div>2015</div> </div>	
	Note	AED '000	AED '000	AED '000	AED '000
			(Restated)*		(Restated)*
Continuing operations					
Revenue		627,040	683,322	152,502	279,643
Cost of revenue		(403,704)	(476,079)	(113,615)	(193,350)
Gross profit		223,336	207,243	38,887	86,293
Administrative and general expenses	18	(214,852)	(181,366)	(67,573)	(67,746)
Selling and distribution expenses		(6,088)	(3,690)	(2,395)	(873)
Other income		21,398	8,967	4,791	2,805
Change in fair value of investment properties	6	-	62,309	-	-
Share in profit/ (loss) of associates and joint ventures	7	26,058	(901)	3,466	1,359
Change in fair value of investments in securities – net	8	(9,336)	(62,093)	(451)	(45,634)
Gain on sale of investments in securities		232	3,479	224	-
Finance cost		(78,687)	(76,969)	(25,059)	(26,014)
Finance income		5,481	-	1,752	-
Loss from continuing operation		(32,458)	(43,021)	(46,358)	(49,810)
Discontinued operations					
Profit/ (loss) from discontinued operations	22	-	7,753	-	(1,505)
Loss for the period		(32,458)	(35,268)	(46,358)	(51,315)
(Loss)/ profit attributable to:					
Owners of the Company		(70,242)	(29,670)	(45,213)	(40,670)
Non-controlling interests		37,784	(5,598)	(1,145)	(10,645)
		(32,458)	(35,268)	(46,358)	(51,315)
Earnings per share – Basic (AED Fils per share)	20	(3.92)	(1.66)	(2.52)	(2.27)

* Refer to note 2.3 for details.

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

The independent auditors' report on review of 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 other comprehensive income (unaudited) for the nine month period ended 30 September 2016

		Nine month period ended 30 September 2016		Three month period ended 30 September 2016	
		2016	2015	2016	2015
	Note	AED '000	AED '000 (Restated)*	AED '000	AED '000 (Restated)*
Loss for the period		(32,458)	(35,268)	(46,358)	(51,315)
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"))		(4,055)	(3,871)	458	(1,573)
Change in fair value of investments in securities - net (FVOCI)	8	4,163	(211)	5,070	2,845
Other comprehensive income for the period		108	(4,082)	5,528	1,272
Total comprehensive income for the period		(32,350)	(39,350)	(40,830)	(50,043)
<i>Total comprehensive income attributable to:</i>					
Owners of the Company		(70,134)	(33,752)	(39,685)	(39,398)
Non-controlling interests		37,784	(5,598)	(1,145)	(10,645)
Total comprehensive income for the period		(32,350)	(39,350)	(40,830)	(50,043)

* Refer to note 2.3 for details.

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

The independent auditors' report on review of 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 2016

		Nine month period ended 30 September	
		2016	2015
	Note	AED '000	AED '000
			(Restated)*
Cash flows from operating activities			
Loss for the period		(32,458)	(35,268)
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		4,836	1,357
Change in fair value of investment properties	6	-	(62,309)
Gain on sale of investment in securities		(232)	(3,479)
Change in fair value of investments in securities	8	9,336	62,093
Gain on sale of properties held for development and sale		-	(3,507)
Share in loss/ (gain) of associates and joint ventures	7	(26,058)	901
Finance cost		78,687	82,798
Finance income		(5,481)	-
Operating profit before working capital changes		28,630	42,586
Change in inventories		8,099	19,613
Change in trade and other receivables		200,164	(19,353)
Change in due from related parties		(36,330)	18,165
Change in trade and other payables		89,796	92,151
Change in due to related parties		(1,331)	(67,071)
Change in re-insurance contract assets		19,904	(45,456)
Change in insurance contract liabilities		(13,730)	25,219
Purchase of investment properties		(32,147)	(55,043)
Purchase of properties held for development and sale		(38,932)	(56,541)
Purchase of investments in securities		(10,793)	(4,534)
Proceeds from sale of investments in securities		2,595	54,134
Proceeds from sale of properties held for development and sale		10,604	129,385
Employees' end of service benefits paid		(4,242)	-
Net cash generated from operating activities		222,287	133,255
Cash flows from investing activities			
Net movement in property, plant and equipment		1,820	7,863
Proceeds from sale of investment in associates and joint ventures		-	48,836
Finance income received		5,481	-
Net cash generated from investing activities		7,301	56,699
Cash flows from financing activities			
Dividend paid to non-controlling interests		(7,142)	(13,730)
Net movement in bank borrowings		(146,116)	(72,534)
Net movement in finance lease		-	(1,222)
Directors fees paid by a subsidiary		-	(600)
Interest paid		(78,687)	(82,798)
Net cash used in financing activities		(231,945)	(170,884)
Net (decrease)/ increase in cash and cash equivalents		(2,357)	19,070
Cash and cash equivalents at the beginning of the period		173,847	132,787
Cash and cash equivalents at the end of the period	15	171,490	151,857

* Refer to note 2.3 for details.

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

The independent auditors' report on review of 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 2016

	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	Attributable to owners of the Company AED '000	Non – controlling interests AED '000	Total AED '000
Balance at 1 January 2015 (as previously reported)	1,791,333	28,752	7,068	37,747	(30,680)	(754,678)	1,079,542	304,886	1,384,428
Effect of changes in accounting policies (refer to note 2.3)	-	-	-	-	-	(56,668)	(56,668)	(50,251)	(106,919)
Balance at 1 January 2015 <i>(restated)</i>	1,791,333	28,752	7,068	37,747	(30,680)	(811,346)	1,022,874	254,635	1,277,509
Total comprehensive income for the period (unaudited)									
Loss for the period (as previously reported)	-	-	-	-	-	(50,980)	(50,980)	(24,495)	(75,475)
Effect of changes in accounting policies (refer to note 2.3)	-	-	-	-	-	21,310	21,310	18,897	40,207
Loss for the period <i>(restated)</i>	-	-	-	-	-	(29,670)	(29,670)	(5,598)	(35,268)
Other comprehensive income	-	-	-	-	(211)	(3,871)	(4,082)	-	(4,082)
Total comprehensive income <i>(restated)</i>	-	-	-	-	(211)	(33,541)	(33,752)	(5,598)	(39,350)
Contribution by and distribution to the owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(13,730)	(13,730)
Other movements									
Director's fees paid by a subsidiary	-	-	-	-	-	(318)	(318)	(282)	(600)
At 30 September 2015 (unaudited) <i>(restated)</i>	1,791,333	28,752	7,068	37,747	(30,891)	(845,205)	988,804	235,025	1,223,829

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity (*continued*)

for the nine month period ended 30 September 2016

	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	Attributable to owners of the Company 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)
Contribution by and distribution to the owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(7,142)	(7,142)
Other movements									
Change in fair value of investments measured at fair value through other comprehensive income – reclassified to accumulated losses	-	-	-	-	(38)	38	-	-	-
Gain on disposal of a stake in a subsidiary without the change in control (refer to note 23)	-	-	-	-	-	12,857	12,857	16,333	29,190
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

No allocation of profit has been made to the legal reserve for the nine month period ended 30 September 2016 as it would be effected at the year-end.

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

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2016 (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 2016 ("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, financial, hospitality and other services.

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 2016 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 2015.

On 1 April 2015, a new UAE Federal Law No. 2 of 2015 for the Commercial Companies ("UAE Companies Law of 2015") was issued with effective date on 1 July 2015. In June 2016, the UAE Cabinet passed a resolution to extend the deadline for existing companies in the UAE to ensure compliance with the new UAE Companies Law from 30 June 2016 to 30 June 2017. The Company is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

2.2 Accounting estimates and judgements

In preparing these 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 to those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

2.3 Restatement of prior years

As per Federal Law No. (6) of 2007, relating to Establishment of Insurance Authority and Regulation of Insurance Operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to the Insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein. The Group is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

2 Basis of preparation (continued)

2.3 Restatement of prior years (continued)

On 1 October 2015, the Group voluntarily early adopted the directives of Federal Law No. 6 of 2007 that relates to basis of recognising technical reserves. Consequently, the Group has changed its basis for recognising unexpired premium risk ("UPR"), Incurred But Not Reported ("IBNR") claims and Unearned Commission Income from insurance contracts, relating to general insurance business, and the change in accounting policies has been retrospectively applied by the Group. The condensed consolidated financial information for the nine months period ended 30 September 2015 were issued prior to the change in the aforementioned accounting policy. Therefore, the comparative information of these condensed consolidated financial information for the nine months period ended 30 September 2015 has been restated to confirm to the revised accounting policy.

Impact of change in accounting policies on the consolidated interim statement of profit or loss for the nine month period ended 30 September 2015:

	As previously reported AED '000	Adjustment AED '000	Discontinued operations* AED '000	Restated AED '000
Revenue	851,005	15,088	(182,771)	683,322
Cost of revenue	(645,869)	25,119	144,671	(476,079)
Earning per shares (AED fils per share)	(2.85)	1.19	-	(1.66)
	=====	====	==	=====

* Also refer to note 22 for discontinued operations.

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 2015.

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 2015.

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 2015. Also refer to note to 17.

Gulf General Investments Co. PSC and its subsidiaries

Notes (*continued*)

6 Investment properties

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Opening balance	2,436,303	2,255,341
Additions during the period/ year	32,147	120,026
Change in fair value (refer note (i) below)	-	62,330
Transfer to properties held for development and sale (refer to note (ii) below)	-	(1,394)
Closing balance	2,468,450	2,436,303

- (i) During the nine month period 30 September 2016, 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 2015.

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

- (ii) During the nine month period ended 30 September 2016, apartments/ building and plots of land amounting to AED Nil (2015: AED 1.39 million) have been transferred from investment properties to properties held for development and sale.
- (iii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.

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 2016 amounted to AED 26.06 million (*loss for nine month period ended 30 September 2015: AED 0.9 million*).

During the nine month period ended 30 September 2015, the Group had sold 13.38% of its investment in Union Insurance Co. PSC to a related party at an agreed price (refer to note 16).

As at 31 December 2015, the Group held 19% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). The Group had sold 1% of its previously held shares in Al Sagr Cooperative but due to non-payment by the counterparty, the sale transaction was cancelled in 2016. 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 has now reclassified the investment in Al Sagr Cooperative from investment measured at fair value through profit or loss to investment in associates at an initial cost of AED 152.65 million (refer to note 8). During the nine month period ended 30 September 2016, the Group's share of net profit from Al Sagr Cooperative amounted to AED 28.15 million.

The Group is in the process of evaluating the fair value of the identifiable net assets acquired as part of the acquisition. This will be completed within 12 months of the acquisition date, in accordance with the guidelines in IFRS 3 - *Business combinations*.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

8 Investments in securities

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVOCI")</i>		
Opening balance	80,507	79,532
Additions during the period/ year	93	565
Disposal during the period/ year	(762)	(801)
Change in fair value during the period/ year	4,163	1,211
	-----	-----
Closing balance	84,001	80,507
	=====	=====
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	299,325	359,190
Additions during the period/ year	10,700	-
Disposal during the period/ year	(1,601)	(39,036)
Change in fair value during the period/ year	(9,336)	(20,829)
Reclassified to investment in equity accounted investee (refer to note 7)	(152,650)	-
	-----	-----
Closing balance	146,438	299,325
	=====	=====

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

9 Properties held for development and sale

During the nine month period ended 30 September 2016, 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 fair value of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2015.

10 Inventories

Certain inventories along with 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.

Gulf General Investments Co. PSC and its subsidiaries

Notes (*continued*)

12 Reinsurance contract assets and insurance contract liabilities

	30 September 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
Gross		
<i>Insurance contract liabilities</i>		
Reserve for outstanding claims	231,150	243,882
Reserve for incurred but not reported claims (IBNR)	44,745	54,361
Unearned premium reserve	190,147	181,529
	-----	-----
Total insurance contract liabilities (gross)	466,042	479,772
	=====	=====
<i>Less: recoverable from reinsurers</i>		
Reinsurer share of outstanding claims	(138,596)	(158,259)
Reinsurer share of incurred but not reported claims (IBNR)	(9,216)	(24,618)
Unamortised re-insurance premium reserve	(59,071)	(43,910)
	-----	-----
Total re-insurance contract assets	(206,883)	(226,787)
	=====	=====
Net insurance contract liabilities	259,159	252,985
	=====	=====

13 Cash in hand and at bank

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Cash in hand	8,344	7,041
Bank balances:		
- Current accounts	78,164	66,691
- Deposit accounts	266,198	285,305
	-----	-----
	352,706	359,037
	=====	=====

Deposits include fixed deposits of AED 243.5 million (2015: AED 253.3 million) held under lien against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (2015: 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 Insurance Authority.

14 Share capital

	30 September 2016 AED'000 (Unaudited)	31 December 2015 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
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

15 Cash and cash equivalents

	Nine month period ended 30 September	
	2016	2015
	AED'000	AED'000
	(Unaudited)	(Unaudited) (Restated)
Cash in hand	8,344	6,860
Bank balances:		
- Current accounts	78,164	50,508
- Deposit accounts	266,198	347,484
	-----	-----
	352,706	404,852
Less: Bank overdrafts (refer to note 17(i))	(181,216)	(252,995)
	-----	-----
	171,490	151,857
	=====	=====

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	
	2016	2015
	AED'000	AED'000
	(Unaudited)	(Unaudited) (Restated)
Funds given to related parties (net)	116,828	-
Interest charged to a related party	2,770	-
Sale of properties held for development and sale	1,275	7,061
Commission paid on rented properties	434	203
Purchase of services	211	832
Sale of investment in an associate (refer to note 7)	-	48,836
Gross premium	-	11,926
Claims paid	-	2,008
Purchase of property, plant and equipment	-	127
	=====	=====
Compensation to key management personnel:		
Salaries and benefits	5,951	7,098
	=====	=====

Trade and other receivables include due from related parties amounting to AED 140.05 million (2015: AED 89.62 million). Refer to note 11.

Trade and other payables include due to related parties amounting to AED 400.85 million (2015: AED 402.18 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 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
(i) Short term		
Bank overdrafts	181,216	185,190
Trust receipts	68,498	67,809
Bills discounted and acceptances	-	1,055
Current portion of term loans (refer to note (ii) below)	839,220	978,299
	<u>(A) 1,088,934</u>	<u>1,232,353</u>
(ii) Term loans		
At 1 January	2,394,282	2,463,767
Add: availed during the year	155	2,350
Less: repaid during the period/ year	(145,906)	(71,835)
	<u>2,248,531</u>	<u>2,394,282</u>
At 30 September/ 31 December	(839,220)	(978,299)
	<u>(B) 1,409,311</u>	<u>1,415,983</u>
Long term portion of term loans		
Total borrowings	<u>(A+B) 2,498,245</u>	<u>2,648,336</u>

The Group is currently in negotiation with the banks to restructure certain existing loan facilities which have total outstanding of AED 2.1 billion (principal) as at the reporting date. The Directors of the Company are of the view that principal and interest payments (included in trade and other payables) of AED 17.93 million and AED 35 million respectively, which have been due for repayment in the current period, will be paid by the year end as part of the restructuring plan which is currently being discussed with the steering committee of the banks. The Group is also 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) which has become due for repayment on 30 September 2016.

The Directors of the Company are of the view that the above restructuring exercise is expected to be completed by 31 March 2017.

As at 30 September 2016, one of the Group entities has not complied with a certain bank covenant. However, based on the assessment of the Company's Directors, non-compliance of this covenant is not likely to affect the continuation of the bank facilities to the subsidiary in view of the on-going relationship with the creditor banks.

The details of the term loans including terms of repayment, interest rate and securities provided are disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

18 Administrative and general expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2016	2015	2016	2015
	AED '000	AED '000	AED '000	AED '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
<i>These include:</i>				
Staff costs	98,113	74,563	29,022	25,159
Legal and professional fee	13,182	16,675	3,980	7,221
Rent	19,876	10,932	8,069	4,017
Depreciation	9,614	7,739	2,790	2,590
Repairs and maintenance	3,666	3,696	1,331	993
Telephone, postal and office supplies	3,025	2,887	1,091	1,042
	=====	=====	=====	=====

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 in hand and 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:

	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 2016					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	146,438	84,001	-	230,439	230,439
Re-insurance contract assets	-	-	206,883	206,883	206,883
Trade and other receivables	-	-	1,274,829	1,274,829	1,274,829
Cash in hand and at bank	-	-	352,706	352,706	352,706
	-----	-----	-----	-----	-----
	146,438	84,001	1,834,418	2,064,857	2,064,857
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,498,245	2,498,245	2,498,245
Insurance contract liabilities	-	-	466,042	466,042	466,042
Trade and other payables	-	-	1,796,087	1,796,087	1,796,087
Finance lease liabilities	-	-	23,141	23,141	23,141
	-----	-----	-----	-----	-----
	-	-	4,783,515	4,783,515	4,783,515
	=====	=====	=====	=====	=====

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
31 December 2015 (Audited)					
<i>Financial assets</i>					
Investments in securities	299,325	80,507	-	379,832	379,832
Re-insurance contract assets	-	-	226,787	226,787	226,787
Trade and other receivables	-	-	1,424,563	1,424,563	1,424,563
Cash in hand and at bank	-	-	359,037	359,037	359,037
	=====	=====	=====	=====	=====
	299,325	80,507	2,010,387	2,390,219	2,390,219
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,648,336	2,648,336	2,648,336
Insurance contract liabilities	-	-	479,772	479,772	479,772
Trade and other payables	-	-	1,707,622	1,707,622	1,707,622
Finance lease liabilities	-	-	23,141	23,141	23,141
	----	----	-----	-----	-----
	-	-	4,858,871	4,858,871	4,858,871
	=====	=====	=====	=====	=====

(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).

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

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 2016 (Unaudited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	72,836	-	-
Unquoted equity investments	-	-	11,165
	-----	-----	-----
	72,836	-	11,165
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	80,749	-	-
Unquoted equity investments	-	-	65,689
	-----	-----	-----
	80,749	-	65,689
	=====	=====	=====
31 December 2015 (Audited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	70,008	-	-
Unquoted equity investments	-	-	10,499
	-----	-----	-----
	70,008	-	10,499
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	230,699	-	-
Unquoted equity investments	-	-	68,626
	-----	-----	-----
	230,699	-	68,626
	=====	=====	=====

During the nine month period ended 30 September 2016, 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 (2015: Nil).

The fair value of unquoted equity investments has been determined by external, qualified and independent valuer who has experience in equity investments valuations.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

20 Earnings per share

	Nine month period ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Net loss attributable to owners of the Company (AED'000)	(70,242)	(29,670)
	=====	=====
Number of shares ('000)	1,791,333	1,791,333
	=====	=====
Earnings per share – Basic (AED Fils per share)	(3.92)	(1.66)
	=====	=====

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

- (a) 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 Group) cannot be reliably determined considering these cases are sub-judice. Accordingly, no additional provision/ liability has been recognised as at 30 September 2016 (2015: AED Nil). The Group 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.
- (b) 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 Group will exercise its option (at 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.

Gulf General Investments Co. PSC and its subsidiaries

Notes (*continued*)

22 Discontinued operations

On 10 November 2015, the Company sold its entire stake in a subsidiary and accordingly reclassified the related profit or loss items to discontinued operations.

23 Segment information

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, prefab houses, concrete, carpentry, 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)

23 Segment information (continued)

	Manufacturing *		Investments		Services and others		Inter-segment		Total	
	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Segment assets	394,717	434,608	4,536,663	4,621,876	653,795	657,852	492,755	448,657	6,077,930	6,162,993
Segment liabilities	289,228	302,435	3,261,822	3,215,024	716,451	735,929	553,743	642,617	4,821,244	4,896,005
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Restated)	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Restated)	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Restated)	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Restated)	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Restated)
(Unaudited) Revenue *	101,705	121,783	141,241	105,562	384,094	455,977	-	-	627,040	683,322
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment result from operations *	(9,433)	(7,955)	36,604	6,008	19,058	35,895	-	-	46,229	33,948
Finance cost *	(846)	(1,317)	(73,409)	(68,643)	(4,432)	(7,009)	-	-	(78,687)	(76,969)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
(Loss)/ profit for the period from continuing operations	(10,279)	(9,272)	(36,805)	(62,635)	14,626	28,886	-	-	(32,458)	(43,021)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

* Excluding discontinued operations.