

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

Condensed consolidated interim
financial information (unaudited)
31 March 2017

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

31 March 2017

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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 31 March 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 31 March 2017;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2017;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 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 31 March 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 a substantial portion of its existing loan 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 MAY 2017

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position as at 31 March 2017

		31 March 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		410,674	413,782
Investment properties	6	2,512,035	2,511,437
Goodwill		11,500	11,500
Investments in associates and joint ventures	7	376,581	379,681
Investments in securities	8	73,320	77,952
Trade and other receivables	11	264,955	280,736
		3,649,065	3,675,088
		=====	=====
Current assets			
Properties held for development and sale	9	638,794	629,365
Inventories	10	43,144	44,301
Trade and other receivables	11	963,167	965,045
Re-insurance contract assets	12	219,648	207,571
Investments in securities	8	137,909	138,176
Cash in hand and at bank	13	382,889	342,165
		2,385,551	2,326,623
		=====	=====
Total assets		6,034,616	6,001,711
		=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position (continued)

as at 31 March 2017

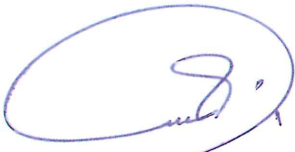
		31 March 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
	Note		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		44,202	44,202
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(35,911)	(31,678)
Accumulated losses		(1,009,266)	(958,530)
Equity attributable to owners of the Company		835,173	890,142
Non-controlling interests		303,654	301,033
Total equity		1,138,827	1,191,175
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		38,276	37,096
Long term portion of term loans	17	694,622	694,666
		732,898	731,762
Current liabilities			
Insurance contract liabilities	12	467,985	452,457
Finance lease		23,141	23,141
Short term borrowings	17	1,822,120	1,782,296
Trade and other payables		1,849,645	1,820,880
		4,162,891	4,078,774
Total liabilities		4,895,789	4,810,536
Total equity and liabilities		6,034,616	6,001,711

The accompanying notes 1 to 22 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

14 MAY 2017


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 three month period ended 31 March 2017

		Three month period ended 31 March	
		2017	2016
	<i>Note</i>	AED '000	AED '000
Revenue		147,891	213,569
Cost of revenue		(91,268)	(136,143)
		-----	-----
Gross profit		56,623	77,426
Administrative and general expenses	18	(64,986)	(64,571)
Selling and distribution expenses		(2,614)	(1,426)
Other income		1,727	16,593
Share of (loss) / profit in associates and joint ventures	7	(1,303)	12,439
Change in fair value of investments in securities - net	8	158	(1,439)
Gain on sale of investments in securities		311	8
Finance cost		(36,420)	(32,976)
Finance income		1,879	1,996
		-----	-----
(Loss) / profit for the period		(44,625)	8,050
		=====	=====
<i>(Loss) / profit attributable to:</i>			
Owners of the Company		(48,939)	(3,477)
Non-controlling interests		4,314	11,527
		-----	-----
		(44,625)	8,050
		=====	=====
Earnings per share - Basic (AED Fils per share)		(2.73)	(0.19)
		=====	=====

The accompanying notes 1 to 22 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 profit or loss and other comprehensive income (unaudited)
for the three month period ended 31 March 2017

		Three month period ended 31 March	
		2017	2016
	<i>Note</i>	AED '000	AED '000
(Loss) / profit for the period		(44,625)	8,050
		-----	-----
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	(1,797)	(1,704)
Change in fair value of investments in securities - net (FVOCI)	8	(4,233)	(543)
		-----	-----
Other comprehensive income for the period		(6,030)	(2,247)
		-----	-----
Total comprehensive income for the period		(50,655)	5,803
		=====	=====
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		(54,969)	(5,724)
Non-controlling interests		4,314	11,527
		-----	-----
Total comprehensive income for the period		(50,655)	5,803
		=====	=====

The accompanying notes 1 to 22 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 three month period ended 31 March 2017

		Three month period ended 31 March	
	<i>Note</i>	2017 AED '000	2016 AED '000
Cash flows from operating activities			
(Loss) / profit for the period		(44,625)	8,050
<i>Adjustments for:</i>			
Depreciation		3,500	3,383
Share of loss / (profit) from associates and joint ventures		1,303	(12,439)
Change in fair value of investments measured at fair value through profit or loss		(158)	1,954
Allowance for slow moving inventories		395	670
Provision of employees' end of service benefits		2,378	1,579
Gain from sale of investments in securities		(311)	(8)
Impairment losses on trade receivables		-	3,509
Write back of impairment losses on trade receivables		(33)	(9,765)
Finance income		(1,879)	(1,996)
Finance costs		36,420	32,976
		-----	-----
Operating (loss) / profit before working capital changes		(3,010)	27,913
Changes in re-insurance contract assets		(12,077)	(62,768)
Changes in insurance contract liabilities		15,528	62,132
Changes in properties held for development and sale		(9,429)	1,175
Changes in inventories		762	797
Changes in trade and other receivables		17,692	152,115
Changes in trade and other payables		28,765	(24,336)
Additions to investment in securities	8	-	(2,385)
Additions to investment properties		(598)	(71)
Proceeds from sale of investments in securities		1,135	770
		-----	-----
		38,768	155,342
Employees' end of service benefits paid		(1,198)	(2,973)
		-----	-----
Net cash generated from operating activities		37,570	152,369
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment		(392)	(4,252)
Finance income		1,879	1,996
		-----	-----
Net cash generated from / (used in) investing activities		1,487	(2,256)
		-----	-----
Cash flows from financing activities			
Dividend paid to non-controlling interests		(1,693)	(1,122)
Net movement in bank borrowings		(471)	128,097
Finance costs		(36,420)	(32,976)
		-----	-----
Net cash (used in) / generated from financing activities		(38,584)	93,999
		-----	-----
Net increase in cash and cash equivalents		473	244,112
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	177,518	182,148
		=====	=====

The accompanying notes 1 to 22 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 three month period ended 31 March 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	-	-	-	-		(3,477)	(3,477)	11,527	8,050
Other comprehensive income	-	-	-	-	(543)	(1,704)	(2,247)	-	(2,247)
	----	----	----	----	-----	-----	-----	-----	-----
Total comprehensive income	-	-	-	-	(543)	(5,181)	(5,724)	11,527	5,803
Transactions with owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(1,122)	(1,122)
Changes in ownership interests									
Gain on disposal of a stake in a subsidiary without the change in control	-	-	-	-	-	12,857	12,857	-	12,857
Other movements									
Change in fair value of investments measured at fair value through other comprehensive income - reclassified to accumulated losses	-	-	-	-	(38)	38	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----	-----
At 31 March 2016 (unaudited)	1,791,333	34,283	7,068	37,747	(30,285)	(793,895)	1,046,251	238,275	1,284,526
	=====	=====	=====	=====	=====	=====	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

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

for the three month period ended 31 March 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	-	-	-	-		(48,939)	(48,939)	4,314	(44,625)
Other comprehensive income	-	-	-	-	(4,233)	(1,797)	(6,030)	-	(6,030)
	----	----	----	----	-----	-----	-----	-----	-----
Total comprehensive income	-	-	-	-	(4,233)	(50,736)	(54,969)	4,314	(50,655)
Transactions with owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(1,693)	(1,693)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
At 31 March 2017 (unaudited)	1,791,333	44,202	7,068	37,747	(35,911)	(1,009,266)	835,173	303,654	1,138,827
	=====	=====	=====	=====	=====	=====	=====	=====	=====

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2017 as it would be effected at the year-end.

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial information.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *for the three month period ended 31 March 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 three month period ended 31 March 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 three month period ended 31 March 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.

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. As per the transitional provisions of the new law, companies are to ensure compliance by 30 June 2017. The Group is in the process of adopting the new Federal Law and will be fully compliant before the transitional provisions deadline.

2.2 Use of 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 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

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Opening balance	2,511,437	2,436,303
Additions during the period/ year	598	47,069
Change in fair value (refer to note (i) below)	-	28,065
	-----	-----
Closing balance	2,512,035	2,511,437
	=====	=====

- (i) During the three month period ended 31 March 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 loss in associates and joint ventures for the three month period ended 31 March 2017 amounted to AED 1.3 million (*profit for three month period ended 31 March 2016: AED 12.4 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

	31 March 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	(399)	(767)
Change in fair value during the period/ year	(4,233)	(1,918)
	-----	-----
Closing balance	73,320	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	(425)	(390)
Change in fair value during the period/ year	158	(10,682)
Transferred to investment in associates (refer to note 7)	-	(152,650)
	-----	-----
Closing balance	137,909	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 three month period ended 31 March 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 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 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

	31 March 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)
Gross		
Reserve for outstanding claims	222,681	238,734
Reserve for incurred but not reported claims (IBNR)	40,809	42,141
	-----	-----
Reserve for outstanding claims (including IBNR)	263,490	280,875
Unearned premium reserve	204,495	171,582
	-----	-----
Total insurance contract liabilities (gross)	467,985	452,457
	=====	=====
Less: Recoverable from reinsurers		
Reinsurer share of outstanding claims	(137,957)	(150,434)
Reinsurer share of incurred but not reported claims (IBNR)	(10,421)	(9,821)
	-----	-----
Reinsurer share of outstanding claims (including IBNR)	(148,378)	(160,255)
Unamortised reinsurance premium reserve	(71,270)	(47,316)
	-----	-----
Total re-insurance contract assets	(219,648)	(207,571)
	=====	=====
Net insurance contract liabilities	248,337	244,886
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

13 Cash in hand and at bank

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Cash in hand	2,487	2,460
Bank balances:		
- Current accounts	86,403	73,618
- Deposit accounts	293,999	266,087
	-----	-----
	382,889	342,165
	=====	=====

Deposits include fixed deposits of AED 259.7 million (2016: AED 229.7 million) held under lien (also refer to note 15) 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

	31 March 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

	Three month period ended 31 March 2017 AED'000 (Unaudited)	2016 AED'000 (Unaudited)
Cash in hand	2,487	4,733
Bank balances:		
- Current accounts	86,403	72,805
- Deposit accounts	293,999	293,206
	-----	-----
	382,889	370,744
Less: Fixed deposits under lien/ deposits with maturity over three months	(2,807)	(1,239)
Less: Bank overdrafts (refer to note 17(i))	(202,564)	(187,357)
	-----	-----
	177,518	182,148
	=====	=====

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:

	Three month period ended 31 March	
	2017	2016
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	217	217
Purchase of services	159	211
Gross premium	3,500	4,505
Claims paid	1,539	2,559
Funds given to a related party	-	138,500
	===	=====
<i>Compensation to key management personnel:</i>		
Salaries and benefits	1,184	2,384
	=====	=====

Trade and other receivables include due from related parties amounting to AED 127.62 million (2016: AED 129.03 million). Refer to note 11.

Trade and other payables include due to related parties amounting to AED 392.91 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

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
(i) Short term		
Bank overdrafts	202,564	162,313
Trust receipts	68,095	68,235
Current portion of term loans (refer to note (ii) below)	1,551,461	1,551,748
	-----	-----
	(A) 1,822,120	1,782,296
	=====	=====
(ii) Term loans		
At 1 January	2,246,414	2,394,282
Add: availed during the period/ year	33	190
Less: repaid during the period/ year	(364)	(148,058)
	-----	-----
At 31 March/ 31 December	2,246,083	2,246,414
Less: current portion of term loans	(1,551,461)	(1,551,748)
	-----	-----
Long term portion of term loans	(B) 694,622	694,666
	=====	=====
Total borrowings	(A+B) 2,516,742	2,476,962
	=====	=====
<i>Total borrowings comprise of:</i>		
Earlier restructured loan (2012)	2,093,866	2,093,866
Other borrowings	422,876	383,096
	-----	-----
	2,516,742	2,476,962
	=====	=====

Term loan facilities bear interest at EIBOR and LIBOR plus applicable margins from 0.5% to 4.5% other than the earlier restructured term loans of AED 2.8 billion.

The Group is currently in negotiation with the lenders to restructure a substantial portion of its existing loan facilities which has a total outstanding of AED 2,093.87 million (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 704.69 million and AED 98.46 million respectively, which have been due for repayment as at the reporting date, will be paid as part of the restructuring plan which is currently being discussed with the steering committee of the banks.

Furthermore, 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) and interest of AED 9.62 million which became 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 June 2017.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

17 Borrowings (continued)

Some of the Group entities are also in negotiation with banks to restructure their existing borrowings facilities with a total outstanding of AED 206.83 million (principal) and interest of AED 64.92 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 to subsidiaries will be ultimately restructured along with the overall restructuring of the Group loans with the creditor banks.

As at 31 March 2017, one of the Group entities has not complied with certain financial covenants. The carrying value of the loan is AED 102.21 million (principal) which is classified as current liabilities.

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 2016.

18 Administrative and general expenses

	Three month period ended 31 March	
	2017 AED'000 (Unaudited)	2016 AED'000 (Unaudited)
<i>These include:</i>		
Staff costs	29,743	32,545
Rent	6,653	6,408
Legal and professional fee	4,213	4,042
Depreciation	3,500	3,383
Repairs and maintenance	1,543	1,233
Telephone, postal and office supplies	896	940
	=====	=====

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
31 March 2017					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	137,909	73,320	-	211,229	211,229
Re-insurance contract assets	-	-	219,648	219,648	219,648
Trade and other receivables			1,228,122	1,228,122	1,228,122
Cash at bank			380,402	380,402	380,402
	-----	-----	-----	-----	-----
	137,909	73,320	1,828,172	2,039,401	2,039,401
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,516,742	2,516,742	2,516,742
Insurance contract liabilities	-	-	467,985	467,985	467,985
Trade and other payables	-	-	1,849,645	1,849,645	1,849,645
Finance lease liabilities	-	-	23,141	23,141	23,141
	----	----	-----	-----	-----
	-	-	4,857,513	4,857,513	4,857,513
	====	====	=====	=====	=====
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	-	-	1,245,781	1,245,781	1,245,781
Cash at bank	-	-	339,705	339,705	339,705
	-----	-----	-----	-----	-----
	138,176	77,952	1,793,057	2,009,185	2,009,185
	=====	=====	=====	=====	=====
<i>Financial liabilities</i>					
Borrowings	-	-	2,476,962	2,476,962	2,476,962
Insurance contract liabilities	-	-	452,457	452,457	452,457
Trade and other payables	-	-	1,820,880	1,820,880	1,820,880
Finance lease liabilities	-	-	23,141	23,141	23,141
	----	----	-----	-----	-----
	-	-	4,773,440	4,773,440	4,773,440
	====	====	=====	=====	=====

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
31 March 2017 (Unaudited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	62,292	-	-
Unquoted equity investments	-	-	11,028
	-----	-----	-----
	62,292	-	11,028
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	73,576	-	-
Unquoted equity investments	-	-	64,333
	-----	-----	-----
	73,576	-	64,333
	=====	=====	=====
31 December 2016 (Audited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	67,073	-	-
Unquoted equity investments	-	-	10,879
	-----	-----	-----
	67,073	-	10,879
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	72,487	-	-
Unquoted equity investments	-	-	65,689
	-----	-----	-----
	72,487	-	65,689
	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the three month period ended 31 March 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

	Three month period ended 31 March	
	2017 (Unaudited)	2016 (Unaudited)
Net loss attributable to owners of the company (AED'000)	(48,939)	(3,477)
	=====	=====
Number of shares ('000)	1,791,333	1,791,333
	=====	=====
Basic earnings per share (AED Fils per share)	(2.73)	(0.19)
	=====	=====

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	
	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
Segment assets	344,916	349,255	4,518,552	4,566,587	660,636	614,677	510,507	471,192	6,034,616	6,001,711
Segment liabilities	290,270	285,750	3,306,177	3,284,144	714,893	678,976	584,449	561,666	4,895,789	4,810,536
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	31 March 2017 AED'000	31 March 2016 AED'000	31 March 2017 AED'000	31 March 2016 AED'000	31 March 2017 AED'000	31 March 2016 AED'000	31 March 2017 AED'000	31 March 2016 AED'000	31 March 2017 AED'000	31 March 2016 AED'000
(Unaudited)										
Revenue	21,272	33,037	9,872	34,785	116,747	145,747	-	-	147,891	213,569
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment result from operations	(7,046)	(3,672)	(1,512)	16,523	353	28,175	-	-	(8,205)	41,026
Finance cost	(4,251)	(282)	(30,223)	(31,174)	(1,946)	(1,520)	-	-	(36,420)	(32,976)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
(Loss) / profit for the period	(11,297)	(3,954)	(31,735)	(14,651)	(1,593)	26,655	-	-	(44,625)	8,050
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====