Gulf Navigation Holding PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF NAVIGATION HOLDING PJSC

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Navigation Holding PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2018, comprising of the interim consolidated statement of financial position as at 31 March 2018 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review
We conducted our review in accordance with 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No.: 687

13 May 2018

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	***31 March 2018 AED'000 (Unaudited)***	*31 December 2017 AED'000 (Audited)*
ASSETS			
Non-current assets			
Vessels, property and equipment	5	**831,095**	843,354
Goodwill	6	**135,999**	135,999
Investment in joint ventures		**-**	300
		967,094	979,653
Current assets			
Inventories		**12,773**	12,275
Trade and other receivables	7	**41,242**	42,217
Due from a related party	11	**2,735**	3,371
Cash and bank balances		**369,461**	38,673
		426,211	96,536
TOTAL ASSETS		**1,393,305**	1,076,189
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	**919,209**	551,667
Statutory reserve		**19,747**	19,747
Accumulated losses		**(75,526)**	(80,247)
Other reserves	17	**(2,380)**	-
Equity attributable to equity holders of the parent		**861,050**	491,167
Non-controlling interests		**13,674**	13,454
Total equity		**874,724**	504,621
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		**1,567**	1,480
Provisions and other payables	8	**39,660**	81,008
Finance leases	9	**55,812**	57,550
Bank borrowings	10	**59,626**	61,713
		156,665	201,751
Current liabilities			
Trade and other payables	8	**54,819**	53,550
Finance leases	9	**2,696**	2,531
Bank borrowings	10	**304,401**	313,736
		361,916	369,817
Total liabilities		**518,581**	571,568
TOTAL EQUITY AND LIABILITIES		**1,393,305**	1,076,189

The interim condensed consolidated financial statements were approved by the Board of Directors on 13 May 2018 and signed on its behalf by:

Abdulla Saeed Abdulla Brook Alhemeiri
Chairman

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2018

	Notes	***Three-month period ended 31 March 2018 (Unaudited) AED'000***	*31 March 2017 (Unaudited) AED'000*
Gross income		**38,253**	31,859
Less: Agency income		**(583)**	(2,482)
Operating revenue	12	**37,670**	29,377
Operating costs	13	**(27,522)**	(19,748)
Gross profit		**10,148**	9,629
Other income		**110**	157
General and administrative expenses	14	**(7,787)**	(6,695)
Operating profit for the period		**2,471**	3,091
Finance income		**-**	622
Finance costs	16	**(5,321)**	(2,253)
Finance costs - net		**(5,321)**	(1,631)
Share of results of joint ventures		**(936)**	50
Liabilities no longer required written back	2	**8,727**	7,320
PROFIT FOR THE PERIOD		**4,941**	8,830
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4,941**	8,830
Attributable to:			
Equity holders of the parent		**4,721**	8,887
Non-controlling interests		**220**	(57)
		4,941	8,830
Earnings per share attributable to equity holders of the parent			
- Basic and diluted (AED)	18	**0.0051**	0.0161

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2018

	Attributable to equity holders of the parent						
	Share capital AED'000	*Statutory reserve AED'000*	*Accumulated losses AED'000*	*Other reserves AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance at1 January 2017 (audited)	551,667	15,674	(119,371)	-	447,970	-	447,970
Dilution of investment in a subsidiary (note 2)	-	-	3,245	-	3,245	12,676	15,921
Total comprehensive income for the period (unaudited)	-	-	8,887	-	8,887	(57)	8,830
Balance at 31 March 2017 (unaudited)	551,667	15,674	(107,239)	-	460,102	12,619	472,721
Balance at 1 January 2018 (audited)	551,667	19,747	(80,247)	-	491,167	13,454	504,621
Share capital issued (note 17)	367,542	-	-	-	367,542	-	367,542
Rights issue cost (note 17)	-	-	-	(2,380)	(2,380)	-	(2,380)
Total comprehensive income for the period (unaudited)	-	-	4,721	-	4,721	220	4,941
Balance at 31 March 2018 (unaudited)	**919,209**	**19,747**	**(75,526)**	**(2,380)**	**861,050**	**13,674**	**874,724**

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2018

	Notes	***Three-month period ended*** ***31 March 2018 AED'000 (Unaudited)***	*31 March 2017 AED'000 (Unaudited)*
OPERATING ACTIVITIES			
Profit for the period		**4,941**	8,830
Adjustments for:			
Depreciation		**12,283**	8,561
Share of results from joint ventures		**936**	(50)
Provision for employees' end of service benefits		**102**	77
Liabilities no longer required written back	2	**(8,727)**	(7,320)
Finance income		**-**	(622)
Finance costs	16	**5,321**	2,253
Operating cash flows before working capital changes		**14,856**	11,729
Changes in working capital:			
Inventories		**(498)**	52
Trade and other receivables		**975**	681
Transfer to restricted cash		**26**	(959)
Trade and other payables		**(32,238)**	(498)
Due from / to related parties		**-**	(364)
		(16,879)	10,641
Employees' end of service benefits paid		**(15)**	(64)
Net cash flows (used in) / generated from operating activities		**(16,894)**	10,577
INVESTING ACTIVITIES			
Purchase of vessels, property and equipment		**(24)**	(342)
Interest received		**-**	622
Net cash flows (used in) / generated from investing activities		**(24)**	280
FINANCING ACTIVITIES			
Funds received from trading rights issue	17	**367,542**	-
Rights issue cost paid		**(1,970)**	-
Funds invested by non-controlling interests		**-**	1,098
Repayment of borrowings	9 & 10	**(12,995)**	(10,788)
Interest paid		**(4,845)**	(1,395)
Net cash flows generated from / (used in) financing activities		**347,732**	(11,085)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**330,814**	(228)
Cash and cash equivalents at beginning of the period		**28,035**	4,619
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**358,849**	4,391
Restricted cash		**10,612**	21,684
TOTAL CASH AND BANK BALANCES		**369,461**	26,075

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1 LEGAL STATUS AND ACTIVITIES

Gulf Navigation Holding PJSC ("the Company") validly existing as a Public Joint Stock Company since 30 October 2006 as per the Resolution of the Ministry of Economy No. 425 of 2006 and in accordance with UAE Federal Law No. (2) of 2015. The Company is listed on the Dubai Financial Market. The Company is primarily engaged in sea transport of oil and petroleum products and similar commodities, ship charter, shipping lines of freight and passenger transportation, sea freight and passenger charters, shipping services, sea shipping lines agents, clearing and forwarding services, cargo loading and unloading services, cargo packaging, sea cargo services and ship management operations through its subsidiaries as listed below. The Company operates from the 39th Floor, API Trio Tower, Al Barsha, Dubai, United Arab Emirates ("UAE"). The Company and its following directly or indirectly owned subsidiaries are together referred to as the "Group" in these interim condensed consolidated financial statements:

Subsidiaries	*Principal activities*	*Country of incorporation*	*% equity interest*	
			31 Mar 2018	*31 Dec 2017*
Gulf Navigation Maritime and Operations Management Owned by Gulf Navigation Holding LLC	Ship Charter, etc.	UAE	**100**	100
Gulf Navigation Group FZCO	Ship Charter, etc. / Ships and Boats Maintenance Services	UAE	**100**	100
GulfNav Ship Management FZE	Ship Charter, etc. / Ships and Boats Maintenance Services	UAE	**100**	100
Gulf Crude Carriers (L.L.C)	Ship Charter, etc.	UAE	**100**	100
Gulf Chemical Carriers (L.L.C)	Ship Charter, etc.	UAE	**100**	100
Gulf Navigation Polimar Maritime LLC	Sea Shipping Lines Agents	UAE	**60**	100
Gulf Ship Management DMCC (*in the process of liquidation*)	Ship Management and Operation etc.	UAE	**100**	100
Gulf Navigation and Brokerage LLC	Ship Brokerage	Oman	**100**	100
Gulf Eyadah Corporation	Ship Owning	Panama	**100**	100
Gulf Huwaylat Corporation	Ship Owning	Panama	**100**	100
Gulf Deffi Corporation	Ship Owning	Panama	**100**	100
Gulf Jalmuda Corporation	Ship Owning	Panama	**100**	100
Gulf Fanatir Corporation	Ship Owning	Panama	**100**	100
Gulf Navigation Mishref Limited	Ship Owning	Cayman Islands	**100**	100
Gulf Navigation Mirdif Limited	Ship Owning	Cayman Islands	**100**	100
Gulf Navigation Sukuk Limited	Unlimited	Cayman Islands	**100**	100
Gulf Maritime Ship Management LLC*	Ship Management and Operations	UAE	**100**	n/a
Gulf Ship Management Co LLC **	Ship Management and Operations, etc	UAE	**100**	100
Gulf Navigation Mishref Limited ***	Ship Charter	Liberia	**100**	100
Gulf Navigation Mirdif Limited ****	Ship Charter	Liberia	**100**	n/a
GS Shipping Incorporation	Ship Owning	Marshall Islands	**100**	100
Gulf Ahmadi Shipping Inc	Ship Owning	Marshall Islands	**100**	100
Gulf Shagra Shipping Inc	Ship Owning	Marshall Islands	**100**	100

** incorporated on 25 January 2018*
*** incorporated on 26 September 2017*
**** incorporated on 26 September 2017*
***** incorporated on 13 February 2018*

1 LEGAL STATUS AND ACTIVITIES (continued)

The Group has the following branches:

Branch	*Principal activities*	*Country of incorporation*
Gulf Navigation Holding DMCC (Br)*	Ship Charter, etc.	UAE
Gulf Navigation Holding PJSC (Shj Br)**	Ship Charter, etc.	UAE
Gulf Navigation Holding PJSC (Br)	Ship Charter, etc.	Kingdom of Saudi Arabia
Gulf Navigation Maritime and Operations Management Owned by Gulf Navigation Holding LLC – Branch of Abu Dhabi***	Ship Management and Operations, etc.	UAE
Gulf Navigation Polimar Maritime LLC -Sharjah Branch ****	Sea Shipping Lines Agents	UAE
Gulf Navigation Polimar Maritime LLC -Fujairah Branch*****	Wholesale of Spare Parts and Sections Trading of Ships and Boats, etc.	UAE
Gulf Ship Management Co LLC -Fujairah ******	Ship Management and Operations, etc.	UAE

** ceased operations on 17 April 2018*
*** incorporated on 13 October 2004*
**** incorporated on 25 April 2018*
***** incorporated on 5 November 2017*
****** incorporated on 10 September 2017*
******* under incorporation*

The Group also has interests in the following jointly controlled entity:

Jointly controlled entity	*Principal activity*	*Country of incorporation*	*% Equity interest* ***31 Mar 2018***	*% Equity interest 31 Dec 2017*
Gulf Stolt Tankers DMCCO	Ship Charter	UAE	50%	50%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2018 have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* and the applicable requirements of the United Arab Emirates Laws. These interim condensed consolidated financial statements do not include all the information required for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The interim condensed consolidated financial statements have been prepared under the historical cost convention.

Results for the three-month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

Basis of consolidation

The interim condensed consolidated financial statements at and for the three-month period ended 31 March 2018, comprises results of the Company and its subsidiaries. The interim condensed financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

In 2017, the Group sold 40% of the Group's shareholding in Gulf Navigation Polimar Maritime LLC (previously known as Gulf Navigation Maritime LLC) (a subsidiary) effective from 1 January 2017 in exchange for cash and in-kind consideration totalling of AED 12,676 thousand. In accordance with IFRS 10 – Consolidated Financial Statements, the net gain of AED 3,245 thousand on the sale of the interest in Gulf Navigation Polimar Maritime LLC has been credited directly against accumulated losses in the interim consolidated statement of changes in equity as an equity transaction.

Going concern assumption

The Group's ability to carry on as a going concern is driven by continued availability of external debt financing and/or additional equity and the Group's ability to close out remaining disputes with counter-parties. Consistent with this objective, the current management and Board of Directors have been very active in engaging with all counter-parties and negotiating for the best possible terms to settle, refinance and/or restructure specified liabilities and align them with the Group's expected future cash flows. As a result of such efforts, the Group was able to derecognise liabilities totalling AED 31,673 thousand during the year ended 31 December 2017. During the three-month period ended 31 March 2018, the Group was further able to derecognise additional liabilities amounting to AED 8,727 thousand based on management's assessment of further reduced risk from existing exposures, which contributed along with improved profitability and the successful raising of new capital in March 2018 to increasing the Group's net equity by AED 370,103 thousand; from AED 504,621 thousand as of 31 December 2017 to AED 874,724 thousand as of 31 March 2018.

Management intends to follow through on its current focus on:

(1) completing negotiations with remaining counter-parties;
(2) curing or securing waivers in respect of covenant breaches;
(3) correcting the current working capital gap; and
(4) wiping out legacy accumulated losses.

As of the date of authorisation of these interim condensed consolidated financial statements, the discussions with counter-parties are in progress and the Group believes that a mutually acceptable arrangement will be reached with the remaining counter-parties. The Directors, after reviewing the Group's improving profitability; available sources of funding (either through bank loan or fresh equity); cash flow forecasts and strategic plans for a period of not less than twelve (12) months from the date of the signing of these interim condensed consolidated financial statements and after reviewing the status of the Group's legal defence, and plans for negotiating a settlement in respect of the adverse awards, have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing these interim condensed consolidated financial statements.

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2018, they do not have a material impact on the interim condensed consolidated financial statements of the Group.

- *IFRS 15: Revenue from Contracts with Customers*
- *IFRS 9: Financial Instruments*
- *IFRIC Interpretation 22: Foreign Currency Transactions and Advance Considerations*
- *Amendments to IAS 40: Transfers of Investment Property*
- *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions*
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- *Amendments to IFRS 28: Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*
- *Amendments to IFRS 1: First time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters*

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Functional and presentation currency
Items included in the interim condensed consolidated financial statements of each of the Group's subsidiaries and joint ventures (together, "entities") are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). Since most of the transactions of the entities are denominated in US Dollar ("USD") or currencies pegged to the USD, the functional currency of the entities is USD. However, the interim condensed consolidated financial statements of the Group are presented in United Arab Emirates Dirhams ("AED"), which is the presentation currency of the Group. Amounts in US Dollars have been translated into United Arab Emirates Dirhams at the rate of USD 1 : AED 3.66 as there is a constant peg between USD and AED.

Significant accounting policies
The Group has consistently applied the accounting policies and methods of computation used in the preparation of the last published annual consolidated financial statements for the year ended 31 December 2017.

Estimates and judgements
The preparation of interim financial statements requires management to make 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.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements at and for the year ended 31 December 2017.

Financial risk management
The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements at and for the year ended 31 December 2017.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of vessels, property and equipment
Management assesses the impairment of vessels, property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include the following:

- Significant decline in an asset's market value beyond that would be expected from the passage of time or normal use;
- Significant changes in the use of its assets or the strategy of the operation to which the asset belongs;
- Significant changes in the technology and regulatory environments; and
- Evidence from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

If such an indication exists, an impairment test is completed by comparing the carrying values of the cash generating unit with their recoverable amounts. The recoverable amount of the asset taken into consideration is its value-in-use.

Classification of leases - Group as a Lessor
The Group has entered into long-term vessel leasing arrangements. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the vessel and the present value of the minimum lease payments not amounting to substantially all of the fair value of the vessel, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Consolidation of subsidiaries
The Group has evaluated all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10: Consolidated Financial Statements. The Group has evaluated, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment of receivables
An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross receivables amounted to AED 13,698 thousand (31 December 2017: AED 13,348 thousand) with provision for doubtful debts of AED 235 thousand (31 December 2017: AED 235 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the interim consolidated income statement.

Revenue recognition
The Group has concluded, based on its review of revenue arrangements with customers, that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Estimated impairment of goodwill
Management reviews the business performance based on type of business. Management has identified the vessel owning and chartering division, marine product sales and distribution and shipping services as the main types of business. Goodwill is monitored by the management at the operating segment level. Goodwill has been allocated to the vessel owning and charter segment.

The Group tests annually and whenever there is an indication the goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 6).

If the budgeted gross margin used in the value-in-use calculation for the vessel chartering CGU (excluding chemical tankers which are under long term time charter) had been 5% lower than management’s estimates at 31 March 2018, no impairment charge would have been recognised. If the estimated cost of capital used in determining the pre-tax discount rate for the vessel chartering CGU had been 0.5% higher/lower than management’s estimates, no impairment charge would have been recognised.

4 OPERATING SEGMENTS

Business segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group’s Executive Committee who makes strategic decisions. The Executive Committee reviews the Group’s internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group comprises the following main business segments:

- *Vessel owning and chartering:* Chartering of vessels to customers;
- *Ship management:* Technical management of vessels;
- *Marine products sales and distribution:* Trading of goods such as supplies, chemicals and gases required for ships;
- *Shipping and technical services:* Providing agency services to ships calling at ports; and providing workshop services for boats
- *Other:* Includes management of all divisions and administrative activities.

Vessel owning and chartering, ship management, marine products sales and distribution and shipping and technical services meet criteria required by IFRS 8, ‘Operating Segments’ and reported as separate operating segments. Other business segment does not meet the quantitative thresholds required by IFRS 8, and the results of its operations are included in the ‘Other’ column.

4 OPERATING SEGMENTS (continued)

Geographical segments
The Group's Executive Committee does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segments' results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

4 OPERATING SEGMENTS (continued)

For the three-month period ended 31 March 2018 (unaudited)

	Vessel owning and chartering AED'000	*Ship management AED'000*	*Marine products sales and distribution AED'000*	*Shipping and technical services AED'000*	*Other AED'000*	*Inter segment elimination AED'000*	*Total AED'000*
Operating revenue	**34,268**	**1,215**	**140**	**3,125**	**-**	**(1,078)**	**37,670**
Operating costs	**(26,247)**	**-**	**(91)**	**(2,262)**	**-**	**1,078**	**(27,522)**
Other income	**7**	**-**	**25**	**4**	**266**	**(192)**	**110**
General and administrative expenses	**(626)**	**(1,434)**	**(47)**	**(734)**	**(5,138)**	**192**	**(7,787)**
Finance costs	**(5,028)**	**-**	**-**	**-**	**(293)**	**-**	**(5,321)**
Share of results from joint ventures	**(936)**	**-**	**-**	**-**	**-**	**-**	**(936)**
Liabilities no longer required written back	**3,550**	**-**	**-**	**-**	**5,177**	**-**	**8,727**
Reportable segment profit / (loss)	**4,988**	**(219)**	**27**	**133**	**12**	**-**	**4,941**
At 31 March 2018 (unaudited)							
Reportable segment assets	**739,398**	**17,225**	**3,655**	**19,597**	**1,432,094**	**(818,664)**	**1,393,305**
Reportable segment liabilities	**666,539**	**13,950**	**2,646**	**7,288**	**608,568**	**(780,410)**	**518,581**

4 OPERATING SEGMENTS (continued)

For the three-month period ended 31 March 2017 (unaudited)

	Vessel owning and chartering AED'000	*Ship management AED'000*	*Marine products sales and distribution AED'000*	*Shipping and technical services AED'000*	*Other AED'000*	*Inter segment elimination AED'000*	*Total AED'000*
Operating revenue	25,486	1,057	607	3,025	-	(798)	29,377
Operating costs	(18,283)	-	(420)	(1,843)	-	798	(19,748)
Other income	-	-	144	12	340	(339)	157
General and administrative expenses	(833)	(1,075)	(133)	(1,055)	(3,938)	339	(6,695)
Finance income	-	-	-	-	622	-	622
Finance costs	(1,671)	(6)	(1)	(4)	(571)	-	(2,253)
Share of results from joint ventures	50	-	-	-	-	-	50
Liabilities no longer required written back	-	-	-	-	7,320	-	7,320
Reportable segment profit / (loss)	4,749	(24)	197	135	3,773	-	8,830
At 31 December 2017 (Audited)							
Reportable segment assets	732,398	15,967	3,684	22,589	1,264,777	(963,226)	1,076,189
Reportable segment liabilities	1,061,451	12,089	2,775	11,350	360,947	(877,044)	571,568

5 VESSELS, PROPERTY AND EQUIPMENT

Vessels with a book value of AED 696,351 thousand (31 December 2017: AED 706,644 thousand) are mortgaged as security for bank borrowings (Note 10).

The carrying value of vessel held under finance leases was AED 126,669 thousand (31 December 2017: AED 128,481 thousand). Leased assets are pledged as security for the related finance leases (Note 9).

The Group's management had previously contracted with a shipyard ("the Contractor") for the construction of two new vessels. The carrying amount of advances recorded as part of capital work-in-progress as of 31 December 2013 was AED 106,506 thousand. Discussions were continuing with the Contractor in relation to new contractual terms. However, alongside these discussions, the Contractor issued Notices of Termination for these two contracts and filed a claim to retain the first instalment and/or damages for any loss suffered. The Group responded with its own legal action, the matter then went into arbitration. Based on the award made by the arbitrator in March 2014, the Group made a provision for impairment of the entire amount of the capital work-in-progress amounting to AED 108,045 thousand which includes the aforesaid advance of AED 106,506 thousand, as part of the results for the year ended 31 December 2013. The Group is in communications with the Contractor to arrange for a settlement of these balances.

6 GOODWILL

Management reviews the business performance based on type of business. Management has identified vessel owning and chartering, marine products sales and distribution, shipping services, and ship management as the Group's main types of businesses currently. Goodwill is monitored by the management at the operating segment level. Goodwill has been allocated to the vessel owning and charter segment.

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on estimated charter rates using currently available market information and historical trends for vessels which are not on long term time charter. However, with respect to vessels which are on time charter, for more than five years, a period till the end of their charter party agreement has been used for the value-in-use calculations. Cash flows beyond the signed charter party agreement are extrapolated using the estimated growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Key assumptions used in value-in-use calculations are:

Gross margin
Gross margin is based on the current level of activity and estimated future charter rates.

	2018	*2017*
Growth rate	**2%**	2%

Discount rates
Discount of 7.14% (2017: 7.32%) is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital.

7 TRADE AND OTHER RECEIVABLES

	31 March 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Current		
Trade receivables	**13,698**	13,348
Less: provision for impairment of trade receivables	**(235)**	(235)
	13,463	13,113
Receivable on dilution of investment in a subsidiary (note 2)	**14,640**	14,640
Advances to suppliers	**923**	1,844
Prepayments	**4,741**	4,951
Other receivables	**7,475**	7,669
	41,242	42,217

8 TRADE AND OTHER PAYABLES

	31 March 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Non-current		
Provisions and other payables	**39,660**	81,008
Current		
Trade payables	**11,258**	12,768
Dividend payable	**10,611**	10,638
Advance from customers	**3,738**	2,199
Other loans	**7,320**	9,150
Provisions and other payables	**21,892**	18,795
	54,819	53,550
	94,479	134,558

The operations and earnings of the Group continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments in the countries in which it operates. The industry in which the Group is engaged is also subject to physical risks of various kinds. It is the practice of the Group therefore to make provisions (included as part of "Provisions and other payables" in the consolidated statement of financial position) for present obligations at the reporting date for which a future outflow is probable and the amount is reasonably determinable.

Provisions and other payables at 31 March 2018 include an amount of AED 61,552 thousand (31 December 2017: AED 99,803 thousand) with respect to unfavourable arbitration awards and related finance cost relating to two legal matters. The Group was able to derecognise liabilities totalling AED 8,727 thousand which is included within 'Liabilities no longer required written back' in the interim consolidated statement of comprehensive income for the three-month period ended 31 March 2018.

9 FINANCE LEASES

	31 March 2018 AED'000 (Unaudited)	*31 December 2017 AED'000 (Audited)*
Current		
Within one year	**2,696**	2,531
Non-current		
Non-current portion	**55,812**	57,550

On 28 November 2017, the Group entered into a finance lease agreement to support acquisition of vessels from GST. The liability is payable on a monthly basis at the rate of AED 28,548 per day for the period of 5 years and a final repayment of AED 43,005 thousand on 29 November 2022. During the period, the Group repaid an amount of AED 1,573 thousand (2017: AED 226 thousand).

10 BANK BORROWINGS

	31 March 2018 AED'000 (Unaudited)	*31 December 2017 AED'000 (Audited)*
Current		
Bank borrowings	**304,401**	313,736
Non-current		
Bank borrowings	**59,626**	61,713

The movement of bank borrowings are summarised as below

	Term-loan I AED'000	*Term-loan II AED'000*	*Term-loan III AED'000*	*Term-loan IV AED'000*	*Total AED'000*
Balance at 1 January 2018	**-**	**305,385**	**-**	**70,064**	**375,449**
Less: repaid during the period	**-**	**(9,334)**	**-**	**(2,088)**	**(11,422)**
Balance at 31 March 2018	**-**	**296,051**	**-**	**67,976**	**364,027**
Less: current portion	**-**	**(296,051)**	**-**	**(8,350)**	**(304,401)**
Non-current portion	**-**	**-**	**-**	**59,626**	**59,626**
Average nominal interest rate	**n/a**	**2.39%**	**n/a**	**5.5%**	**3.95%**

10 BANK BORROWINGS (continued)

	Term-loan I AED'000	*Term-loan II AED'000*	*Term-loan III AED'000*	*Term-loan IV AED'000*	*Total AED'000*
Balance at 1 January 2017	2,633	351,132	12,330	-	366,095
Add: availed during the year	-	-	-	74,239	74,239
Less: repaid during the year	-	(45,747)	-	(4,175)	(49,922)
Less: settlement during the period (note 11)	(2,633)	-	(12,330)	-	(14,963)
Balance at 31 December 2017	-	305,385	-	70,064	375,449
Less: current portion	-	(305,385)	-	(8,351)	(313,736)
Non-current portion	-	-	-	61,713	61,713
Average nominal interest rate	-	1.89%	-	5.50%	3.70%

Term loan I
The term-loan of AED 311,100 thousand was availed by the Group to acquire a vessel costing AED 402,600 thousand. This loan carried interest at LIBOR plus 0.7% per annum and was payable in 20 semi-annual instalments of AED 9,150 thousand commencing from 28 January 2008. Remaining shortfall related to this loan has been settled in February 2017.

Term loan II
The term-loan of AED 676,331 thousand was availed by the Group to acquire chemical tankers costing AED 795,684 thousand. This loan carries interest at LIBOR plus 0.7% per annum and is payable in 39 quarterly instalments commencing from 1 August 2008 and a final maturity payment of AED 279,874 thousand on or before March 2019. A repayment of AED 9,334 thousand was made during the period.

The above bank loan is secured by the following:

- assignment of related vessels mortgage;
- pledge of shares of subsidiaries owning these vessels; and
- corporate guarantee by the Company.

The significant covenants for the above loan are as follows:

- the current assets at all times exceed the current liabilities;
- maintain at all times a cash and cash equivalents balance of over a certain percentage of the net debt;
- ensure that the consolidated market adjusted equity is over a certain percentage of the consolidated total market adjusted assets; and
- ensure that the aggregate free market value of the vessels is over a certain percentage of the net debt

The Group is currently in discussions with the current lenders of this term loan with the goal of agreeing on specified terms that would allow the Group to refinance the entire facility with new lenders within a reasonable time period.

Term loan III
The term-loan of AED 236,070 thousand was availed by the Group to acquire a vessel costing AED 337,295 thousand. This loan carried interest at LIBOR plus 2.8% per annum and was payable in 23 quarterly instalments commencing from 26 April 2011. Remaining shortfall related to this loan has been settled in February 2017.

Term loan IV
Term loan of AED 74,238 thousand (net of arrangement fees) was availed to the support acquisition of chemical tankers from GST. This loan carries interest at LIBOR plus 2.0% per annum and is payable in 20 quarterly instalments commencing from 21 September 2017 and a final payment of AED 32,500 thousand on 21 March 2023. A repayment of AED 2,088 thousand was made during the period.

10 BANK BORROWINGS (continued)

Term loans II and IV above are covered by various forms and combinations of security which include:

- assignment of related vessels mortgage;
- pledge of shares of subsidiaries owning these vessels; and
- corporate guarantee by the parent company, intermediate parent and/or associated companies.

The significant covenants for the above term loans include the following:

- the current assets at all times exceed the current liabilities;
- maintain at all times a cash and cash equivalents balance of over a certain percentage of the net debt;
- ensure that the consolidated market adjusted equity is over a certain percentage of the consolidated total market adjusted assets; and
- ensure that the aggregate free market value of the vessels is over a certain percentage of the net debt

As at 31 March 2018, the Group has not yet received a waiver to remove the technical breach for specified covenants with its lenders for term loan II. Such breach has rendered the loan to be technically payable on demand and as such, it is classified as current at 31 March 2018.

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities. Pricing policies and terms of these transactions are approved by the Group's management.

During the period, the Group entered into following significant transactions with related parties in the ordinary course of business at mutually agreed terms and conditions.

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	*31 March 2017 AED'000 (Unaudited)*
Finance income - due from a related party	**-**	604

The outstanding balances of amounts due from / to related parties are given below:

	31 March 2018 AED'000 (Unaudited)	*31 December 2017 AED'000 (Audited)*
Due from related parties		
Current		
Gulf Stolt Tankers DMCCO (Joint venture)	**2,735**	3,371

This represents advances made to Gulf Stolt Tankers DMCCO in 2009 and 2010 for which no settlement had been previously planned and hence was included in the carrying amount of the Group's investment in said joint venture.

In February 2017, an agreement was reached with the lenders of term loans I and III for a full and final settlement of amounts owed to such lenders. The agreement allowed for payment of a final settlement amount set at a considerable discount from the lenders' original claim. The settlement was paid by one of the Company's major shareholders and subsequently paid by the Group in March 2018. As at 31 December 2017, the final settlement amount totalling AED 16,334 thousand is being presented as part of "Provisions and other payables" in the interim consolidated statement of financial position.

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management remuneration

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	31 March 2017 AED'000 (Unaudited)
Salaries, benefits and directors' fees	**1,946**	1,209

12 OPERATING REVENUE

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	31 March 2017 AED'000 (Unaudited)
Vessel owning and chartering	**34,267**	25,486
Shipping services	**2,912**	2,500
Marine products sales and distribution	**140**	607
Technical services	**214**	525
Ship management	**137**	259
	37,670	29,377

13 OPERATING COSTS

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	31 March 2017 AED'000 (Unaudited)
Vessel owning and chartering:		
Ship running - vessels	**11,345**	7,677
Ship running - crew boats	**1,081**	1,040
Vessel depreciation	**10,532**	7,767
Amortisation of dry docking costs	**1,584**	727
Ship repair	**210**	274
Shipping services	**2,625**	1,602
Marine product sales and distribution	**91**	420
Technical services	**54**	241
	27,522	19,748

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	*31 March 2017 AED'000 (Unaudited)*
Staff costs (note 15)	**4,258**	4,246
Professional fees	**158**	138
Other administrative expenses	**3,371**	2,311
	7,787	6,695

15 STAFF COSTS

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	*31 March 2017 AED'000 (Unaudited)*
Salaries and wages	**3,441**	3,308
Employees' end of service benefits	**102**	93
Other benefits	**715**	845
	4,258	4,246

16 FINANCE COSTS

	Three-month period ended	
	31 March 2018 AED'000 (Unaudited)	*31 March 2017 AED'000 (Unaudited)*
Bank borrowings	**4,995**	1,845
Other loans	**326**	408
	5,321	2,253

17 SHARE CAPITAL

	31 March 2018 (Unaudited)	*31 December 2017 (Audited)*
Authorised:		
1,000,000,000 shares of AED 1 each	**1,000,000**	1,000,000
Issued and fully paid up:		
919,209,250 shares (2017: 551,666,666 shares) of AED 1 each	**919,209**	551,667

During the three-month period ended 31 March 2018, the Company issued 367,542,584 ordinary shares of AED 1 each, which were fully subscribed and paid-up. The new capital was raised through a rights issue offered to existing shareholders. The Group incurred a cost of AED 2,380 thousand in connection with the rights issue which is presented as “Other reserves” in the interim consolidated statement of changes in equity.

18 EARNINGS PER SHARE

	Three-month period ended	
	31 March 2018 (Unaudited)	*31 March 2017 (Unaudited)*
Profit for the period attributable to equity holders of the parent (AED ’000)	**4,721**	8,887
Number of shares	**919,209,250**	551,666,666
Basic and diluted earnings per share	**AED 0.0051**	AED 0.0161

19 OPERATING LEASES AS LESSOR

The Group leases out its outstanding chemical vessels under an operating lease (time charter). The time charter runs until 2023. The lease rental is usually negotiated to reflect market rentals upon entering into/renewal of the charter. Future minimum lease rentals receivables under the non-cancellable operating leases (excluding those owned by the joint venture) are as follows:

	31 March 2018 AED’000 (Unaudited)	*31 December 2017 AED’000 (Audited)*
Not later than one year	**144,641**	150,657
Between one year and five years	**599,609**	625,566
Beyond five years	**120,556**	145,212
	864,806	921,435