

**Gulf Navigation Holding PJSC
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Gulf Navigation Holding PJSC and its Subsidiaries

Interim Condensed Consolidated Financial Statements

For the period ended 30 September 2017

Table of Contents	Pages
Report on review of interim condensed consolidated financial statements	1
Interim consolidated statement of financial position	2
Interim consolidated income statement	3
Interim consolidated statement of comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7-22

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 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods and statements of changes in equity and cash flows for the nine-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.

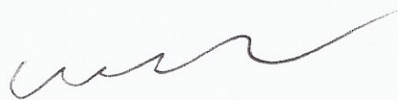
Scope of review

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

25 October 2017

Dubai, United Arab Emirates

Gulf Navigation Holding PJSC and its Subsidiaries
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

	Notes	30 September 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)
ASSETS			
Non-current assets			
Vessels, property and equipment	5	722,636	616,678
Goodwill	6	135,999	135,999
Investment and advances to joint venture		300	117,238
Due from a related party	5, 10	-	35,672
		<u>858,935</u>	<u>905,587</u>
Current assets			
Inventories		11,140	8,168
Due from a related party	5, 10	78,374	-
Trade and other receivables	7	49,547	19,857
Cash and bank balances		32,884	25,344
		<u>171,945</u>	<u>53,369</u>
TOTAL ASSETS		<u><u>1,030,880</u></u>	<u><u>958,956</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		551,667	551,667
Statutory reserve		15,674	15,674
Accumulated losses		(85,244)	(119,371)
Equity attributable to equity holders of the parent		<u>482,097</u>	<u>447,970</u>
Non-controlling interests	2	13,188	-
Total equity		<u>495,285</u>	<u>447,970</u>
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		1,454	1,830
Provisions and other payables	8	89,244	-
Bank borrowings	9	63,650	-
		<u>154,348</u>	<u>1,830</u>
Current liabilities			
Trade and other payables	8	54,584	142,688
Bank borrowings	9	326,514	366,095
Due to related parties	10	149	373
		<u>381,247</u>	<u>509,156</u>
Total liabilities		<u>535,595</u>	<u>510,986</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,030,880</u></u>	<u><u>958,956</u></u>

The interim condensed consolidated financial statements were approved by the Board of Directors on 25 October 2017 and signed on its behalf by:

Abdulla Saeed Abdulla Brook Al Hemeiri
Chairman



The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Gulf Navigation Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2017

	Notes	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
		<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sept 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Gross income		102,842	109,254	39,099	34,811
Less: Agency income		(3,727)	(10,296)	(343)	(2,974)
Operating revenue	11	99,115	98,958	38,756	31,837
Operating costs	12	(63,165)	(64,733)	(24,215)	(20,064)
Gross profit		35,950	34,225	14,541	11,773
Other income - net		627	2,700	243	1,229
General and administrative expenses	13	(19,447)	(19,694)	(5,996)	(5,739)
Operating profit for the period		17,130	17,231	8,788	7,263
Finance income		1,239	1,696	4	570
Finance costs	15	(8,293)	(5,286)	(3,447)	(982)
Finance costs - net		(7,054)	(3,590)	(3,443)	(412)
Gain on acquisition of a joint venture		-	1,638	-	-
Share of results of joint ventures - net		(1,081)	8,127	(739)	2,194
Liabilities no longer required written back		22,399	107,768	7,759	107,768
PROFIT FOR THE PERIOD		31,394	131,174	12,365	116,813
Attributable to:					
Equity holders of the parent		30,882	131,174	11,985	116,813
Non-controlling interests		512	-	380	-
		31,394	131,174	12,365	116,813
Earnings per share attributable to equity holders of the parent					
Basic and diluted (AED)	16	0.056	0.238	0.022	0.212

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Gulf Navigation Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2017

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sept 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Profit for the period	31,394	131,174	12,365	116,813
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,394	131,174	12,365	116,813
Attributable to:				
Equity holders of the parent	30,882	131,174	11,985	116,813
Non-controlling interests	512	-	380	-
	31,394	131,174	12,365	116,813

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Gulf Navigation Holding PJSC and its Subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2017

	<i>Attributable to equity holders of the parent</i>			<i>Total</i> <i>AED'000</i>	<i>Non-controlling</i> <i>interests</i> <i>AED'000</i>	<i>Total</i> <i>equity</i> <i>AED'000</i>
	<i>Share</i> <i>capital</i> <i>AED'000</i>	<i>Statutory</i> <i>reserve</i> <i>AED'000</i>	<i>Accumulated</i> <i>losses</i> <i>AED'000</i>			
Balance at 1 January 2016 (audited)	551,667	2,017	(242,287)	311,397	-	311,397
Total comprehensive income for the period (unaudited)	-	-	131,174	131,174	-	131,174
Balance at 30 September 2016 (unaudited)	<u>551,667</u>	<u>2,017</u>	<u>(111,113)</u>	<u>442,571</u>	<u>-</u>	<u>442,571</u>
Balance at 1 January 2017 (audited)	551,667	15,674	(119,371)	447,970	-	447,970
Dilution of investment in subsidiary (Note 2)	-	-	3,245	3,245	12,676	15,921
Total comprehensive income for the period (unaudited)	-	-	30,882	30,882	512	31,394
Balance at 30 September 2017 (unaudited)	<u>551,667</u>	<u>15,674</u>	<u>(85,244)</u>	<u>482,097</u>	<u>13,188</u>	<u>495,285</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Gulf Navigation Holding PJSC and its Subsidiaries
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2017

		<i>Nine-month period ended</i>	
		30 September 2017 AED'000 (Unaudited)	30 September 2016 AED'000 (Unaudited)
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		31,394	131,174
Adjustments for:			
Depreciation		27,942	26,353
Share of results from joint ventures - net		1,081	(8,127)
Provision for employees' end of service benefits		258	381
Reversal of provision for employees' end of service benefits		-	(560)
Liabilities no longer required written back	2	(22,399)	(1,638)
Gain on acquisition of a joint venture		-	(107,768)
Finance income		(1,239)	(1,696)
Finance costs	15	8,293	5,286
Operating cash flows before working capital changes		<u>45,330</u>	<u>43,405</u>
Changes in working capital:			
Inventories		(2,972)	(377)
Trade and other receivables		(13,586)	1,994
Transfer from/(to) restricted cash		753	(2,595)
Trade and other payables		6,599	(5,652)
Due to/ from related parties		(210)	(8,263)
Employees end of service benefits paid		<u>(634)</u>	<u>(1,394)</u>
Net cash flows from operating activities		<u>35,280</u>	<u>27,118</u>
INVESTING ACTIVITIES			
Purchase of vessels, property and equipment		(60,759)	(361)
Interest received		1,239	9
Acquisition of a joint venture, net of cash acquired		-	97
Net cash flows used in investing activities		<u>(59,520)</u>	<u>(255)</u>
FINANCING ACTIVITIES			
Proceeds from new borrowings	9	74,238	-
Funds invested by non-controlling interests		2,562	-
Repayment of borrowings	9	(35,206)	(28,445)
Interest paid		(9,061)	(3,612)
Net cash flows from/(used in) financing activities		<u>32,533</u>	<u>(32,057)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,293	(5,194)
Cash and cash equivalents at beginning of the period		<u>4,619</u>	<u>16,229</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		12,912	11,035
Restricted cash		<u>19,972</u>	<u>14,309</u>
TOTAL CASH AND BANK BALANCES		<u><u>32,884</u></u>	<u><u>25,344</u></u>
Significant non-cash movement			
Purchase of vessels, property and equipment		<u>(73,141)</u>	<u>-</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

1 LEGAL STATUS AND ACTIVITIES

Gulf Navigation Holding PJSC (“the Company”) was incorporated on 30 October 2006 as a Public Joint Stock Company and is registered in accordance with UAE Federal Law No (2) of 2015. The Company is listed in 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 and technical services; sea shipping lines agents; clearing and forwarding services; cargo loading and unloading services; cargo packaging; sea cargo services and ship management and operations through its subsidiaries as listed below. The Company operates from its office in Saba Tower-1, Jumeirah Lake Towers, Post Box No. 49651, Dubai, United Arab Emirates (“UAE”).

The Company and its following directly or indirectly owned subsidiaries are (together referred to as “the Group”) in the interim condensed consolidated financial statements:

<i>Subsidiaries</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>% Equity interest</i>	
			<i>30 Sep 2017</i>	<i>31 Dec 2016</i>
G N H Maritime Ship Management & Operations Owned by Gulf Navigation Holding One Person Company L.L.C	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 Ship FZE *	Ship Chandling, Ship Brokerage and Ship Chartering	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 (Previously known as Gulf Navigation Maritime LLC) **	Sea Shipping Lines Agents	UAE	60	100
Gulf Ship Management DMCC	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	n/a
Gulf Sheba Shipping Limited	Ship Owning	Hong Kong	100	100
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
Branches				
Gulf Navigation Holding DMCC (Br)	Ship Charter etc.	UAE	100	100
Gulf Navigation Holding PJSC (Br)	Ship Charter etc.	Kingdom of Saudi Arabia	100	100

* ceased operations on 2 February 2017

** during the period, non-controlling interests acquired 40% of the existing shareholdings in this entity.

*** incorporated on 13 September 2017

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

<i>Jointly controlled entity</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>% Equity interest</i>	
			<i>30 Sep 2017</i>	<i>31 Dec 2016</i>
Gulf Stolt Tankers DMCCO (GST)	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 nine-month period ended 30 September 2017 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*” and the applicable requirement of the United Arab Emirates Laws. These interim condensed consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2016, 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 nine-month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

Basis of consolidation

The interim condensed consolidated financial statements at and for the nine-month period ended 30 September 2017, 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.

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 to 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

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 107,768 thousand during the year ended 31 December 2016, which contributed along with improved profitability to increasing the Group’s net equity by AED 136,573 thousand; from AED 311,397 thousand as of 31 December 2015 to AED 447,970 thousand as of 31 December 2016. During the nine-month period ended 30 September 2017, the Group was further able to derecognise additional liabilities amounting to AED 22,399 thousand based on management’s assessment of further reduced risk from existing exposures.

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.

In pursuit of these objectives, the Group secured shareholders’ approval during the latest Annual General Meeting (“AGM”) held on 19 April 2017 to issue senior and unsecured sukuk with a total value of up to USD 250,000 thousand (about AED 915,000 thousand) by public offering, redeemable within five years at a profit rate of less than 10%.

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 including issuance of sukuk or other alternative models); 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.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

Limited amendments which require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these amendments have no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Un-recognised Losses

Limited amendments to clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference and some other limited amendments, the adoption of these amendments have no impact on the Group's interim condensed consolidated financial statements.

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 2016.

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 2016.

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 2016.

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.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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.

Impairment of receivables

An estimate of the collectible amount of trade receivables 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 14,137 thousand (31 December 2016: AED 9,933 thousand) with provision for doubtful debts of AED 235 thousand (31 December 2016: AED 235 thousand) (Note 7). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the 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 vessel owning and chartering, ship management, marine product sales and distribution and shipping and technical 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 owning and chartering CGU (excluding chemical tankers which are under long term time charter) had been 5% lower than management's estimates at 30 September 2017, no impairment charge would have been recognised. If the estimated cost of capital used in determining the pre-tax discount rate for the vessel owning and 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 in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

4 OPERATING SEGMENTS (continued)

Business segments (continued)

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 shipping 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.

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.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

4 OPERATING SEGMENTS (continued)

For the nine-month period ended 30 September 2017 (Unaudited)

	<i>Vessel owning and chartering AED '000</i>	<i>Ship management AED '000</i>	<i>Marine product sales and distribution AED '000</i>	<i>Shipping and technical services AED '000</i>	<i>Other AED '000</i>	<i>Inter segment elimination AED '000</i>	<i>Total AED '000</i>
Operating revenue	86,116	3,154	2,097	10,186	-	(2,438)	99,115
Operating costs	(57,369)	-	(1,730)	(6,504)	-	2,438	(63,165)
Other income	-	-	611	-	971	(955)	627
General and administrative expenses	(2,169)	(3,454)	(382)	(2,748)	(11,649)	955	(19,447)
Finance income	2	-	5	17	1,215	-	1,239
Finance costs	(6,608)	(13)	(3)	(10)	(1,659)	-	(8,293)
Share of results from joint ventures - net	(1,081)	-	-	-	-	-	(1,081)
Liabilities no longer required written back	-	-	-	-	22,399	-	22,399
Reportable segment profit/(loss)	18,891	(313)	598	941	11,277	-	31,394
At 30 September 2017 (Unaudited)							
Reportable segment assets	686,429	15,102	3,731	19,924	1,270,832	(965,138)	1,030,880
Reportable segment liabilities	1,022,625	11,176	2,919	8,338	371,611	(881,074)	535,595

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

4 OPERATING SEGMENTS (continued)

For the nine-month period ended 30 September 2016 (Unaudited)

	<i>Vessel owning and chartering AED'000</i>	<i>Ship management AED'000</i>	<i>Marine product sales and distribution AED'000</i>	<i>Shipping and technical services AED'000</i>	<i>Other AED'000</i>	<i>Inter segment elimination AED'000</i>	<i>Total AED'000</i>
Operating revenue	80,881	2,178	1,840	15,684	-	(1,625)	98,958
Operating costs	(54,654)	-	(1,377)	(10,327)	-	1,625	(64,733)
Other income	-	337	611	178	2,134	(560)	2,700
General and administrative expenses	(1,920)	(2,690)	(692)	(2,611)	(12,341)	560	(19,694)
Finance income	-	-	-	-	1,696	-	1,696
Finance costs	(3,961)	(21)	(2)	(16)	(1,286)	-	(5,286)
Gain arising on acquisition of a joint venture	-	-	-	-	1,638	-	1,638
Liabilities no longer required written back	-	-	-	-	107,768	-	107,768
Share of profit of joint ventures – net	8,127	-	-	-	-	-	8,127
Reportable segment profit/(loss)	<u>28,473</u>	<u>(196)</u>	<u>380</u>	<u>2,908</u>	<u>99,609</u>	<u>-</u>	<u>131,174</u>
At 31 December 2016 (Audited)							
Reportable segment assets	<u>646,851</u>	<u>12,647</u>	<u>6,131</u>	<u>45,147</u>	<u>1,204,801</u>	<u>(956,621)</u>	<u>958,956</u>
Reportable segment liabilities	<u>986,298</u>	<u>8,408</u>	<u>3,693</u>	<u>9,584</u>	<u>418,862</u>	<u>(915,859)</u>	<u>510,986</u>

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

4 OPERATING SEGMENTS (continued)

For the three-month period ended 30 September 2017 (Unaudited)

	<i>Vessel owning and chartering AED'000</i>	<i>Ship management AED'000</i>	<i>Marine product sales and distribution AED'000</i>	<i>Shipping and technical services AED'000</i>	<i>Other AED'000</i>	<i>Inter segment elimination AED'000</i>	<i>Total AED'000</i>
Operating revenue	33,472	981	711	4,405	-	(813)	38,756
Operating costs	(21,219)	-	(610)	(3,199)	-	813	(24,215)
Other income	-	-	243	-	277	(277)	243
General and administrative expenses	(605)	(1,231)	(131)	(778)	(3,528)	277	(5,996)
Finance income	1	-	-	2	1	-	4
Finance costs	(3,015)	(2)	-	(3)	(427)	-	(3,447)
Share of results from joint ventures - net	(739)	-	-	-	-	-	(739)
Liabilities no longer required written back	-	-	-	-	7,759	-	7,759
Reportable segment profit/ (loss)	<u>7,895</u>	<u>(252)</u>	<u>213</u>	<u>427</u>	<u>4,082</u>	<u>-</u>	<u>12,365</u>

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

4 OPERATING SEGMENTS (continued)

For the three-month period ended 30 September 2016 (Unaudited)

	<i>Vessel owning and chartering AED'000</i>	<i>Ship management AED'000</i>	<i>Marine product sales and distribution AED'000</i>	<i>Shipping and technical services AED'000</i>	<i>Other AED'000</i>	<i>Inter segment elimination AED'000</i>	<i>Total AED'000</i>
Operating revenue	27,211	2,178	534	3,539	-	(1,625)	31,837
Operating costs	(17,760)	-	(399)	(2,718)	-	813	(20,064)
Other income	-	(1,125)	169	29	1,562	594	1,229
General and administrative expenses	(726)	(1,136)	(210)	(812)	(3,073)	218	(5,739)
Finance income	-	-	-	-	570	-	570
Finance costs	(538)	(19)	-	(6)	(419)	-	(982)
Liabilities no longer required written back	-	-	-	-	107,768	-	107,768
Share of profit of joint ventures – net	2,194	-	-	-	-	-	2,194
Reportable segment profit / (loss)	<u>10,381</u>	<u>(102)</u>	<u>94</u>	<u>32</u>	<u>106,408</u>	<u>-</u>	<u>116,813</u>

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

5 VESSELS, PROPERTY AND EQUIPMENT

On 21 June 2017, the Group acquired a chemical tanker from GST at a cost of AED 133,538 thousand. The purchase price was paid partly in cash of AED 60,397 thousand secured by the Group from a bank loan (see Note 9) and thereafter by applying amounts due from GST (including accrued interest) of AED 36,408 thousand and advances made to GST of AED 36,733 thousand (settlement for which was not previously planned) against the remaining balance (see Note 10).

Vessels with a net book value of AED 717,948 thousand (31 December 2016: AED 611,258 thousand) are mortgaged as security for bank borrowings.

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 the Vessel owning and chartering division, marine products sales and distribution and shipping and technical services as main type 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 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.

	<i>2017</i>	<i>2016</i>
Growth rate	<u>2%</u>	<u>2%</u>

Discount rates

Discount of 6.49% (2016: 8.50%) is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

7 TRADE AND OTHER RECEIVABLES

	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Current		
Trade receivable	14,137	9,933
Less: provision for impairment of trade receivables	(235)	(235)
	<u>13,902</u>	<u>9,698</u>
Receivable on dilution of investment in a subsidiary (note 2)	16,104	-
Prepayments	6,652	2,245
Accrued income	4,726	2,481
Advances to suppliers	2,808	1,343
Other receivables	5,355	4,090
	<u>49,547</u>	<u>19,857</u>

8 TRADE AND OTHER PAYABLES

	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Non-current		
Provisions and other payables	89,244	-
Current		
Trade payables	7,655	6,567
Dividend payable	10,649	10,677
Advance from customers	829	682
Provisions and other payables	24,471	113,782
Other loans	10,980	10,980
	<u>54,584</u>	<u>142,688</u>
	<u>143,828</u>	<u>142,688</u>

Provisions and other payables at 30 September 2017 includes an amount of AED 69,358 thousand (31 December 2016: AED 91,148 thousand) with respect to unfavourable arbitration awards and related interest relating to two legal matters. The Group was able to derecognise liabilities totalling AED 22,399 thousand which is included within "Liabilities no longer required written back" in the interim consolidated statement of income for the nine-month period ended 30 September 2017.

Specified liabilities have been classified as non-current based on the Group's expectation that any outflow of resources embodying economic benefits arising from such liabilities will not occur within twelve months after the end of the reporting period.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

9 BANK BORROWINGS

The movement of bank borrowings are summarised as below:

	<i>Term-loan I AED'000</i>	<i>Term-loan II AED'000</i>	<i>Term-loan III AED'000</i>	<i>Term-loan IV AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2017	2,633	351,132	12,330	-	366,095
Add: availed during the period	-	-	-	74,238	74,238
Less: repaid during the period	-	(33,118)	-	(2,088)	(35,206)
Less: settlement during the period (note 10)	(2,633)	-	(12,330)	-	(14,963)
Balance at 30 September 2017	-	318,014	-	72,150	390,164
Less: current portion	-	(318,014)	-	(8,500)	(326,514)
Non-current portion	-	-	-	63,650	63,650
Average nominal interest rate	n/a	1.85%	n/a	5.5%	3.68%

	<i>Term-loan I AED'000</i>	<i>Term-loan II AED'000</i>	<i>Term-loan III AED'000</i>	<i>Term-loan IV AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2016	6,518	394,035	29,953	-	430,506
Less: repaid during the year	-	(42,903)	-	-	(42,903)
Offset	(811)	-	(3,495)	-	(4,306)
Liabilities no longer required	(3,074)	-	(14,128)	-	(17,202)
Balance at 31 December 2016	2,633	351,132	12,330	-	366,095
Less: current portion	(2,633)	(351,132)	(12,330)	-	(366,095)
Non-current portion	-	-	-	-	-
Average nominal interest rate	2.00%	1.41%	2.00%	n/a	1.8%

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 payment of AED 279,874 thousand by 31 March 2019. A repayment of AED 10,788 thousand was made during the 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 EIBOR plus 2.0% per annum or 5.5% per annum, whichever is higher, 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.

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

9 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 30 September 2017, the Group remain in technical breach of specified covenants with its lenders for term loan II. Such breach has rendered the loans to be technically payable on demand and as such, it is classified as current at 30 September 2017. The Group continues to service the loan and the Group's management are in discussions with the lenders to regularise the loan.

10 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.

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Finance income	1,202	1,686	-	566
Finance costs - loans from related parties (note 15)	1,223	1,223	407	407
Management fee charged by a jointly controlled entity	-	813	-	-
Office rental charged by other related parties	-	715	-	254
Reversal of related party balances	-	1,477	-	1,477
Purchase of vessels, property and equipment	133,538	-	-	-

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

	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
<i>Due from related parties</i>		
<i>Non-current</i>		
Gulf Stolt Tankers DMCCO (Joint venture)(i)	-	35,672
<i>Current</i>		
Gulf Stolt Tankers DMCCO (Joint venture)(ii)	78,374	-

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- (i) The Group provided a loan in 2011 to Gulf Stolt Tankers DMCCO. This loan carries interest of 6.6% per annum compounded on annual basis. In 2017, this amount has been fully applied against the purchase price of a chemical tanker acquired from GST (see Note 5).
- (ii) 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 2017, the Group applied AED 36,733 thousand against such advances. The remaining balance is expected to be applied against the purchase price of a second chemical tanker being planned within the year.

	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
<i>Due to related parties</i>		
<i>Current</i>		
Gulf Ship Management DMCC (previously a Joint venture)	-	224
Directors' fees	149	149
	149	373

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. To date no agreement has been finalised between the Company and such shareholder to define repayment of the amount which the latter has settled on behalf of the Company. 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 as at 30 September 2017.

Key management remuneration

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Salaries, benefits and director's fees	4,201	1,470	1,346	547

11 OPERATING REVENUE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Vessel owning and chartering	86,116	80,881	33,472	27,211
Shipping services	7,935	14,593	3,211	3,131
Marine product sales and distribution	2,097	1,840	711	534
Technical services	2,251	1,091	1,194	408
Ship management	716	553	168	553
	99,115	98,958	38,756	31,837

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

12 OPERATING COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>Vessel owning and chartering:</i>				
Ship running- vessels	23,280	23,392	8,581	6,925
Ship running- crew boats	3,179	3,007	1,025	1,006
Vessel depreciation	25,336	23,971	9,537	8,029
Amortisation of dry docking costs	2,589	2,180	1,103	727
Ship repair	547	479	160	260
Shipping services	5,022	9,619	2,260	2,444
Marine product sales and distribution	1,730	1,377	610	399
Technical services	1,482	708	939	274
	63,165	64,733	24,215	20,064

13 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Staff costs (Note 14)	12,722	11,138	4,044	3,771
Professional fees	476	1,704	183	229
Other administrative expenses	6,249	6,852	1,769	1,739
	19,447	19,694	5,996	5,739

14 STAFF COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>	<i>30 Sep 2017</i>	<i>30 Sep 2016</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Salaries and wages	10,059	8,012	3,174	2,672
Employees' end of service benefits	258	381	107	102
Other benefits	2,405	2,745	763	997
	12,722	11,138	4,044	3,771

Gulf Navigation Holding PJSC and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

15 FINANCE COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Bank borrowings	7,070	4,063	3,040	575
Other loans	1,223	1,223	407	407
	8,293	5,286	3,447	982

16 EARNINGS PER SHARE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2016 (Unaudited) AED'000</i>
Profit for the period attributable to equity holders of the parent (AED '000)	30,882	131,174	11,985	116,813
Number of shares	551,666,666	551,666,666	551,666,666	551,666,666
Basic and diluted earnings per share	AED 0.056	AED 0.238	AED 0.022	AED 0.212

17 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:

	<i>30 September 2017 AED'000 (Unaudited)</i>	<i>31 December 2016 AED'000 (Audited)</i>
Not later than one year	98,709	99,127
Between one year and five years	390,616	391,197
Beyond five years	105,670	178,610
	594,995	668,934