

**Gulf Navigation Holding PJSC  
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

# Gulf Navigation Holding PJSC and its Subsidiaries

## Interim Condensed Consolidated Financial Statements

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For the period ended 30 September 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 30 September 2018, comprising of the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statements of 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

13 November 2018

Dubai, United Arab Emirates

# Gulf Navigation Holding PJSC and its Subsidiaries

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Vessels, property and equipment	5	861,234	843,354
Goodwill	6	135,999	135,999
Investment and advances to joint venture		-	300
		<b>997,233</b>	<b>979,653</b>
<b>Current assets</b>			
Inventories		12,814	12,275
Due from a related party	11	1,122	3,371
Trade and other receivables	7	53,474	42,217
Cash and bank balances		305,636	38,673
		<b>373,046</b>	<b>96,536</b>
<b>TOTAL ASSETS</b>		<b>1,370,279</b>	<b>1,076,189</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	919,209	551,667
Statutory reserve		19,747	19,747
Accumulated losses		(98,404)	(80,247)
Other reserves	17	(2,380)	-
<b>Equity attributable to equity holders of the parent</b>		<b>838,172</b>	<b>491,167</b>
Non-controlling interests	2	13,860	13,454
<b>Total equity</b>		<b>852,032</b>	<b>504,621</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		1,567	1,480
Provisions and other payables	8	-	81,008
Finance lease	9	54,562	57,550
Bank borrowings	10	81,556	61,713
		<b>137,685</b>	<b>201,751</b>
<b>Current liabilities</b>			
Trade and other payables	8	88,044	53,550
Finance lease	9	2,893	2,531
Bank borrowings	10	289,625	313,736
		<b>380,562</b>	<b>369,817</b>
<b>Total liabilities</b>		<b>518,247</b>	<b>571,568</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,370,279</b>	<b>1,076,189</b>

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

Abdulla Saeed Abdulla Brook Al Hemeiri  
Chairman

The accompanying notes 1 to 20 form an integral part of these interim condensed consolidated financial statements.

# Gulf Navigation Holding PJSC and its Subsidiaries

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE STATEMENT

For the period ended 30 September 2018

	Notes	Nine-month period ended		Three-month period ended	
		30 Sep 2018 (Unaudited) AED'000	30 Sep 2017 (Unaudited) AED'000	30 Sep 2018 (Unaudited) AED'000	30 Sep 2017 (Unaudited) AED'000
Gross income		111,486	102,842	39,317	39,099
Less: Agency income		(1,533)	(3,727)	(501)	(343)
Operating revenue	12	109,953	99,115	38,816	38,756
Operating costs	13	(83,296)	(63,165)	(27,016)	(24,215)
<b>Gross profit</b>		<b>26,657</b>	<b>35,950</b>	<b>11,800</b>	<b>14,541</b>
Other income		401	627	188	243
General and administrative expenses	14	(36,578)	(19,447)	(9,809)	(5,996)
<b>Operating (loss) / profit for the period</b>		<b>(9,520)</b>	<b>17,130</b>	<b>2,179</b>	<b>8,788</b>
Finance income		-	1,239	-	4
Finance costs	16	(16,380)	(8,293)	(5,358)	(3,447)
Finance costs - net		(16,380)	(7,054)	(5,358)	(3,443)
Share of results of joint ventures - net		(578)	(1,081)	189	(739)
Liabilities no longer required written back		8,727	22,399	-	7,759
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b>(17,751)</b>	<b>31,394</b>	<b>(2,990)</b>	<b>12,365</b>
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>		<b>(17,751)</b>	<b>31,394</b>	<b>(2,990)</b>	<b>12,365</b>
Attributable to:					
Equity holders of the parent		(18,157)	30,882	(2,969)	11,985
Non-controlling interests		406	512	(21)	380
		<b>(17,751)</b>	<b>31,394</b>	<b>(2,990)</b>	<b>12,365</b>
<b>Earnings per share attributable to equity holders of the parent</b>					
Basic and diluted (AED)	18	(0.022)	0.056	(0.004)	0.022

The accompanying notes 1 to 20 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 2018

	<i>Attributable to equity holders of the parent</i>					<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Accumulated losses</i>	<i>Other reserves</i>	<i>Total</i>	<i>AED '000</i>	<i>AED '000</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
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)	551,667	15,674	(85,244)	-	482,097	13,188	495,285
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 (loss)/income for the period (unaudited)	-	-	(18,157)	-	(18,157)	406	(17,751)
<b>Balance at 30 September 2018 (unaudited)</b>	<b>919,209</b>	<b>19,747</b>	<b>(98,404)</b>	<b>(2,380)</b>	<b>838,172</b>	<b>13,860</b>	<b>852,032</b>

The accompanying notes 1 to 20 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 2018

		<i>Nine-month period ended</i>	
	<i>Notes</i>	<b>30 September 2018 AED'000 (Unaudited)</b>	<b>30 September 2017 AED'000 (Unaudited)</b>
<b>OPERATING ACTIVITIES</b>			
(Loss) / Profit for the period		<b>(17,751)</b>	31,394
Adjustments for:			
Depreciation		<b>37,964</b>	27,942
Share of results from joint ventures - net		<b>578</b>	1,081
Provision for employees' end of service benefits		<b>277</b>	258
Liabilities no longer required written back		<b>(8,727)</b>	(22,399)
Finance income		-	(1,239)
Finance costs	16	<b>16,380</b>	8,293
Operating cash flows before working capital changes		<b>28,721</b>	45,330
Changes in working capital:			
Inventories		<b>(539)</b>	(2,972)
Trade and other receivables		<b>(11,257)</b>	(13,586)
Transfer from restricted cash		<b>36</b>	753
Trade and other payables		<b>(39,014)</b>	6,599
Due to/from related parties		<b>1,971</b>	(210)
		<b>(20,082)</b>	35,914
Employees end of service benefits paid		<b>(190)</b>	(634)
Net cash flows (used in)/from operating activities		<b>(20,272)</b>	35,280
<b>INVESTING ACTIVITIES</b>			
Purchase of vessels, property and equipment		<b>(55,844)</b>	(60,759)
Interest received		-	1,239
Net cash flows used in investing activities		<b>(55,844)</b>	(59,520)
<b>FINANCING ACTIVITIES</b>			
Funds received from rights issue	17	<b>367,542</b>	-
Rights issue cost paid	17	<b>(2,380)</b>	-
Proceeds from bank borrowings	10	<b>30,000</b>	74,238
Funds invested by non-controlling interests		-	2,562
Repayment of bank borrowings and financial lease	9, 10	<b>(36,894)</b>	(35,206)
Interest paid		<b>(15,153)</b>	(9,061)
Net cash flows from financing activities		<b>343,115</b>	32,533
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>266,999</b>	8,293
Cash and cash equivalents at beginning of the period		<b>28,035</b>	4,619
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>295,034</b>	12,912
Restricted cash		<b>10,602</b>	19,972
<b>TOTAL CASH AND BANK BALANCES</b>		<b>305,636</b>	32,884
<b>Significant non-cash movement</b>			
Purchase of vessels, property and equipment		-	(73,141)

The accompanying notes 1 to 20 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 2018

### 1 LEGAL STATUS AND ACTIVITIES

Gulf Navigation Holding PJSC ("the Company") is a Public Joint Stock Company incorporated on 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 39<sup>th</sup> 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:

<i>Subsidiaries</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>% equity interest</i>	
			<i>30 Sep 2018</i>	<i>31 Dec 2017</i>
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	60
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
Gulf Navigation Ship Owning LLC ***	Ship Charter, etc	UAE	100	n/a

\* incorporated on 25 January 2018

\*\* incorporated on 13 February 2018

\*\*\* incorporated on 7 October 2018

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 1 LEGAL STATUS AND ACTIVITIES (continued)

The Group has the following branches:

<i>Branch</i>	<i>Principal activities</i>	<i>Country of incorporation</i>
Gulf Navigation Holding DMCC (Br)*	Ship Charter, etc.	UAE
Gulf Navigation Holding PJSC (Shj Br)	Ship Charter, etc.	UAE
Gulf Navigation Holding PJSC (Br)		
Gulf Navigation Maritime and Operations Management Owned by Gulf Navigation Holding LLC – Abu Dhabi Branch**	Ship Charter, etc. Ship Management and Operations, etc.	Kingdom of Saudi Arabia 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 25 April 2018

\*\*\* incorporated on 7 July 2018

The Group also has an interest 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 2018</i>	<i>31 Dec 2017</i>
Gulf Stolt Tankers DMCCO ("GST") (in liquidation process)	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 2018 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 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 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 2018 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

As of the date of authorisation of these interim condensed consolidated financial statements, the Group has demonstrated its ability to improve its financial position by raising a significant amount of new equity and by reaching agreement for full and final settlement with remaining counter-parties. The Directors, after reviewing the Group's available sources of funding (either through bank loan or additional 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, 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*

#### 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.

#### 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.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2018

### 3 CRITICAL ACCOUNTING 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.

#### *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.

#### *Group as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance lease is capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

#### *Consolidation of subsidiaries*

The Group has evaluated all the investee 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.

## Gulf Navigation Holding PJSC and its Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### *Impairment of receivables (continued)*

At the reporting date, gross receivables amounted to AED 16,842 thousand (31 December 2017: AED 13,348 thousand) with provision for doubtful debts of AED 325 thousand (31 December 2017: 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 statement of comprehensive income.

##### *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).

#### 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.

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; and
- *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 2018

### 4 OPERATING SEGMENTS (continued)

For the nine-month period ended 30 September 2018 (Unaudited)

	Vessel owning and chartering AED'000	Ship management AED'000	Marine product sales and distribution AED'000	Shipping and technical services AED'000	Other AED'000	Inter segment elimination AED'000	Total AED'000
Operating revenue	97,417	3,838	313	11,857	-	(3,472)	109,953
Operating costs	(78,256)	-	(193)	(8,319)	-	3,472	(83,296)
Other income	55	-	106	7	809	(576)	401
General and administrative expenses	(1,691)	(4,833)	(137)	(2,035)	(28,458)	576	(36,578)
Finance costs	(15,802)	-	-	-	(578)	-	(16,380)
Share of results from joint ventures – net	(578)	-	-	-	-	-	(578)
Liabilities no longer required written back	3,550	-	-	-	5,177	-	8,727
Reportable segment profit/(loss)	4,695	(995)	89	1,510	(23,050)	-	(17,751)
At 30 September 2018 (Unaudited)							
Reportable segment assets	802,344	21,961	11,446	14,809	1,387,158	(867,439)	1,370,279
Reportable segment liabilities	(729,237)	(19,463)	(12,266)	(145)	(586,184)	829,048	(518,247)

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 4 OPERATING SEGMENTS (continued)

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

	Vessel owning and chartering AED '000	Ship management AED '000	Marine product sales and distribution AED '000	Shipping and technical services AED '000	Other AED '000	Inter segment elimination AED '000	Total AED '000
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 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

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2018

### 4 OPERATING SEGMENTS (continued)

For the three-month period ended 30 September 2018 (Unaudited)

	Vessel owning and chartering AED '000	Ship management AED '000	Marine product sales and distribution AED '000	Shipping and technical services AED '000	Other AED '000	Inter segment elimination AED '000	Total AED '000
Operating revenue	34,085	1,289	44	4,596	-	(1,198)	38,816
Operating costs	(25,391)	-	(26)	(2,797)	-	1,198	(27,016)
Other income	31	-	66	-	283	(192)	188
General and administrative expenses	(605)	(1,611)	(14)	(638)	(7,133)	192	(9,809)
Finance costs	(5,358)	-	-	-	-	-	(5,358)
Share of results from joint ventures – net	189	-	-	-	-	-	189
Reportable segment profit/ (loss)	2,951	(322)	70	1,161	(6,850)	-	(2,990)

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

	Vessel owning and chartering AED '000	Ship management AED '000	Marine product sales and distribution AED '000	Shipping and technical services AED '000	Other AED '000	Inter segment elimination AED '000	Total AED '000
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)	7,895	(252)	213	427	4,082	-	12,365

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 5 VESSELS, PROPERTY AND EQUIPMENT

During the period, the Group acquired a second-hand vessel intended to be converted into an oil stimulation vessel to service the specific requirements of a time charter due to be implemented in January 2019. The vessel is currently under conversion and presented as capital work-in-progress and included in "Vessels, property and equipment" in the interim consolidated statement of financial position. Borrowing cost related to this vessel and capitalized for the period amounted to AED 617 thousand (31 December 2017: AED Nil).

Vessels with a net book value of AED 703,177 thousand (31 December 2017: AED 706,644 thousand) are mortgaged as security for bank borrowings (note 10).

The carrying value of vessels held under finance lease is AED 123,502 thousand (31 December 2017: AED 128,481 thousand). Leased assets are pledged as security for the related finance lease (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.

During the period, the Group has reached an amicable settlement with the Contractor and in light of the settlement terms, the entire provision for impairment of AED 108,045 thousand has been utilised during the period. Accordingly, the capital work-in-progress has now been written off against the related provision for impairment.

### 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.

	2018	2017
Growth rate	2%	2%

#### *Discount rates*

Discount of 7.32% (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.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 7 TRADE AND OTHER RECEIVABLES

	<i>30 September 2018 AED'000 (Unaudited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
<b>Current</b>		
Trade receivables	16,842	13,348
Less: provision for impairment of trade receivables	(325)	(235)
	<u>16,517</u>	<u>13,113</u>
Receivable on dilution of investment in a subsidiary (note 2)	14,640	14,640
Prepayments	4,505	4,951
Accrued income	-	-
Advances to suppliers	10,169	1,844
Other receivables	7,643	7,669
	<u>53,474</u>	<u>42,217</u>

### 8 TRADE, PROVISIONS AND OTHER PAYABLES

	<i>30 September 2018 AED'000 (Unaudited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
<b>Non-current</b>		
Provisions and other payables	-	81,008
<b>Current</b>		
Trade payables	32,565	12,768
Provisions and other payables	29,828	9,386
Dividend payable	10,601	10,637
Accruals	6,688	6,593
Interest payable	3,004	2,817
Advance from customers	2,698	2,199
Other loans	2,660	9,150
	<u>88,044</u>	<u>53,550</u>
	<u>88,044</u>	<u>134,558</u>

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 30 September 2018 include an amount of AED 27,286 thousand (31 December 2017: AED 87,426 thousand) with respect to unfavourable arbitrations. The Group was able to derecognise liabilities totalling AED 8,727 thousand which are included within 'Liabilities no longer required written back' in the interim consolidated statement of comprehensive income for the period ended 30 September 2018.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 9 FINANCE LEASE

	<i>30 September 2018 AED'000 (Unaudited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
<b>Current</b>		
Finance lease	<u>2,893</u>	<u>2,531</u>
<b>Non-current</b>		
Finance lease	<u>54,562</u>	<u>57,550</u>

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 2,626 thousand (year ended 31 December 2017: AED 226 thousand).

### 10 BANK BORROWINGS

	<i>30 September 2018 AED'000 (Unaudited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
<b>Current</b>		
Bank borrowings	<u>289,625</u>	<u>313,736</u>
<b>Non-current</b>		
Bank borrowings	<u>81,556</u>	<u>61,713</u>

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2018

### 10 BANK BORROWINGS (continued)

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	Term-loan V AED '000	Total AED '000
Balance at 1 January 2018	-	305,385	-	70,064	-	375,449
Add: availed during the period	-	-	-	-	30,000	30,000
Less: repaid during the period	-	(28,004)	-	(6,264)	-	(34,268)
Balance at 30 September 2018 (Unaudited)	-	277,381	-	63,800	30,000	371,181
Less: current portion	-	(277,381)	-	(8,350)	(3,894)	(289,625)
Non-current portion	-	-	-	55,450	26,106	81,556
Average nominal interest rate	n/a	2.80%	n/a	5.80%	6.00%	4.87%
	Term-loan I AED '000	Term-loan II AED '000	Term-loan III AED '000	Term-loan IV AED '000	Term-loan V AED '000	Total AED '000
Balance at 31 December 2016 (Audited)	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 year	(2,633)	-	(12,330)	-	-	(14,963)
Balance at 31 December 2017 (Audited)	-	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	n/a	1.89%	n/a	5.5%	n/a	3.70%

## Gulf Navigation Holding PJSC and its Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

#### 10 BANK BORROWINGS (continued)

##### 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 was 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 28,004 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 was settled in February 2017.

##### Term loan IV

Term loan of AED 74,239 thousand (net of arrangement fees) was availed to the support acquisition of chemical tankers from GST. This loan carries interest at EIBOR plus 3.5% 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 June 2023. A repayment of AED 6,264 thousand was made during the period.

##### Term loan V

Term loan of AED 30,000 thousand was availed by the Group to support acquisition and conversion of an oil stimulation vessel. This loan carries interest at LIBOR plus 3.5% per annum and is payable in 27 equal quarterly instalments commencing from 7 December 2018 with final payment on 7 June 2025.

Term loans II, IV and V 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 2018, the Group remain in technical breach of 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 30 September 2018. The Group continues to service the loan and the Group's management are in discussions with the lenders to regularise the loan.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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.

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<b>30 Sep 2018</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2017</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2018</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2017</b> <b>(Unaudited)</b> <b>AED'000</b>
Finance income	-	1,202	-	-
Finance costs - loans from related parties (note 16)	544	1,223	-	407
Purchase of vessels, property and equipment	-	133,538	-	-

#### Related party balance

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

	<b>30 September</b> <b>2018</b> <b>AED'000</b> <b>(Unaudited)</b>	<b>31 December</b> <b>2017</b> <b>AED'000</b> <b>(Audited)</b>
<b>Due from related parties</b>		
<b>Current</b>		
Gulf Stolt Tankers DMCCO (Joint venture)	1,122	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.

#### Due to related parties

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 amounting to AED 32,165 was made by one of the Company's major shareholders on the Group's behalf, which was subsequently paid by the Group during the period.

#### Key management remuneration

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<b>30 Sep 2018</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2017</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2018</b> <b>(Unaudited)</b> <b>AED'000</b>	<b>30 Sep 2017</b> <b>(Unaudited)</b> <b>AED'000</b>
Salaries, benefits and director's fees	4,464	4,201	1,227	1,346

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 12 OPERATING REVENUE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018</i>	<i>30 Sep 2017</i>	<i>30 Sep 2018</i>	<i>30 Sep 2017</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>
Vessel owning and chartering	97,417	86,116	34,085	33,472
Shipping services	11,370	7,935	4,454	3,211
Marine product sales and distribution	313	2,097	44	711
Technical services	487	2,251	142	1,194
Ship management	366	716	91	168
	<b>109,953</b>	<b>99,115</b>	<b>38,816</b>	<b>38,756</b>

### 13 OPERATING COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018</i>	<i>30 Sep 2017</i>	<i>30 Sep 2018</i>	<i>30 Sep 2017</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	33,902	23,280	10,282	8,581
Ship running- crew boats	2,645	3,179	648	1,025
Vessel depreciation	32,039	25,336	10,807	9,537
Amortisation of dry docking costs	5,420	2,589	2,429	1,103
Ship repair	778	547	27	160
Shipping services	8,180	5,022	2,761	2,260
Marine product sales and distribution	193	1,730	26	610
Technical services	139	1,482	36	939
	<b>83,296</b>	<b>63,165</b>	<b>27,016</b>	<b>24,215</b>

### 14 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018</i>	<i>30 Sep 2017</i>	<i>30 Sep 2018</i>	<i>30 Sep 2017</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 15)	12,489	12,722	3,930	4,044
Professional fees	6,191	476	4,130	183
Foreign exchange loss	4,112	467	73	56
Provision for legal case	6,261	-	-	-
Other administrative expenses	7,525	5,782	1,676	1,713
	<b>36,578</b>	<b>19,447</b>	<b>9,809</b>	<b>5,996</b>

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 15 STAFF COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>
Salaries and wages	10,315	10,059	3,299	3,174
Employees' end of service benefits	277	258	96	107
Other benefits	1,897	2,405	535	763
	<b>12,489</b>	<b>12,722</b>	<b>3,930</b>	<b>4,044</b>

### 16 FINANCE COSTS

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>
Bank borrowings	15,836	7,070	5,358	3,040
Other loans	544	1,223	-	407
	<b>16,380</b>	<b>8,293</b>	<b>5,358</b>	<b>3,447</b>

### 17 SHARE CAPITAL

	<i>30 September 2018 (Unaudited)</i>	<i>31 December 2017 (Audited)</i>
<b>Authorised:</b>		
1,000,000,000 shares of AED 1 each	<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued and fully paid up:</b>		
919,209,250 shares (2017: 551,666,666 shares) of AED 1 each	<b>919,209</b>	<b>551,667</b>

On 6 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.

# Gulf Navigation Holding PJSC and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

### 18 EARNINGS PER SHARE

	<i>Nine-month period ended</i>		<i>Three-month period ended</i>	
	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>	<i>30 Sep 2018 (Unaudited) AED'000</i>	<i>30 Sep 2017 (Unaudited) AED'000</i>
(Loss)/Profit for the period attributable to equity holders of the parent (AED '000)	<b>(18,157)</b>	30,882	<b>(2,969)</b>	11,985
Number of shares	<b>919,209,250</b>	551,666,666	<b>919,209,250</b>	551,666,666
Basic and diluted earnings per share	<b>(AED 0.022)</b>	AED 0.056	<b>(AED 0.004)</b>	AED 0.022

### 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:

	<i>30 September 2018 AED'000 (Unaudited)</i>	<i>31 December 2017 AED'000 (Audited)</i>
Not later than one year	<b>105,780</b>	98,541
Between one year and five years	<b>408,752</b>	390,448
Beyond five years	<b>19,170</b>	81,089
	<b>533,702</b>	570,078

### 20 OTHER MATTER

As of 30 September 2018, the Group does not have any investments in or other exposure to Abraaj Holdings, its subsidiaries or any of the funds managed by Abraaj Holdings or any of its subsidiaries.