

**GULF GENERAL INVESTMENTS CO. (P.S.C.)  
AND SUBSIDIARIES  
DUBAI - UNITED ARAB EMIRATES**

**CONSOLIDATED INTERIM FINANCIAL INFORMATION  
AND REVIEW REPORT  
FOR THE THREE MONTH PERIOD  
ENDED MARCH 31, 2008**

**Gulf General Investments Co. (P.S.C.) and Subsidiaries  
Dubai - United Arab Emirates**

**Consolidated Interim Financial Information and Review Report  
For the Three Month Period Ended March 31, 2008**

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## **Report on Review of Consolidated Interim Financial Information**

### **The Board of Directors**

**Gulf General Investment Company (P.S.C.) and Subsidiaries**

**Dubai - United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated balance sheet of **Gulf General Investment Company (P.S.C.) (the “Company”) and Subsidiaries (together the “Group”)**, **Dubai, United Arab Emirates**, as of March 31, 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. The comparative amounts in the condensed consolidated balance sheet as at December 31, 2007 and related explanatory notes were audited by another auditor whose report dated January 27, 2008 expressed an unqualified opinion thereon. The prior period comparative amounts in the condensed consolidated statements of income, changes in equity and cash flows and related notes for the three month period ended March 31, 2007, were reviewed by another auditor who issued an unqualified report dated April 29, 2007.

### *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 consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

**For Deloitte & Touche**

**Sharjah**  
**May 12, 2008**


**Saba Y. Sindaha**  
**Partner**  
**(Registration No. 410)**

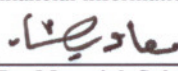
**Gulf General Investments Co. (P.S.C.) and Subsidiaries**  
**Dubai - United Arab Emirates**

**Condensed Consolidated Balance Sheet**  
**At March 31, 2008**  
**(In Thousand Arab Emirates Dirhams)**

Notes	March 31, 2008 Unaudited	December 31, 2007 Audited
<b>ASSETS</b>		
<b>Current assets</b>		
Bank balances and cash	462,949	358,193
Held for trading investments	1,078,916	1,209,484
Trade and other receivables	2,085,163	1,544,304
Inventories	289,004	210,262
Development properties	1,421	1,421
<b>Total current assets</b>	<b>3,917,453</b>	<b>3,323,664</b>
<b>Non-current assets</b>		
Notes receivable - post dated cheques	24,186	-
Available-for-sale investments	1,131,750	1,039,305
Held-to-maturity investments	64,544	26,925
Investments in associates	204,395	156,988
Goodwill	77,504	29,727
Investment properties	1,753,498	1,872,413
Development work-in-progress	832,249	211,607
Land	138,676	145,296
Property, plant and equipment	197,197	115,054
<b>Total non-current assets</b>	<b>4,423,999</b>	<b>3,597,315</b>
<b>Total Assets</b>	<b>8,341,452</b>	<b>6,920,979</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Bank borrowings	979,979	729,811
Current portion of bank loans	852,451	661,484
Trade and other payables	2,252,211	1,515,118
<b>Total current liabilities</b>	<b>4,084,641</b>	<b>2,906,413</b>
<b>Non-current liabilities</b>		
Notes payable - post dated cheques	93,051	12,269
Bank loans	1,162,995	1,179,828
Provision for employees' end of service indemnity	16,972	15,467
<b>Total non-current liabilities</b>	<b>1,273,018</b>	<b>1,207,564</b>
<b>Total Liabilities</b>	<b>5,357,659</b>	<b>4,113,977</b>
<b>Capital and reserves</b>		
Share capital	5 1,080,000	540,000
Reserves	6 535,768	535,768
Investments revaluation reserve	85,841	54,722
Retained earnings	960,377	1,331,397
<b>Equity attributable to the equity holders of the parent</b>	<b>2,661,986</b>	<b>2,461,887</b>
Minority interest	321,807	345,115
<b>Total equity</b>	<b>2,983,793</b>	<b>2,807,002</b>
<b>Total Liabilities and Equity</b>	<b>8,341,452</b>	<b>6,920,979</b>

The accompanying notes form an integral part of this consolidated interim financial information.

  
 Abdulla Juma Al Sari  
 Chairman

  
 Dr. Muawiah Saleh Al Shanar  
 Deputy Chairman

**Condensed Consolidated Statement of Income**  
**For the three month period ended March 31, 2008**  
**(In Thousand Arab Emirates Dirhams)**

	Notes	March 31,	
		2008	2007
		Unaudited	Unaudited
Revenue	7	1,997,866	773,223
Cost of revenue	7	(1,727,870)	(597,968)
<b>Gross profit</b>		<b>269,996</b>	<b>175,255</b>
Other operating income		28,991	5,644
Selling and distribution expenses		(11,232)	(9,249)
General administrative expenses		(49,713)	(17,165)
<b>Operating profit</b>		<b>238,042</b>	<b>154,485</b>
Finance costs		(44,066)	(27,313)
<b>Profit for the period</b>		<b>193,976</b>	<b>127,172</b>
<b>Attributable to:</b>			
Equity holders of the parent		168,980	104,831
Minority interest		24,996	22,341
		<b>193,976</b>	<b>127,172</b>
<b>Basic earnings per share</b>	8	<b>AED 0.16</b>	<b>AED 0.10</b>

The accompanying notes form an integral part of this consolidated interim financial information.

Gulf General Investments Co. (P.S.C.) and Subsidiaries  
Dubai - United Arab Emirates

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Condensed Consolidated Statement of Changes in Equity  
For the three month period ended March 31, 2008  
(In Thousand Arab Emirates Dirhams)

	Share capital	Reserves	Investments revaluation reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Balance at December 31, 2006 (Audited)	400,000	305,761	(121,787)	1,070,881	1,654,855	338,866	1,993,721
Loss on available-for-sale investments recognised directly in equity	-	-	(30,840)	-	(30,840)	-	(30,840)
Profit for the period	-	-	-	104,831	104,831	22,341	127,172
Total recognised income and expense for the period	-	-	(30,840)	104,831	73,991	22,341	96,332
Issue of bonus shares	140,000	-	-	(140,000)	-	-	-
Dividends paid	-	-	-	(40,000)	(40,000)	-	(40,000)
Other movements	-	-	-	-	-	5,710	5,710
Balance at March 31, 2007 (Unaudited)	140,000	-	-	(180,000)	(40,000)	5,710	(34,290)
Balance at March 31, 2007 (Unaudited)	540,000	305,761	(152,627)	995,712	1,688,846	366,917	2,055,763
Balance at December 31, 2007 (Audited)	540,000	535,768	54,722	1,331,397	2,461,887	345,115	2,807,002
Gain on available-for-sale investments recognised directly in equity	-	-	31,119	-	31,119	-	31,119
Profit for the period	-	-	-	168,980	168,980	24,996	193,976
Total recognised income and expense for the period	-	-	31,119	168,980	200,099	24,996	225,095
Issue of bonus shares	540,000	-	-	(540,000)	-	-	-
Dividends paid	-	-	-	-	-	(280)	(280)
Other movements	-	-	-	-	-	(48,024)	(48,024)
Balance at March 31, 2008 (Unaudited)	1,080,000	535,768	85,841	960,377	2,661,986	321,807	2,983,793

The accompanying notes form an integral part of this consolidated interim financial information.

**Condensed Consolidated Statement of Cash Flows**  
**For the three month period ended March 31, 2008**  
**(In Thousand Arab Emirates Dirhams)**

	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating activities</b>		
Profit for the period	193,976	127,172
Adjustments for:		
Provision for employees' end of service indemnity - net	1,505	677
Finance costs	44,066	27,313
<b>Operating cash flows before movements in working capital</b>	<b>239,547</b>	<b>155,162</b>
(Increase)/decrease in inventories	(78,742)	15,390
Increase in trade and other receivables	(540,859)	(130,682)
Increase in notes receivable - post dated cheques	(24,186)	-
Increase in trade and other payables	737,093	173,573
Increase in notes payables - post dated cheques	80,782	-
<b>Cash generated from operations</b>	<b>413,635</b>	<b>213,443</b>
Interest paid	(44,066)	(27,313)
<b>Net cash from operating activities</b>	<b>369,569</b>	<b>186,130</b>
<b>Investing activities</b>		
Decrease/(increase) in deposits under lien and deposits		
with maturity over three months	92,421	(49,807)
Net movement in property, plant and equipment	(75,523)	(33,897)
Net movement in investment in securities	(15,784)	12,503
Net movement in development work-in-progress	(620,642)	46,039
Net movement in investment properties	118,915	(146,243)
Increase in goodwill	(47,777)	(7,500)
<b>Net cash used in investing activities</b>	<b>(548,390)</b>	<b>(178,905)</b>
<b>Financing activities</b>		
Increase in bank borrowings/loans	424,302	27,147
(Decrease)/increase in minority interest	(48,304)	5,710
Board of directors' remuneration paid	-	(1,400)
Dividends paid	-	(40,000)
<b>Net cash from/(used in) financing activities</b>	<b>375,998</b>	<b>(8,543)</b>
Net increase/(decrease) in cash and cash equivalents	197,177	(1,318)
Cash and cash equivalents at the beginning of the period	138,700	90,028
<b>Cash and cash equivalents at the end of the period (see Note 9)</b>	<b>335,877</b>	<b>88,710</b>

The accompanying notes form an integral part of this consolidated interim financial information.

**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

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**1. General information**

Gulf General Investments Co. (P.S.C.) - Dubai (the "Company") is formed pursuant to Emiri Decree No. 2/73 dated July 27, 1973 and is incorporated as a Public Shareholding Company. The Company operates in the United Arab Emirates under a trade license issued by the Department of Economic Development of the Government of Dubai. The "Group" comprises Gulf General Investments Co. (P.S.C.) and its subsidiaries. The address of the Company's registered office is P. O. Box 22588, Dubai, United Arab Emirates.

The principal activities of the Company are:

- Industrial holding and trust companies
- Commercial holding and trust companies
- Real estate agent
- Real estate development services, and
- General trading

The duration of the Company is ninety nine years commencing from the date of issuance of the above Emiri Decree.

**2. Basis of preparation**

This consolidated interim financial information is prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E. The consolidated interim financial information is prepared in accordance with the historical cost basis, except for the revaluation of land, investment properties and certain financial instruments. The consolidated interim financial information is presented in U.A.E. Dirhams (AED) (in thousands) since that is the currency in which the majority of the Group's transactions are denominated.

This consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended December 31, 2007. In addition, results for the 3 months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.



**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

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**2. Basis of preparation (continued)**

(a) Estimates

The preparation of consolidated interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

(b) Management of financial risk

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

**3. Basis of consolidation**

The consolidated interim financial information of Gulf General Investments Co. (P.S.C.) and Subsidiaries (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Subsidiary**

Details of the Company's subsidiaries at March 31, 2008 are as follows:

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Proportion of ownership (%)</u>	<u>Principal activities</u>
Emirates Lube Oil Co. Ltd. (LLC)	U.A.E.	100	Manufacturing of trading in oil, lubricants and grease

**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

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**3. Basis of consolidation (continued)**

Details of the Company's subsidiaries at March 31, 2008 are as follows: (continued)

<b>Name of the entity</b>	<b>Place of incorporation</b>	<b>Proportion of ownership (%)</b>	<b>Principal activities</b>
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, concrete, carpentry, restaurant, ovens, kitchens,
Horizon Metallic Ind. Co. LLC	U.A.E.	100	Manufacturing metallic cans, refill and drums
Crown Lubricants Co. (L.L.C.)	U.A.E.	100	Trading in lubricants
Emirates Crown Lubricants Co. (LLC)	U.A.E.	50	Trading in lubricants
L.A.I. General Trading LLC - Dubai	U.A.E.	50	General trading
Al Sagr National Insurance Co. P.S.C.	U.A.E.	53	The writing of insurance of all types
Dubai Al Ahlia Quick Transport L.L.C	U.A.E.	50	Transportation of general materials by trucks
Emirates Lube India Private Limited	India	100	Trading in lubricants
Layia Hotels Management (L.L.C.)	U.A.E.	51	Hotels management
Amalia Perfumes Trading LLC	U.A.E.	50	Perfumes trading
Acorn Industries Co. LLC	U.A.E.	50	Vehicle body manufacturing, stell, structure parts
Stock Securities Co. (LLC)	U.A.E.	75	Broker in sale and purchase of local shares and bonds
Middle World Factories Equip. LLC	U.A.E.	51	Import and re-export, factories equipment, machinery supplier, trading merchants, spare parts, equipments of factories
Quality International Company L.L.C.	U.A.E.	50	Engineering, specialised in stainless steel, power and desalination
Lloyds Engineering Co. L.L.C.	U.A.E.	50	Steel fabrication

**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

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**3. Basis of consolidation (continued)**

Details of the Company's subsidiaries at March 31, 2008 are as follows: (continued)

<b>Name of the entity</b>	<b>Place of incorporation</b>	<b>Proportion of ownership (%)</b>	<b>Principal activities</b>
Horizon Aluminium Industries L.L.C.	U.A.E.	50	Building metal products manufacturing
Gulf Engineering Services L.L.C.	U.A.E.	50	Services, securities and maintenance (MEP)
Gulf General Steel Co. L.L.C.	U.A.E.	100	Trading in all kinds of steel products

Investment in Al Sagr National Insurance Co. P.S.C. is registered in the name of related parties in trust and for the benefit of the Company.

**4. Accounting policies**

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31, 2007.

**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

**5. Share capital**

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>AED '000</b>	<b>AED '000</b>
Issued and fully paid:		
1,080 million ordinary shares of AED 1 each		
(December 31, 2007: 540 million ordinary shares of AED 1 each)	<u><b>1,080,000</b></u>	<u><b>540,000</b></u>

During the period, the share capital of the Company was increased by AED 540 million by the issue of 540 million bonus shares.

**6. Reserves**

	<b>Statutory reserve</b>	<b>Additional reserve</b>	<b>Land revaluation reserve</b>	<b>Total</b>
	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
Balance at December 31, 2006 - (audited)	162,626	140,626	2,509	305,761
Net movement	-	-	-	-
Balance at March 31, 2007 - (unaudited)	<u>162,626</u>	<u>140,626</u>	<u>2,509</u>	<u>305,761</u>
Balance at December 31, 2007 - (audited)	218,127	196,127	121,514	535,768
Net movement	-	-	-	-
<b>Balance at March 31, 2008 - (unaudited)</b>	<u><b>218,127</b></u>	<u><b>196,127</b></u>	<u><b>121,514</b></u>	<u><b>535,768</b></u>

**Notes to the Consolidated Interim Financial Information (continued)**  
**For the three month period ended March 31, 2008**

**7. Revenue and cost of revenue**

	<b>Three month period ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>AED '000</b>	<b>AED '000</b>
<b>Revenue</b>		
Sale of goods manufactured	346,999	333,968
Sale of investment properties	168,889	46,537
Sales of investments in securities	1,207,294	181,210
Insurance income	179,731	138,166
Trading income	57,032	-
Share of profits in associates	1,483	800
Rental income	11,876	5,536
Fair value gain on investment properties	-	67,006
Service income	24,562	-
	<b>1,997,866</b>	<b>773,223</b>
<b>Cost of revenue</b>		
Cost of goods manufactured and sold	287,498	286,583
Cost of investment properties sold	108,248	46,537
Cost of investments in securities sold	1,127,838	137,335
Cost of insurance income	150,603	116,832
Cost of trading	28,601	-
Fair value loss in investments held for trading	9,631	10,681
Cost of services	15,451	-
	<b>1,727,870</b>	<b>597,968</b>

**8. Basic earnings per share**

	<b>Three month period ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Profit for the period (in AED'000)	168,980	104,831
Number of shares (in thousands)	1,080,000	1,080,000
Basic earnings per share (in AED)	0.16	0.10

**Notes to the Consolidated Interim Financial Information** (continued)  
**For the three month period ended March 31, 2008**

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**8. Basic earnings per share** (continued)

The denominator for the purpose of calculating basic earnings per share for 2007 has been adjusted to reflect the capitalisation issue of 540 million bonus shares (see Note 5).

**9. Cash and cash equivalents**

	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>AED '000</b>	<b>AED '000</b>
Bank balances and cash	<b>462,949</b>	201,413
Less: Deposits under lien and deposits with maturity over three months	<b>(127,072)</b>	(112,703)
	<b><u>335,877</u></b>	<b><u>88,710</u></b>

**10. Bank facilities**

Bank borrowings are secured by mortgage of properties and constructions financed by banks, assignment of rental income from the aforementioned properties, assignment of insurance policies, lien on fixed deposits, promissory note, hypothecation of inventories and pledge of investments in securities and subsidiary.

**11. Approval of consolidated interim financial information**

The consolidated interim financial information were approved and authorised for issue on May 12, 2008.

**12. Comparatives**

Certain amounts for the prior period were reclassified to conform to current period presentation.