

Gulf General Investments
Co. PSC and its subsidiaries

Condensed consolidated interim
financial information (unaudited)
31 March 2014

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

31 March 2014

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KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza Tower
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
Website: www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Gulf General Investments Co. PSC

Introduction

We have reviewed the accompanying 31 March 2014 condensed consolidated interim financial information of Gulf General Investments Co. PSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2014;
- the condensed consolidated statement of profit or loss for three month period ended 31 March 2014;
- the condensed consolidated statement of other comprehensive income for three month period ended 31 March 2014;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2014;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2014; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matters

The condensed consolidated interim financial information for the three month period ended 31 March 2013 and the consolidated financial statements for the year ended 31 December 2013 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the three month period ended 31 March 2013 on 12 May 2013 and an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2013 on 26 March 2014.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

13 MAY 2014

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position as at 31 March 2014

		31 March 2014 AED '000 (Unaudited)	31 December 2013 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		690,522	697,951
Investment properties	6	2,138,312	2,280,852
Goodwill		12,000	12,000
Investments in equity accounted investees	7	103,303	103,791
Held-to-maturity investments	8	6,698	6,698
Available for sale investments	8	163,136	183,880
Notes receivable-post dated cheques		261,541	377,666
		<u>3,375,512</u>	<u>3,662,838</u>
Current assets			
Development properties	9	499,904	409,982
Inventories	10	125,493	129,528
Due from related parties	15	87,932	118,923
Re-insurance contract assets		158,092	157,012
Trade and other receivables	11	1,050,064	1,118,539
Held for trading investments	8	410,239	386,865
Cash in hand and at bank	12	410,975	383,353
		<u>2,742,699</u>	<u>2,704,202</u>
Total assets		<u><u>6,118,211</u></u>	<u><u>6,367,040</u></u>

The notes on pages 9 to 20 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.


Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position (continued)
as at 31 March 2014

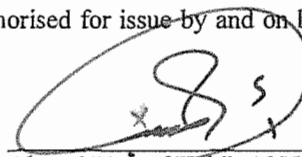
		31 March 2014 AED '000 (Unaudited)	31 December 2013 AED '000 (Audited)
	<i>Note</i>		
Equity and liabilities			
Equity			
Share capital	13	1,791,333	1,791,333
Legal reserve		7,068	7,068
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of available-for-sale investments		(108,220)	(109,171)
Accumulated losses		(733,082)	(739,916)
Equity attributable to owners of the Company		1,001,914	994,129
Non-controlling interests		313,918	299,265
Total equity		1,315,832	1,293,394
Non-current liabilities			
Employees' end of service benefits		34,501	32,823
Finance lease		20,770	22,554
Long term portion of term loans	16	2,514,853	2,529,266
Notes payable	16	257,040	257,040
		2,827,164	2,841,683
Current liabilities			
Due to related parties	15	405,316	348,153
Insurance contract liabilities		291,635	293,348
Trade and other payables		813,681	984,785
Finance lease		9,943	10,406
Short term borrowings	16	454,640	595,271
		1,975,215	2,231,963
Total liabilities		4,802,379	5,073,646
Total equity and liabilities		6,118,211	6,367,040

The notes on pages 9 to 20 are an integral part of these condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on

x 
Mohamed Abdalla Alsari
Managing Director

13 MAY 2014


Ahmad Yousuf Habib Al Yousuf
Director

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)
for the three month period ended 31 March 2014

	Note	Three month period ended 31 March	
		2014 AED '000	2013 AED '000
Revenue		345,080	530,856
Cost of sales		(274,531)	(413,448)
Gross profit		<u>70,549</u>	<u>117,408</u>
Administrative and general expenses	17	(58,286)	(57,995)
Selling and distribution expenses		(5,003)	(6,836)
Other income		8,126	6,460
Change in fair value of held for trading investments	8	29,629	11,659
Gain on sale of held for trading investments		6,128	499
Change in fair value of available-for-sale investments reclassified to statement of profit or loss on disposal		(1,601)	(2,296)
Finance cost		(26,134)	(35,821)
Share of loss in equity accounted investees	7	(488)	(229)
Profit for the period		<u>22,920</u>	<u>32,849</u>
<i>Profit attributable to:</i>			
Owners of the Company		6,834	10,922
Non-controlling interests		16,086	21,927
		<u>22,920</u>	<u>32,849</u>
Earnings per share - Basic (AED per share)	19	<u>0.01</u>	<u>0.01</u>

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Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of other comprehensive income (unaudited)
for the three month period ended 31 March 2014

	Note	Three month period ended 31 March	
		2014 AED '000	2013 AED '000
Profit for the period		22,920	32,849
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale investments - net	8	(650)	(6,355)
Change in fair value of available-for-sale investments – reclassified to statement of profit or loss on disposal		1,601	2,296
Other comprehensive income for the period		951	(4,059)
Total comprehensive income for the period		23,871	28,790
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		7,785	6,863
Non-controlling interests		16,086	21,927
Total comprehensive income for the period		23,871	28,790

The notes on pages 9 to 20 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of cash flows (unaudited) for the three month period ended 31 March 2014

	Note	Three month period ended 31 March	
		2014 AED '000	2013 AED '000
Operating activities			
Profit for the period		22,920	32,849
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		1,678	1,853
Gain on sale of held for trading investments		(6,128)	(499)
Change in fair value of available-for-sale investments reclassified to statement of profit or loss on disposal		1,601	2,296
Unrealised gain on held for trading investments	8	(29,629)	(11,659)
Loss/(gain) on sale of investment properties and development properties		1,997	(5,978)
Share of loss in equity accounted investees	7	488	229
Finance cost		26,134	35,821
		<u>19,061</u>	<u>54,912</u>
Change in inventories		4,035	(31,275)
Change in trade and other receivables		184,600	(43,635)
Change in due from related parties		30,991	3,958
Change in trade and other payables		(171,104)	(7,543)
Change in due to related parties		57,163	13,252
Change in reinsurance contract assets		(1,080)	(68,007)
Change in insurance contract liabilities		(1,713)	81,695
Employees' end of service benefits paid		-	(1,103)
Net cash generated from operating activities		<u>121,953</u>	<u>2,254</u>
Investing activities			
Change in fixed deposits		15,667	(28,492)
Net movement in property, plant and equipment		7,429	1,510
Purchase of available for sale investments	8	(18,228)	(7,046)
Purchase of held for trading investments		-	(13,491)
Purchase of investment properties	6	(2,289)	(75)
Purchase of development properties	9	(15,093)	(1,963)
Proceeds from sale of investment properties		68,003	100,225
Proceeds from sale of development properties		-	12,440
Proceeds from sale of available for sale investments and held for trading investments		50,705	17,661
Net cash generated from investing activities		<u>106,194</u>	<u>80,769</u>
Financing activities			
Dividend paid to non-controlling interests		(1,433)	(1,417)
Net movement in bank borrowings		(155,044)	(38,740)
Net movement in finance lease		(2,247)	(3,273)
Interest paid		(26,134)	(12,103)
Net cash used in financing activities		<u>(184,858)</u>	<u>(55,533)</u>
Net decrease in cash and cash equivalents		<u>43,289</u>	<u>27,490</u>
Cash and cash equivalents at the beginning of the period		52,547	64,984
Cash and cash equivalents at the end of the period	14	<u>95,836</u>	<u>92,474</u>

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Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity for the three month period ended 31 March 2014

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of available for sale investments AED '000	Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2013 (audited)	1,791,333	-	-	37,747	(151,703)	(796,455)	880,922	364,587	1,245,509
Total comprehensive income for the period (unaudited)	-	-	-	-	-	10,922	10,922	21,927	32,849
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss	-	-	-	-	(4,059)	-	(4,059)	-	(4,059)
Total comprehensive income	-	-	-	-	(4,059)	10,922	6,863	21,927	28,790
<i>Contribution by and distribution to the owners of the Company</i>									
Dividend paid	-	-	-	-	-	-	-	(1,417)	(1,417)
At 31 March 2013 (unaudited)	1,791,333	-	-	37,747	(155,762)	(785,533)	887,785	385,097	1,272,882

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Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity (continued) for the three month period ended 31 March 2014

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of available for sale investments AED '000	Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2014 (audited)	1,791,333	7,068	7,068	37,747	(109,171)	(739,916)	994,129	299,265	1,293,394
Total comprehensive income for the period (unaudited)	-	-	-	-	-	6,834	6,834	16,086	22,920
Profit for the period	-	-	-	-	-	-	6,834	-	6,834
Other comprehensive income	-	-	-	-	951	-	951	-	951
Total comprehensive income	-	-	-	-	951	6,834	7,785	16,086	23,871
<i>Contribution by and distribution to the owners of the Company</i>									
Dividend paid	-	-	-	-	-	-	-	(1,433)	(1,433)
At 31 March 2014 (unaudited)	1,791,333	7,068	7,068	37,747	(108,220)	(733,082)	1,001,914	313,918	1,315,832

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2014 as it would be effected at the year-end.

The notes on pages 9 to 20 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2014 (unaudited)

1 Reporting entity

Gulf General Investments Co. PSC ("the Company") is incorporated under Emiri Decree No. 2/73 dated 27 July 1973 as a Public Shareholding Company. The duration of the Company is ninety nine years commencing from the date of issuance of the above Emiri Decree. The registered address of the Company is P. O. Box 22588, Dubai, United Arab Emirates. The Company is listed on the Dubai Financial Market.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2014 ("the current period") comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The principal activities of the Company are to act as a holding Company, real estate agents, real estate development services, and general trading. The principal activities of the significant subsidiaries are manufacturing of and trading in oil, lubricants and grease, manufacturing of prehab houses, concrete, carpentry, restaurant, ovens, kitchens, central air conditioning systems and writing of insurance of all types.

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

Accounting estimates and judgements

The preparation of condensed consolidated interim financial information 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 condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as to those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 (unaudited)

4 New standards, interpretations and amendments adopted by the Group

Effective 1 January 2014, following new / amended International Financial Reporting Standards (IFRS) have become effective and have been applied in preparing the condensed consolidated interim financial information:

- Improvement/amendments to IFRSs:
 - IFRS 10: Consolidated financial statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 27: Separate Financial Statements
 - IAS 32: Financial Instruments: Presentation
 - IAS 36: Impairment of Assets
 - IAS 39: Financial Instruments: Recognition and Measurement

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

6 Investment properties

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Opening balance	2,280,852	2,082,591
Additions during the period/year	2,289	224,526
Gain on fair valuation	-	114,624
Transfer to trade and other receivables	-	(27,858)
Transfer to development properties (refer note 9 and (iii) below)	(74,829)	-
Transfer to development properties on change in use (on disposal) (refer note 9)	(70,000)	(113,031)
Closing balance	<u>2,138,312</u>	<u>2,280,852</u>

- (i) During the three month period 31 March 2014, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2013. Accordingly, no change in fair value of investment properties has been recognised in this condensed consolidated statement of profit or loss.
- (ii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.
- (iii) During the three month period ended 31 March 2014, plots of land amounting to AED 74.8 million has been transferred from investment properties to development properties. This transfer has been made to appropriately present the asset in accordance to its intended use.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

7 Investments in equity accounted investees

During the three month period ended 31 March 2014, the Group has made no further investments in equity accounted investees (*three month period ended 31 March 2013: AED Nil*).

The Group's share of loss in equity accounted investees for the three month period ended 31 March 2014 amounted to AED 0.5 million (*three month period ended 31 March 2013: AED 0.2 million*).

8 Investments

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
<i>Held-to-maturity investments</i>		
Opening balance	6,698	6,800
Impairment loss	-	(102)
	-----	-----
Closing balance	<u>6,698</u>	<u>6,698</u>
<i>Available-for-sale investments</i>		
Opening balance (at fair value)	183,880	195,433
Additions during the period/year	18,228	5,896
Sold during the period/year	(38,322)	(28,623)
Impairment loss	-	(5,000)
Change in fair value	(650)	16,174
	-----	-----
Closing balance (at fair value)	<u>163,136</u>	<u>183,880</u>
<i>Held for trading investments</i>		
Opening balance (at fair value)	386,865	456,222
Additions during the period/year	-	688,001
Sold during the period/year	(6,255)	(727,034)
Change in fair value	29,629	(30,324)
	-----	-----
Closing balance (at fair value)	<u>410,239</u>	<u>386,865</u>

Certain investments are mortgaged to banks and financial institution towards credit facilities granted to the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 (unaudited)

9 Development properties

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Opening balance	409,982	706,086
Transferred from trade and other payables	-	(53,595)
Transferred to trade and other receivables	-	(34,353)
Transferred from investment properties (refer note 6)	144,829	-
Additions during the period/year	15,093	19,928
Sales during the period/year	(70,000)	(286,571)
Reversal of write down to net realisable value	-	58,487
Closing balance	<u>499,904</u>	<u>409,982</u>

During the three month period 31 March 2014, the Directors' of the Company have reviewed the carrying value of development properties and are of the opinion that there is no change in fair value of development properties as compared to the previous valuation carried out as at 31 December 2013. Accordingly, no impairment provision has been recognised in this condensed consolidated interim statement of profit or loss.

Development properties also include properties transferred from investment properties pursuant to change related to intention to sell these properties.

10 Inventories

Certain inventories along with assignment of insurance policies against those inventories are hypothecated to banks against credit facilities granted to the Group.

11 Trade and other receivables

Included in trade and other receivables are notes receivable which represent post-dated cheques received from the buyers of development properties. The management of the Company has performed an impairment test on the future collectability of these notes receivable and accordingly has concluded that no impairment provision is required as these cheques are expected to be realised in the normal course of business.

12 Cash in hand and at bank

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Cash in hand	2,461	2,681
Cash at bank		
- in current accounts	93,375	46,327
- in fixed deposits	315,139	334,345
	<u>410,975</u>	<u>383,353</u>

Deposits include fixed deposits of AED 298 million (2013: AED 298 million) held under lien with banks against credit facilities granted to the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 (unaudited)

13	Share capital	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
	<i>Authorised, issued and paid up</i>		
	1,791 million shares of AED 1 each paid up in cash	<u>1,791,333</u>	<u>1,791,333</u>
14	Cash and cash equivalents	Three month period ended 31 March 2014 (Unaudited) AED'000	2013 (Unaudited) AED'000
	Cash in hand	2,461	5,641
	Cash at bank		
	- in current accounts	93,375	81,684
	- in fixed deposits	315,139	336,959
		<u>410,975</u>	<u>424,284</u>
	<i>Less:</i>		
	Fixed deposits with maturity over three months	(315,139)	(331,810)
		<u>95,836</u>	<u>92,474</u>
15	Related party transactions	Three month period ended 31 March 2014 (Unaudited) AED'000	31 March 2013 (Unaudited) AED'000
	The Group in the ordinary course of business, enters into transaction with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24. Pricing policies and terms of transactions with related parties are mutually agreed.		
	Significant transactions carried out with related parties during the period, other than those disclosed elsewhere in the condensed consolidated interim financial information, are as follows:		
	Purchase of services	585	-
	<i>Compensation to key management personnel:</i>		
	Salaries and benefits	<u>2,506</u>	<u>2,335</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

15 Related party transactions *(continued)*

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Due from related parties:		
Equity accounted investees	1,621	67,747
Other related parties	86,311	51,176
	<u>87,932</u>	<u>118,923</u>
Due to related parties:		
Equity accounted investees	21,140	21,140
Other related parties	384,176	327,013
	<u>405,316</u>	<u>348,153</u>

16 Borrowings

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
(i) Short term		
Bank overdrafts	265,234	257,352
Trust receipts	69,154	68,902
Bills discounted and acceptances	4,214	222
Current portion of term loan (refer note (ii) below)	116,038	268,795
	<u>454,640</u>	<u>595,271</u>
(ii) Term loan		
Opening balance	2,798,061	2,963,115
Add: availed during the period/year	-	65,115
Less: repaid during the period/year	(167,170)	(217,594)
Less: on disposal of subsidiary	-	(12,575)
	<u>2,630,891</u>	<u>2,798,061</u>
Less: current portion of term loans	(116,038)	(268,795)
	<u>2,514,853</u>	<u>2,529,266</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

16 Borrowings *(continued)*

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
(ii) Notes payable		
Long term notes payable	<u>257,040</u>	<u>257,040</u>

The details of the term loans and notes payable, including terms of repayment, interest rate and securities provided are disclosed in the consolidated financial statements of the Group for the year ended 31 December 2013.

17 Administrative and general expenses

	Three month period ended 31 March	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
<i>These include:</i>		
Staff costs	26,393	25,469
Depreciation	6,047	6,139
Telephone, postal and office supplies	702	604
Repairs and maintenance	2,376	746
Legal and professional fee	5,712	1,479
(Reversal of impairment loss)/impairment loss on trade and other receivables (refer note 11)	<u>(7,630)</u>	<u>4,509</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

18 Financial instruments/ fair value hierarchy

(i) Financial instruments

Financial assets of the Group include held-to-maturity investments, available for sale investments, notes receivable – post dated cheques, due from related parties, re-insurance contract assets, trade and other receivables, held for trading investments and cash in hand and at bank. Financial liabilities of the Group include term loans, notes payable, amounts due to related parties, insurance contract liabilities, trade and other payables and short term borrowings. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and comparative period:

	Designated as fair value through profit or loss AED' 000	Available for sale AED' 000	Loans and receivables AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
31 March 2014						
Financial assets						
Held-to-maturity investments	-	-	-	6,698	6,698	6,698
Available for sale investments	-	163,136	-	-	163,136	163,136
Notes receivable – post dated cheques	-	-	261,541	-	261,541	261,541
Due from related parties	-	-	87,932	-	87,932	87,932
Re-insurance contract assets	-	-	158,092	-	158,092	158,092
Trade and other receivables	-	-	1,050,064	-	1,050,064	1,050,064
Held for trading investments	410,239	-	-	-	410,239	410,239
Cash in hand and at bank	-	-	410,975	-	410,975	410,975
	<u>410,239</u>	<u>163,136</u>	<u>1,968,604</u>	<u>6,698</u>	<u>2,548,677</u>	<u>2,548,677</u>
Financial liabilities						
Long term portion of term loans	-	-	-	2,514,853	2,514,853	2,514,853
Notes payable	-	-	-	257,040	257,040	257,040
Due to related parties	-	-	-	405,316	405,316	405,316
Insurance contract liabilities	-	-	-	291,635	291,635	291,635
Trade and other payables	-	-	-	813,681	813,681	813,681
Short term borrowings	-	-	-	454,640	454,640	454,640
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,737,165</u>	<u>4,737,165</u>	<u>4,737,165</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

18 Financial instruments/ fair value hierarchy *(continued)*

(i) Financial instruments *(continued)*

	Designated as fair value through profit or loss AED' 000	Available for sale AED' 000	Loans and receivables AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
31 December 2013						
Financial assets						
Held-to-maturity investments	-	-	-	6,698	6,698	6,698
Available for sale investments	-	183,880	-	-	183,880	183,880
Notes receivable – post dated cheques	-	-	377,666	-	377,666	377,666
Due from related parties	-	-	118,923	-	118,923	118,923
Re-insurance contract assets	-	-	157,012	-	157,012	157,012
Trade and other receivables	-	-	1,118,539	-	1,118,539	1,118,539
Held for trading investments	386,865	-	-	-	386,865	386,865
Cash in hand and at bank	-	-	383,353	-	383,353	383,353
	<u>386,865</u>	<u>183,880</u>	<u>2,155,493</u>	<u>6,698</u>	<u>2,732,936</u>	<u>2,732,936</u>
Financial liabilities						
Long term portion of term loans	-	-	-	2,529,266	2,529,266	2,529,266
Notes payable	-	-	-	257,040	257,040	257,040
Due to related parties	-	-	-	348,153	348,153	348,153
Insurance contract liabilities	-	-	-	293,348	293,348	293,348
Trade and other payables	-	-	-	984,785	984,785	984,785
Short term borrowings	-	-	-	595,271	595,271	595,271
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,007,863</u>	<u>5,007,863</u>	<u>5,007,863</u>

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

18 Financial instruments/ fair value hierarchy (*continued*)

(ii) Fair value hierarchy (*continued*)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 March 2014 (Unaudited)			
<i>Financial assets</i>			
Available for sale investments			
Quoted equity investments	148,470	-	-
Unquoted equity investments	-	-	14,666
	<u>148,470</u>	<u>-</u>	<u>14,666</u>
Held for trading investments			
Quoted equity investments	367,575	-	-
Unquoted equity investments	-	-	42,664
	<u>367,575</u>	<u>-</u>	<u>42,664</u>
Held to maturity	<u>-</u>	<u>-</u>	<u>6,698</u>
Investment properties	<u>-</u>	<u>-</u>	<u>2,138,312</u>
31 December 2013 (Audited)			
<i>Financial assets</i>			
Available for sale investments			
Quoted equity investments	183,781	-	-
Unquoted equity investments	-	-	99
	<u>183,781</u>	<u>-</u>	<u>99</u>
Held for trading investments			
Quoted equity investments	253,720	-	-
Unquoted equity investments	-	-	133,145
	<u>253,720</u>	<u>-</u>	<u>133,145</u>
Held to maturity	<u>-</u>	<u>-</u>	<u>6,698</u>
Investment properties	<u>-</u>	<u>-</u>	<u>2,280,852</u>

During the three month period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 (unaudited)

19 Earnings per share

	Three month period ended 31 March	
	2014 (Unaudited)	2013 (Unaudited)
Net profit attributable to owners of the Company (AED'000)	6,834	10,922
Number of shares outstanding ('000)	1,791,333	1,791,333
Earnings per share - Basic (AED per share)	0.01	0.01

There was no dilution effect on the basic earnings per share as the Company does not have any such outstanding commitment as at the reporting date.

20 Contingent liabilities and commitments

Guarantees

The Company has issued corporate guarantees for loans and advances from commercial banks obtained by related and third parties including subsidiaries, joint ventures and associates.

Litigations

- (a) As of the reporting date, the Company is a defendant in many legal cases for approximately AED 400 million (31 December 2013: *Approximately AED 400 million*) relating to land transaction, customer default, sale of properties and others.

The Company's Board of Directors have reviewed the position pertaining to the above many legal cases and other legal cases communicated by the external lawyers and after consultation with the external lawyers have concluded that the cases can be successfully defended in the court of law and no significant potential losses will be incurred, and accordingly no provision has been recognised in the consolidated financial statements. The Company also believes that it can claim additional compensation from some of these referred legal cases.

- (b) The Group had a receivable from an associate company and advance received against sale of certain property from an entity being an SPV of this associate company. The Group had obtained an independent legal opinion from an external lawyer which confirms the Group may have its option (at its sole decision) to commercially to set-off advance with the receivable for like for like parties. Accordingly, the Group have set off the advance received from the SPV of the associate against the receivable from the associate. The Board of Directors have reviewed the status of the legal proceedings and the above legal advice and have concluded that Group will exercise its option (at Group's sole decision) and will choose commercially to set-off the payable with the receivable as the entities involved will quality for like for like parties.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

21 Segment reporting

The Group has broadly three reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

<i>Manufacturing</i>	Includes manufacture and sale of oil, lubricants, grease, prefab houses, concrete, carpentry, restaurant, ovens, kitchens and central air conditioning systems.
<i>Investments</i>	Includes investments in real estate properties and equity securities.
<i>Services and others</i>	Service and other operations include writing of insurance and various other services including hospitality.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

	Manufacturing AED' 000	Investments AED' 000	Services and others AED' 000	Total AED' 000
<i>Three month period ended 31 March 2014(Unaudited)</i>				
Segment revenue	101,123	83,467	160,490	345,080
Segment profit/(loss) for the period	<u>(172)</u>	<u>(14,770)</u>	<u>37,862</u>	<u>22,920</u>
<i>As at 31 March 2014 (Unaudited)</i>				
Total assets	370,759	4,119,719	1,627,733	6,118,211
Total liabilities	<u>462,133</u>	<u>3,065,224</u>	<u>1,275,022</u>	<u>4,802,379</u>
<i>Three month period ended 31 March 2013(Unaudited)</i>				
Segment revenue	206,138	147,532	177,186	530,856
Segment profit/(loss) for the period	<u>6,604</u>	<u>(15,623)</u>	<u>41,868</u>	<u>32,849</u>
<i>As at 31 March 2013 (Unaudited)</i>				
Total assets	250,582	4,158,787	2,273,352	6,682,721
Total liabilities	<u>457,071</u>	<u>3,325,205</u>	<u>1,627,563</u>	<u>5,409,839</u>

22 Comparative figures

Certain comparative figures have been reclassified/ regrouped to conform to the presentation adopted in these condensed consolidated interim financial information.