

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

**CONSOLIDATED INTERIM FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2008**

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

**Consolidated Interim Financial Information and Review Report
For the Six Month Period Ended June 30, 2008**

Table of Contents

	<u>Page</u>
Report on Review of Consolidated Interim Financial Information	1
Condensed Consolidated Balance Sheet	2
Condensed Consolidated Statement of Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Notes to the Consolidated Interim Financial Information	6 - 12

Ref: 32713FS08-Jun

Report on Review of Consolidated Interim Financial Information

**The Board of Directors
Gulf General Investment Co. (P.S.C.) and Subsidiaries
Dubai - United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of **Gulf General Investment Co. (P.S.C.) (the "Company") and Subsidiaries (together the "Group")**, Dubai, United Arab Emirates, as of June 30, 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six 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 figures 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 six month period ended June 30, 2007, were reviewed by another auditor who issued an unqualified report dated July 28, 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.

Sharjah
August 3, 2008

For Deloitte & Touche




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 June 30, 2008
(In Thousand Arab Emirates Dirhams)

2

	Notes	June 30, 2008 Unaudited	December 31, 2007 Audited
ASSETS			
Current assets			
Bank balances and cash		341,224	358,193
Held for trading investments		1,159,791	1,209,484
Trade and other receivables		2,655,896	1,544,304
Inventories		456,208	210,262
Development work-in-progress		1,160,924	211,607
Development properties		<u>5,725</u>	<u>1,421</u>
Total current assets		<u>5,779,768</u>	<u>3,535,271</u>
Non-current assets			
Notes receivable – post dated cheques		138,475	-
Available for-sale investments		1,413,499	1,039,305
Held-to-maturity investments		4,500	26,925
Investments in associates		549,472	156,988
Goodwill		77,504	29,727
Investment properties		1,892,359	1,872,413
Land		145,296	145,296
Property, plant and equipment		<u>224,667</u>	<u>115,054</u>
Total non-current assets		<u>4,445,772</u>	<u>3,385,708</u>
Total Assets		<u>10,225,540</u>	<u>6,920,979</u>
=====			
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowings		1,059,255	729,811
Current portion of bank loans		901,174	661,484
Trade and other payables		<u>3,037,810</u>	<u>1,515,118</u>
Total current liabilities		<u>4,998,239</u>	<u>2,906,413</u>
Non-current liabilities			
Notes payable – post dated cheques		275,901	12,269
Bank loans		1,414,415	1,179,828
Provision for employees' end of service indemnity		<u>17,769</u>	<u>15,467</u>
Total non-current liabilities		<u>1,708,085</u>	<u>1,207,564</u>
Total Liabilities		<u>6,706,324</u>	<u>4,113,977</u>
Capital and reserves			
Share capital	5	1,080,000	540,000
Reserves	6	535,768	535,768
Investments revaluation reserve		198,400	54,722
Retained earnings		<u>1,295,157</u>	<u>1,331,397</u>
Equity attributable to the equity holders of the parent		<u>3,109,325</u>	<u>2,461,887</u>
Minority interest		<u>409,891</u>	<u>345,115</u>
Total equity		<u>3,519,216</u>	<u>2,807,002</u>
Total Liabilities and Equity		<u>10,225,540</u>	<u>6,920,979</u>
=====			

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


Abdulla Juma Al Sari
Chairman


Mohammed Al Sari
Managing Director

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

Condensed Consolidated Statement of Income
For the six month period ended June 30, 2008
(In Thousand Arab Emirates Dirhams)

	Notes	Six month period ended June 30,		Three month period ended June 30,	
		2008	2007	2008	2007
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	7	4,576,436	2,196,365	2,522,076	1,352,156
Cost of revenue	7	(3,850,862)	(1,820,048)	(2,064,345)	(1,151,094)
Gross profit		725,574	376,317	457,731	201,062
Other operating income		47,871	24,182	18,880	18,538
Selling and distribution expenses		(34,217)	(16,473)	(22,985)	(7,224)
General administrative expenses		(97,275)	(36,861)	(49,715)	(19,696)
Operating profit		641,953	347,165	403,911	192,680
Finance costs		(94,962)	(56,180)	(50,896)	(28,867)
Profit for the period		546,991	290,985	353,015	163,813
		=====	=====	=====	=====
Attributable to:					
Equity holders of the parent		503,760	262,244	334,780	157,413
Minority interest		43,231	28,741	18,235	6,400
		546,991	290,985	353,015	163,813
		=====	=====	=====	=====
Basic earnings per share	8	0.47	0.24	0.31	0.15
		=====	=====	=====	=====

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

Condensed Consolidated Statement of Changes in Equity
For the six month period ended June 30, 2008
(In Thousand Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Reserves</u>	<u>Investments revaluation reserve</u>	<u>Retained earnings</u>	<u>Attributable to equity holders of the parent</u>	<u>Minority interest</u>	<u>Total</u>
Balance at December 31, 2006 (Audited)	400,000	305,761	(121,787)	1,070,881	1,654,855	338,866	1,993,721
Gain on available-for-sale investments recognised directly in equity	-	-	16,668	-	16,668	-	16,668
Profit for the period	-	-	-	262,244	262,244	28,741	290,985
Total recognised income and expense for the period	-	-	16,668	262,244	278,912	28,741	307,653
Issue of bonus shares	140,000	-	-	(140,000)	-	-	-
Dividends paid	-	-	-	(40,000)	(40,000)	-	(40,000)
Difference on revaluation of land	-	76,712	-	-	76,712	-	76,712
Other movements	-	-	-	-	-	(7,858)	(7,858)
	<u>140,000</u>	<u>76,712</u>	<u>-</u>	<u>(180,000)</u>	<u>36,712</u>	<u>(7,858)</u>	<u>28,854</u>
Balance at June 30, 2007 (Unaudited)	540,000	382,473	(105,119)	1,153,125	1,970,479	359,749	2,330,228
	=====	=====	=====	=====	=====	=====	=====
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	-	-	143,678	-	143,678	-	143,678
Profit for the period	-	-	-	503,760	503,760	43,231	546,991
Total recognised income and expense for the period	-	-	143,678	503,760	647,438	43,231	690,669
Issue of bonus shares	540,000	-	-	(540,000)	-	-	-
Dividends paid	-	-	-	-	-	(280)	(280)
Other movements	-	-	-	-	-	21,825	21,825
	<u>540,000</u>	<u>-</u>	<u>-</u>	<u>(540,000)</u>	<u>-</u>	<u>21,545</u>	<u>21,545</u>
Balance at June 30, 2008 (Unaudited)	1,080,000	535,768	198,400	1,295,157	3,109,325	409,891	3,519,216
	=====	=====	=====	=====	=====	=====	=====

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

Condensed Consolidated Statement of Cash Flows
For the six month period ended June 30, 2008
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30, 2008	Six month period ended June 30, 2007
	Unaudited	Unaudited
Operating activities		
Profit for the period	503,760	262,244
Adjustments for:		
Provision for employees end of service indemnity - net	2,302	1,375
Finance cost	<u>94,962</u>	<u>56,180</u>
Operating cash flows before movements in working capital	601,024	319,799
(Increase)/decrease in inventories	(245,946)	32,433
Increase in trade and other receivables	(1,111,592)	(259,204)
(Increase)/decrease in notes receivable - post dated cheques	(138,475)	69,579
Decrease in trade and other payables	1,522,692	343,357
Increase/(decrease) in notes payable - post dated cheques	<u>263,632</u>	<u>(24,778)</u>
Cash generated from operations	891,335	481,186
Interest paid	(94,962)	(56,180)
Net cash flow from operating activities	<u>796,373</u>	<u>425,006</u>
Investing activities		
Decrease/(increase) in deposits under lien and deposits with maturity over three months	99,993	(92,516)
Net movement in property, plant and equipment	(109,613)	(21,482)
Net movement in investment in securities	(550,882)	(4,629)
Net movement in development work-in-progress	(949,317)	-
Net movement in investment properties	(19,946)	(379,332)
Net movement in properties under construction	-	(28,638)
Net movement in development properties	(4,304)	47,143
Increase in goodwill	(47,777)	(7,500)
Net cash used in investing activities	<u>(1,581,846)</u>	<u>(486,954)</u>
Financing activities		
Increase in bank borrowings/loan	803,721	69,030
Increase in minority interest	64,776	20,883
Dividends paid	<u>-</u>	<u>(40,000)</u>
Net cash from financing activities	<u>868,497</u>	<u>49,913</u>
Net increase/(decrease) in cash and cash equivalents	83,024	(12,035)
Cash and cash equivalents at the beginning of the period	<u>138,700</u>	<u>90,028</u>
Cash and cash equivalents at the end of the period (see Note 9)	<u>221,724</u>	<u>77,993</u>
	=====	=====

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

Notes to the Consolidated Interim Financial Information
For the six month period ended June 30, 2008

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 the 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 financial statements and should be read in conjunction with the Group's annual audited financial statements as at and for the year ended December 31, 2007. In addition, results for the six month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

(a) Estimates

The preparation of 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 interim financial information, 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 were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

2. Basis of preparation (continued)

(b) Management of financial risk

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited 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.

Subsidiaries

Details of the Company's subsidiaries at June 30, 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 and trading in oil, lubricants and grease
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, concrete, carpentry, restaurant, ovens, kitchens, central airconditioning systems
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

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

3. Basis of consolidation (continued)

Details of the Company's subsidiaries at June 30, 2008 are as follows: (continued)

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Proportion of ownership (%)</u>	<u>Principal activities</u>
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
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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

5. Share capital

	June 30, 2008	December 31, 2007
	Unaudited	Audited
	AED '000	AED '000
Issued and fully paid:		
1,080 million ordinary shares of AED 1 each (December 31, 2007: 540 million ordinary shares of AED 1 each)	1,080,000	540,000
	=====	=====

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

	Statutory reserve	(Additional) Voluntary reserve	Land revaluation reserve	Total
	AED '000	AED '000	AED '000	AED '000
Balance, at December 31, 2006 - (Audited)	162,626	140,626	2,509	305,761
Net movement	-	-	<u>76,712</u>	<u>76,712</u>
Balance, at June 30, 2007 - (Unaudited)	162,626	140,626	79,221	382,473
	=====	=====	=====	=====
Balance, at December 31, 2007 - (Audited)	218,127	196,127	121,514	535,768
Net movement	-	-	-	-
Balance, at June 30, 2008 - (Unaudited)	218,127	196,127	121,514	535,768
	=====	=====	=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

7. Revenue and cost of revenue

	Six month period		Three month period	
	ended June 30,		ended June 30,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
	AED '000	AED '000	AED '000	AED '000
Revenue				
Sale of goods manufactured	618,918	628,539	271,919	294,571
Sale of investment properties	557,283	114,710	388,394	68,173
Sales of investments in securities	2,558,413	847,683	1,351,119	666,473
Insurance income	433,393	340,545	197,168	131,393
Trading income	314,166	50,191	257,134	50,191
Share of profits in associates	4,319	2,280	2,836	1,480
Rental income	23,787	11,309	11,911	5,773
Fair value gain on investment properties	-	201,108	-	134,102
Fair value gain in Investment held from trading	18,170	-	18,170	-
Service income	47,987	-	23,425	-
	4,576,436	2,196,365	2,522,076	1,352,156
	=====	=====	=====	=====
Cost of revenue				
Cost of goods manufactured and sold	516,395	541,486	228,897	254,903
Cost of investment properties sold	300,737	84,683	192,489	38,146
Cost of investments in securities sold	2,393,540	820,678	1,265,702	683,343
Cost of insurance income	390,171	315,656	180,921	127,838
Cost of trading	220,767	40,938	192,166	40,938
Fair value loss in investments held for trading	-	16,607	(9,631)	5,926
Cost of services	29,252	-	13,801	-
	3,850,862	1,820,048	2,064,345	1,151,094
	=====	=====	=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

8. Basic earnings per share

	Six month period ended June 30,		Three month period ended June 30,	
	2008	2007	2008	2007
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period (in AED '000)	503,760	262,244	334,780	157,413
Number of shares (in thousands)	1,080,000	1,080,000	1,080,000	1,080,000
Basic earnings per share (in AED)	0.47	0.24	0.31	0.15

The denominator, for the purpose of calculating basic earnings per share for comparative periods in 2007, has been adjusted to reflect the capitalisation issue of 540 million bonus shares in 2008 (see Note 5).

9. Cash and cash equivalents

	June 30, 2008	June 30, 2007
	Unaudited AED '000	Unaudited AED '000
Bank balances and cash	341,224	233,405
Less: Deposits under lien and deposits with maturity over three months	(119,500)	(155,412)
	221,724	77,993

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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the six month period ended June 30, 2008

11. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on August 3, 2008.

12. Comparative amounts

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