

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

**CONSOLIDATED INTERIM FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE NINE MONTH PERIOD
ENDED SEPTEMBER 30, 2009**

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

**Consolidated Interim Financial Information and Review Report
For the Nine Month Period Ended September 30, 2009**

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Ref: 32713FS09-Sept

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 statement of financial position of **Gulf General Investment Co. (P.S.C.) (the "Company") and Subsidiaries (together the "Group")**, **Dubai, United Arab Emirates**, as of September 30, 2009 and the related condensed consolidated statements of income, comprehensive income, 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 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.

Scope of review

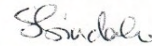
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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
November 11, 2009**

For Deloitte & Touche



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

Condensed Consolidated Statement of Financial Position
At September 30, 2009
(In Thousand Arab Emirates Dirhams)


	<u>Notes</u>	September 30, 2009	December 31, 2008
		Unaudited	Audited (Restated)
ASSETS			
Current assets			
Bank balances and cash	5	382,241	277,380
Held for trading investments	6	785,617	1,084,881
Trade and other receivables		2,014,454	1,218,196
Re-insurance contract assets		203,772	256,402
Inventories		381,409	764,594
Development properties	7	<u>1,385,820</u>	<u>1,337,048</u>
Total current assets		<u>5,153,313</u>	<u>4,938,501</u>
Non-current assets			
Available-for-sale investments	6	833,815	1,182,220
Held-to-maturity investments	6	7,946	7,946
Investments in associates	8	472,773	517,272
Goodwill and other intangible assets		52,667	46,477
Investment properties	9	1,295,329	1,862,126
Development work-in-progress	10	560,720	387,764
Land	11	145,296	145,296
Property, plant and equipment	12	813,919	347,157
Discontinued operations		<u>23,291</u>	<u>23,291</u>
Total non-current assets		<u>4,205,756</u>	<u>4,519,549</u>
Total Assets		<u>9,359,069</u>	<u>9,458,050</u>

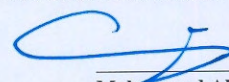
The accompanying notes form an integral part of this consolidated interim financial information.

Condensed Consolidated Statement of Financial Position (continued)
At September 30, 2009
(In Thousand Arab Emirates Dirhams)

	Notes	September 30, 2009 Unaudited	December 31, 2008 Audited (Restated)
LIABILITIES AND EQUITY			
Current liabilities			
Short term bank borrowings		1,011,111	1,248,150
Current portion of bank loans		707,933	643,672
Trade and other payables		1,206,637	990,500
Advance received against sale of development properties		234,861	442,573
Insurance contract liabilities		<u>388,548</u>	<u>434,691</u>
Total current liabilities		<u>3,549,090</u>	<u>3,759,586</u>
Non-current liabilities			
Due to related parties		11,904	11,904
Trade and other payables		257,040	303,583
Long term portion of bank loans		1,687,831	2,263,400
Provision for employees' end of service indemnity		<u>24,606</u>	<u>20,175</u>
Total non-current liabilities		<u>1,981,381</u>	<u>2,599,062</u>
Total Liabilities		<u>5,530,471</u>	<u>6,358,648</u>
Capital and reserves			
Share capital	13	1,791,333	1,080,000
Reserves	14	817,955	624,788
Cumulative change in fair value		43,697	52,293
Retained earnings		<u>785,476</u>	<u>966,550</u>
Equity attributable to the Owners of the parent		<u>3,438,461</u>	<u>2,723,631</u>
Non-controlling interest		<u>390,137</u>	<u>375,771</u>
Total equity		<u>3,828,598</u>	<u>3,099,402</u>
Total Liabilities and Equity		<u>9,359,069</u>	<u>9,458,050</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 nine month period ended September 30, 2009
(In Thousand Arab Emirates Dirhams)

	Notes	<u>Nine month period ended September 30,</u>		<u>Three month period ended September 30,</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		Unaudited	Unaudited (Restated)	Unaudited	Unaudited
Revenue	15	4,313,865	6,224,904	1,201,023	1,908,867
Cost of revenue	15	(3,762,701)	(5,420,918)	(1,063,646)	(1,695,056)
Gross profit		551,164	803,986	137,377	213,811
Other operating income		11,855	6,770	6,945	4,095
Selling and distribution expenses		(30,246)	(40,544)	(12,696)	(6,327)
General administrative expenses		(177,949)	(160,559)	(70,780)	(63,284)
Operating profit		354,824	609,653	60,846	148,295
Finance cost		(112,690)	(135,387)	(38,581)	(40,425)
Profit for the period		242,134	474,266	22,265	107,870
Attributable to:					
Owners of the parent		223,426	431,113	24,683	107,948
Non-controlling interest		18,708	43,153	(2,418)	(78)
		242,134	474,266	22,265	107,870
Basic earnings per share	16	0.14	0.28	0.01	0.07

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 Comprehensive Income
For the nine month period ended September 30, 2009
(In Thousand Arab Emirates Dirhams)

	<u>Nine month period</u> <u>ended September 30,</u>		<u>Three month period</u> <u>ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Unaudited	Unaudited (Restated)	Unaudited	Unaudited
Profit for the period	242,134	474,266	22,265	107,870
Other comprehensive income				
Net (loss)/gain on available-for-sale investments recognised directly in equity	(104,095)	100,715	6,194	(42,963)
Transfer from equity on sale of available- for-sale investments	<u>95,447</u>	-	<u>55,452</u>	-
Total comprehensive income for the period	<u>233,486</u>	574,981	<u>83,911</u>	64,907
Total comprehensive income attributable to:				
Owners of the parent	214,830	532,488	77,534	65,645
Non-controlling interests	<u>18,656</u>	42,493	<u>6,377</u>	(738)
	<u>233,486</u>	574,981	<u>83,911</u>	64,907

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 nine month period ended September 30, 2009
(In Thousand Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Reserves</u>	<u>Cumulative change in fair value</u>	<u>Retained earnings</u>	<u>Attributable to owner's of the parent</u>	<u>Non - controlling interest</u>	<u>Total</u>
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	-	-	101,375	-	101,375	(660)	100,715
Profit for the period (Restated)	-	-	-	431,113	431,113	43,153	474,266
Total comprehensive income for the period	-	-	101,375	431,113	532,488	42,493	574,981
Issue of bonus shares	540,000	-	-	(540,000)	-	-	-
Dividends paid	-	-	-	-	-	(280)	(280)
Funds invested	-	-	-	-	-	28,649	28,649
Disposal of subsidiary	-	-	-	-	-	(7,914)	(7,914)
Transfer to reserves	-	28,143	-	(28,143)	-	-	-
Other movements	-	1,750	-	12,116	13,866	(26,105)	(12,239)
	<u>540,000</u>	<u>29,893</u>	<u>-</u>	<u>(556,027)</u>	<u>13,866</u>	<u>(5,650)</u>	<u>8,216</u>
Balance at September 30, 2008 (Unaudited) (Restated)	1,080,000	565,661	156,097	1,206,483	3,008,241	381,958	3,390,199
Balance at December 31, 2008 (Audited)	1,080,000	624,788	52,293	1,147,145	2,904,226	375,771	3,279,997
Restatement on adoption of IFRIC 15 (Note 18)	-	-	-	(180,595)	(180,595)	-	(180,595)
Balance at December 31, 2008 (Restated)	<u>1,080,000</u>	<u>624,788</u>	<u>52,293</u>	<u>966,550</u>	<u>2,723,631</u>	<u>375,771</u>	<u>3,099,402</u>
Loss on available-for-sale investments recognised directly in equity	-	-	(104,095)	-	(104,095)	-	(104,095)
Transfer to statement of income on sale of available-for-sale investments	-	-	95,499	-	95,499	(52)	95,447
Profit for the period	-	-	-	223,426	223,426	18,708	242,134
Total comprehensive income for the period	-	-	(8,596)	223,426	214,830	18,656	233,486
Transfer to reserves	-	26,500	-	(26,500)	-	-	-
Issue of bonus shares	378,000	-	-	(378,000)	-	-	-
Issue of shares	333,333	166,667	-	-	500,000	-	500,000
Dividends paid	-	-	-	-	-	(7,672)	(7,672)
Funds invested	-	-	-	-	-	9,688	9,688
Other movements	-	-	-	-	-	(6,306)	(6,306)
	<u>711,333</u>	<u>193,167</u>	<u>-</u>	<u>(404,500)</u>	<u>500,000</u>	<u>(4,290)</u>	<u>495,710</u>
Balance at September 30, 2009 (Unaudited)	<u>1,791,333</u>	<u>817,955</u>	<u>43,697</u>	<u>785,476</u>	<u>3,438,461</u>	<u>390,137</u>	<u>3,828,598</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

Condensed Consolidated Statement of Cash Flows
For the nine month period ended September 30, 2009
(In Thousand Arab Emirates Dirhams)

	Nine month period ended September 30, 2009 <u>Unaudited</u>	Nine month period ended September 30, 2008 <u>Unaudited</u> (Restated)
Operating activities		
Profit for the period	223,426	431,113
Adjustments for:		
Provision for employees end of service indemnity - net	4,431	3,060
Reinsurance contract assets	52,630	158,016
Insurance contract liabilities	(46,143)	(151,503)
Finance cost	<u>112,690</u>	<u>135,387</u>
Operating cash flows before movements in working capital	347,034	576,073
Decrease/(increase) in inventories	383,185	(472,285)
Increase in trade and other receivables	(796,258)	(1,232,878)
(Decrease)/increase in trade and other payables	<u>(38,118)</u>	<u>3,083,611</u>
Cash (used in)/generated from operations	(104,157)	1,954,521
Interest paid	<u>(112,690)</u>	<u>(135,387)</u>
Net cash (used in)/from operating activities	(216,847)	1,819,134
Investing activities		
Decrease in deposits under lien and deposits with maturity over three months	21,684	51,494
Net movement in property, plant and equipment	(96,905)	(362,007)
Net movement in investment in securities	683,572	(1,127,755)
Net movement in development work-in-progress	(172,956)	(1,907,000)
Net movement in investment properties	196,940	243,596
Net movement in development properties	(48,772)	(3,120)
Increase in goodwill and other intangible assets	<u>(6,190)</u>	<u>(47,777)</u>
Net cash from/(used in) investing activities	<u>577,373</u>	<u>(3,152,569)</u>
Financing activities		
Issue of convertible bond	500,000	-
(Decrease)/increase in bank borrowings/loan	(748,347)	1,358,022
Increase in non-controlling interest	14,366	36,843
Other movements in equity	<u>-</u>	<u>13,866</u>
Net cash (used in)/from financing activities	(233,981)	1,408,731
Net increase in cash and cash equivalents	126,545	75,296
Cash and cash equivalents at the beginning of the period	<u>54,366</u>	<u>138,700</u>
Cash and cash equivalents at the end of the period (see Note 19)	180,911	213,996
	=====	=====

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 nine month period ended September 30, 2009

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 consolidated financial statements and should be read in conjunction with the Group's annual consolidated audited financial statements as at and for the year ended December 31, 2008. In addition, results for the nine month period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2009.

(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 the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2008.

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

Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

2. Basis of preparation (continued)

(b) Financial risk management

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, 2008.

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.

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 Group.

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

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, 2008, except for the impact of the adoption of the IAS 1, IFRS 8 and IFRIC 15, as described below:

IAS 1 – Presentation of financial statements

The revised standard has introduced a number of terminology changes (including revised titles for the condensed financial information) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Group.

IFRS 8 – Operating Segments

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any significant change to the reportable segments presented by the Group as the segments reported by the Group were consistent with the internal reporting provided to the chief operating decision maker.

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

Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

4. Accounting policies (continued)

IFRS 15 – Agreements for the Construction of Real Estate

As of January 1, 2009, the Group has revised its revenue recognition policy based on the new recommendation of the International Accounting Standard Board (IASB) relating to the International Financial Reporting Interpretations Committee (IFRIC) 15 – Agreements for the Construction of Real Estate, to recognise revenue based on completed contract method. The revision has had impact on the profit reported for nine month period ended September 30, 2009 and 2008. There is an impact on annual profit for the year ended December 31, 2008, accordingly retained earnings as at December 31, 2008 has been restated (see Note 18).

The accounting policies in respect of investment property, investment in securities and property and equipment disclosed in the annual audited consolidated financial statements are stated below as required by Securities and Commodities Authority notification dated October 12, 2008:

Investments in securities

Investments of the Group are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its investment securities in the following categories: financial assets at fair value through profit or loss (FVTPL) – held for trading, held-to-maturity investments and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial assets is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short- term profit taking.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in consolidated statement of income.

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

Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

4. Accounting policies (continued)

Investments in securities (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. Where the Group decides to sell other than an insignificant amount of held-to-maturity assets, the entire category is considered to be tainted and reclassified as available-for-sale.

Available-for-sale investments

Available-for-sale investments which are listed shares held by the Group traded in an active market are stated at fair value and unquoted available-for-sale investments are stated at cost. Gains and losses arising from the changes in the fair value are recognised directly in the equity in the cumulative change in fair value with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the cumulative change in fair value is included in consolidated statement of income.

The fair value of available-for-sale investments denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the date of financial position. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in consolidated income statement, and other changes are recognised in equity.

Development work-in-progress

Properties in the course of construction for rental or appreciation in value are carried at cost, less any recognised impairment loss. Cost includes all direct costs relating to project and professional fees, administrative cost, borrowing cost and other expenses from the start of the projects up to completion are capitalised and classified under projects under construction. Completion is defined as the earlier of issuance of a certificate of the practical completion or when management considers the project to be completed. Upon completion of construction such properties are transferred to investment properties.

Development properties

Properties that are being constructed/developed for sale are classified as development properties. Unsold properties are stated at the lower of cost or net realisable value. Properties in the course of development for sale are stated at cost plus attributable profit/(loss) less progress billing. The cost of development properties comprises the cost of land and other related expenditure which are capitalised until the properties are ready for its intended use.

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

Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

4. Accounting policies (continued)

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies of that investee.

The Group's investment in its associates is accounted for and assets and liabilities of associates are incorporated in these consolidated financial statements under equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised. The financial performance of the associates are recorded in the consolidated income statement.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated income statement.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at their fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of income.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

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

Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

4. Accounting policies (continued)

Interests in joint ventures (continued)

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets and liabilities, income and expenses, of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Property, plant and equipment

Property, plant and equipment, except properties under construction, are stated at their cost, less any subsequent accumulated depreciation and any subsequent identified impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

5. Bank balances and cash

	September 30, 2009	December 31, 2008
	Unaudited AED '000	Audited AED '000
Cash on hand	<u>2,696</u>	<u>2,448</u>
Bank balances:		
Current accounts	98,716	51,918
Deposit accounts	<u>280,829</u>	<u>223,014</u>
	<u>379,545</u>	<u>274,932</u>
	<u>382,241</u>	277,380
	=====	=====
Bank balances:		
In U.A.E.	375,869	271,527
In other countries	<u>3,676</u>	<u>3,405</u>
	<u>379,545</u>	274,932
	=====	=====

6. Investments in securities

	September 30, 2009	December 31, 2008
	Unaudited AED '000	Audited AED '000
Held for trading investments		
In U.A.E.	728,262	872,408
In other countries	<u>57,355</u>	<u>212,473</u>
	<u>785,617</u>	1,084,881
	=====	=====
Available-for-sale investments		
In U.A.E.	761,660	1,073,757
In other countries	<u>72,155</u>	<u>108,463</u>
	<u>833,815</u>	1,182,220
	=====	=====
Held-to-maturity investments		
In U.A.E.	<u>7,946</u>	7,946
	=====	=====

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

6. Investments in securities (continued)

In 2008, the Board of Directors of the Group has reconsidered its investment strategy and accordingly the Group adopted the amendments to IAS 39 issued by the International Accounting Standards Board which permits to reclassify, in particular circumstances, investments held for trading for which the change in fair value is recognised in the consolidated statement of income to available-for-sale investments for which the change in the fair value is recognised under equity as cumulative change in fair value.

	<u>Amount</u> <u>AED'000</u>
Fair value of reclassified investments as of December 31, 2008 (Audited)	36,608
Sold during the period	(19,707)
Change in fair value during the nine month period ended September 30, 2009	<u>9,195</u>
Fair value of reclassified investments as of September 30, 2009 (Unaudited)	<u>26,096</u> =====

As a result of the above, the net profit for the period has decreased by AED 9,195 thousand. There was an impact of AED 15,287 thousand on the profit reported for the comparative period as the reclassification was effected during the third quarter of year 2008.

7. Development properties

Development properties are located on plots of land in U.A.E.

8. Investments in associates

	<u>September 30,</u> <u>2009</u> <u>Unaudited</u> <u>AED '000</u>	<u>December 31,</u> <u>2008</u> <u>Audited</u> <u>AED '000</u>
In U.A.E.	83,823	126,055
In other countries	<u>388,950</u>	<u>391,217</u>
	<u>472,773</u> =====	<u>517,272</u> =====

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

9. Investment properties

	September 30, 2009	December 31, 2008
	Unaudited AED '000	Audited AED '000 (Restated)
In U.A.E.	1,233,891	1,804,619
In other countries	<u>61,438</u>	<u>57,507</u>
	<u>1,295,329</u>	<u>1,862,126</u>

10. Development work-in-progress

Development work-in-progress are on plots of land located in U.A.E.

11. Land

The plot of land is in U.A.E.

12. Property, plant and equipment

	September 30, 2009	December 31, 2008
	Unaudited AED '000	Audited AED '000
In U.A.E.	796,232	326,625
In other countries	<u>17,687</u>	<u>20,532</u>
	<u>813,919</u>	<u>347,157</u>

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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

13. Share capital

	September 30, 2009	December 31, 2008
	Unaudited	Audited
	AED '000	AED '000
Issued and fully paid:		
1,791 million ordinary shares of AED 1 each (December 31, 2008: 1,080 million ordinary shares of AED 1 each)	1,791,333 =====	1,080,000 =====

During the period, the share capital of the Company was increased by AED 711 million by the issue of 378 million bonus shares of AED 1 each and by conversion of AED 333 million nominal value mandatory convertible-into-shares bonds (2008: AED 540 million).

The Shareholders in the Extraordinary General Assembly Meeting held on March 30, 2009 approved to issue 333,333,333 mandatory convertible - into- share bonds to the existing shareholders with a nominal value of AED 1 and at an issue premium of AED 50 fils, paid in full.

The mandatory conversion into shares has been effected during the period and AED 333,333,333, nominal value has been transferred to the share capital and issue premium of AED 166,666,667 has been transferred to statutory reserve as required by U.A.E. Federal Commercial Companies Law No. 8 of 1984 as amended.

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

14. Reserves

	<u>Statutory reserve</u> AED '000	<u>Additional/ Voluntary reserve</u> AED '000	<u>Land revaluation reserve</u> AED '000	<u>Total</u> AED '000
Balance, at December 31, 2007 - (Audited)	218,127	196,127	121,514	535,768
Net movement	<u>-</u>	<u>29,893</u>	<u>-</u>	<u>29,893</u>
Balance, at September 30, 2008 - (Unaudited)	218,127	226,020	121,514	565,661
	=====	=====	=====	=====
Balance, at December 31, 2008 - (Audited)	262,612	243,171	119,005	624,788
Share premium (Note 13)	166,667	-	-	166,667
Net movement	<u>-</u>	<u>26,500</u>	<u>-</u>	<u>26,500</u>
Balance, at September 30, 2009 - (Unaudited)	429,279	269,671	119,005	817,955
	=====	=====	=====	=====

15. Revenue and cost of revenue

	<u>Nine month period ended September 30,</u>		<u>Three month period ended September 30,</u>	
	<u>2009</u>	2008	<u>2009</u>	2008
	Unaudited AED '000	Unaudited AED '000 (Restated)	Unaudited AED '000	Unaudited AED '000
Revenue				
Sale of goods manufactured	874,074	940,299	306,333	321,381
Sale of development properties, development work-in-progress and investment properties	1,164,744	749,095	228,078	497,407
Sales of investments in securities	1,133,450	3,114,028	319,115	510,419
Profit from sale of subsidiary	-	13,000	-	13,000
Insurance income	596,849	673,312	206,057	239,919
Trading income	359,337	610,225	81,155	296,059
Share of (loss)/profit in associates	(14,493)	(5,614)	2,921 (9,933)
Rental income	36,841	35,615	15,368	11,828
Dividend and interest	25,193	-	-	-
Fair value gain in investments held for trading	-	18,170	-	-
Service income	<u>137,870</u>	<u>76,774</u>	<u>41,996</u>	<u>28,787</u>
	4,313,865	6,224,904	1,201,023	1,908,867
	=====	=====	=====	=====

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

15. Revenue and cost of revenue (continued)

	Nine month period ended September 30,		Three month period ended September 30,	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	AED '000	AED '000	AED '000	AED '000
		(Restated)		
Cost of revenue				
Cost of goods manufactured and sold	725,526	790,421	257,150	274,026
Cost of development properties, development work-in-progress and investment properties	622,846	509,687	103,116	333,950
Cost of investments in securities sold	1,259,747	2,876,182	378,148	482,642
Cost of insurance income	562,549	607,751	203,672	217,580
Cost of trading	411,502	461,837	57,538	241,070
Fair value loss in investments held for trading	98,542	126,831	42,685	126,831
Cost of services	81,989	48,209	21,337	18,957
	3,762,701	5,420,918	1,063,646	1,695,056

16. Basic earnings per share

	Nine month period ended September 30,		Three month period ended September 30,	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
		(Restated)		
Profit for the period (in AED '000)	223,426	431,113	24,683	107,948
Number of shares (in thousands)	1,637,015	1,528,028	1,791,333	1,528,028
Basic earnings per share (in AED)	0.14	0.28	0.01	0.07

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

16. Basic earnings per share (continued)

The denominator for the purpose of calculating basic earnings per share for 2008 has been adjusted to reflect the capitalisation issue of 378 million bonus shares (see Note 13).

17. Adoption of IFRIC-15 Agreements for the Construction of Real Estate

The Group has revised its revenue recognition policy in compliance with IFRIC 15 which is applicable with effect from January 1, 2009.

Accordingly the comparative figures have been restated and adjusted the opening balance of retained earnings as required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and IFRIC 15. The effects of the change in accounting policy are given below:

Condensed consolidated statement of income

	Nine month period ended September 30, 2008		
	As previously reported	Adjustment	Restated
	Unaudited	Unaudited	Unaudited
	AED '000	AED '000	AED '000
Revenue	6,530,499	(305,595)	6,224,904
Cost of revenue	5,545,918	(125,000)	5,420,918
Profit for the period	654,861	(180,595)	474,266
Profit for the period attributable to the parent	611,708	(180,595)	431,113

Gulf General Investments Co. (P.S.C.) and Subsidiaries
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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009

17. Adoption of IFRIC-15 Agreements for the Construction of Real Estate
(continued)

Condensed consolidated statement of financial position

	December 31, 2008		
	As previously reported	Adjustment	Restated
	Audited AED '000	Unaudited AED '000	Unaudited AED '000
Trade and other receivables	1,411,201	(193,005)	1,218,196
Investment properties	1,737,126	125,000	1,862,126
Trade and other payables	877,910	112,590	990,500
Retained earnings	1,147,145	(180,595)	966,550

Impact on 2009 results

As the risks and rewards on development properties were transferred during the second quarter of 2009, the revenue, cost of revenue and profit for the nine month period ended September 30, 2009 were increased by AED 305,595 thousand, AED 125,000 thousand and AED 180,595 thousand respectively with a decrease of similar amounts in the respective accounts in 2008.

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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009
(In Thousand Arab Emirates Dirhams)

18. Segment information

	<u>Manufacturing</u>		<u>Investments</u>		<u>Services and others</u>		<u>Total</u>	
	<u>Nine month period ended September 30</u>		<u>Nine month period ended September 30</u>		<u>Nine month period ended September 30</u>		<u>Nine month period ended September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u> (Restated)	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u> (Restated)
Income								
Total income	<u>874,074</u>	<u>940,299</u>	<u>2,345,735</u>	<u>3,879,098</u>	<u>1,094,056</u>	<u>1,405,507</u>	<u>4,313,865</u>	<u>6,224,904</u>
Result								
Segment result	<u>148,548</u>	<u>149,878</u>	<u>364,603</u>	<u>366,398</u>	<u>38,013</u>	<u>287,710</u>	<u>551,164</u>	<u>803,986</u>
Unallocated general expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,885)</u>	<u>(336,490)</u>
Operating profit							<u>230,279</u>	<u>467,496</u>
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,855</u>	<u>6,770</u>
Net profit for the period							<u>242,134</u>	<u>474,266</u>
Attributable to:								
Owner of the parent							<u>223,426</u>	<u>431,113</u>
Non-controlling interest							<u>18,708</u>	<u>43,153</u>
							<u>242,134</u>	<u>474,266</u>

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Notes to the Consolidated Interim Financial Information (continued)
For the nine month period ended September 30, 2009
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18. Segment information (continued)

	<u>Manufacturing</u>		<u>Investments</u>		<u>Services and others</u>		<u>Total</u>	
	<u>Three month period ended September 30</u>		<u>Three month period ended September 30</u>		<u>Three month period ended September 30</u>		<u>Three month period ended September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>
Income								
Total income	306,333	321,381	565,482	1,022,721	329,208	564,765	1,201,023	1,908,867
	=====	=====	=====	=====	=====	=====	=====	=====
Result								
Segment result	49,183	47,355	41,533	79,298	46,661	87,158	137,377	213,811
Unallocated general expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,057)</u>	<u>(110,036)</u>
Operating profit							15,320	103,775
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,945</u>	<u>4,095</u>
Net profit for the period							22,265	107,870
							=====	=====
Attributable to:								
Owner of the parent							24,683	107,948
Non-controlling interest							<u>(2,418)</u>	<u>(78)</u>
							22,265	107,870
							=====	=====

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Notes to the Consolidated Interim Financial Information (continued)
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18. Segment information (continued)

	<u>Manufacturing</u>		<u>Investments</u>		<u>Services and others</u>		<u>Total</u>	
	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
	<u>Unaudited</u> <u>AED '000</u>	<u>Audited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Audited</u> <u>AED '000</u> (Restated)	<u>Unaudited</u> <u>AED '000</u>	<u>Audited</u> <u>AED '000</u>	<u>Unaudited</u> <u>AED '000</u>	<u>Audited</u> <u>AED '000</u> (Restated)
Total assets								
Segment assets	1,098,380	1,167,550	5,043,659	4,775,068	2,173,092	2,308,112	8,315,131	8,250,730
Unallocated corporate assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,043,938</u>	<u>1,207,320</u>
							<u>9,359,069</u>	<u>9,458,050</u>
Consolidated total assets							=====	=====
Total liabilities								
Segment liabilities	1,229,902	1,437,191	1,906,638	1,836,103	1,254,613	1,595,165	4,391,153	4,868,459
Unallocated corporate liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,139,318</u>	<u>1,490,189</u>
							<u>5,530,471</u>	<u>6,358,648</u>
							=====	=====

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Notes to the Consolidated Interim Financial Information (continued)
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19. Cash and cash equivalents

	September 30, 2009	September 30, 2008
	Unaudited AED '000	Unaudited AED '000
Bank balances and cash	382,241	381,995
Less: Deposits under lien and deposits with maturity over three months	(201,330)	(167,999)
	180,911	213,996
	=====	=====

20. Bank facilities

Short term bank borrowings are secured by the followings:

- Pledge on fixed deposits.
- Promissory note in favour of the banks.
- Assignment of insurance policies in favour of the banks.
- Hypothecation over goods financed by trust receipts.
- Pledge of investment in securities and investment in subsidiary.

Term loans are secured by the followings:

Loan facilities relating to buildings construction are secured by mortgage of properties and constructions financed by these loans. Banks providing these facilities are the first beneficiary from the properties and construction and have the right to receive the rental income from the buildings. In addition, insurance policies are endorsed in favour of these banks, reputation of the Group and irrevocable bank guarantee from other bank. The bank's facilities are further subject to certain financial/ non-financial covenants.

21. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on November 11, 2009.

22. Comparative amounts

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