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, 2009

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, 2009

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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 June 30, 2009 and the related condensed consolidated statements of income, comprehensive 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.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

For Deloitte & Touche

S Sindaha

Saba Y. Sindaha
Partner
(Registration No. 410)

Sharjah
August 8, 2009

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

	Notes	June 30, 2009 Unaudited	December 31, 2008 Audited (Restated)
ASSETS			
Current assets			
Bank balances and cash	5	**341,203**	277,380
Held for trading investments	6	**878,524**	1,084,881
Trade and other receivables		**1,831,833**	1,218,196
Re-insurance contract assets		**224,519**	256,402
Inventories		**366,165**	764,594
Development properties	7	**1,512,184**	1,337,048
Total current assets		**5,154,428**	4,938,501
Non-current assets			
Available-for-sale investments	6	**912,326**	1,182,220
Held-to-maturity investments	6	**7,946**	7,946
Investments in associates	8	**492,679**	517,272
Goodwill and other intangible assets		**51,444**	46,477
Investment properties	9	**1,626,329**	1,862,126
Development work-in-progress	10	**544,368**	387,764
Land	11	**145,296**	145,296
Property, plant and equipment	12	**444,192**	347,157
Discontinued operations		**23,291**	23,291
Total non-current assets		**4,247,871**	4,519,549
Total Assets		**9,402,299**	9,458,050

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

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

	Notes	June 30, 2009 Unaudited	December 31, 2008 Audited (Restated)
LIABILITIES AND EQUITY			
Current liabilities			
Short term bank borrowings		**1,057,340**	1,248,150
Current portion of bank loans		**674,860**	643,672
Trade and other payables		**1,065,615**	990,500
Advance received against sale of development properties		**406,280**	442,573
Insurance contract liabilities		**418,164**	434,691
Total current liabilities		**3,622,259**	3,759,586
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		**1,742,411**	2,263,400
Provision for employees' end of service indemnity		**23,229**	20,175
Total non-current liabilities		**2,034,584**	2,599,062
Total Liabilities		**5,656,843**	6,358,648
Capital and reserves			
Share capital	13	**1,458,000**	1,080,000
Reserves	14	**651,288**	624,788
Cumulative change in fair value		**(17,949)**	52,293
Convertible bonds	15	**500,000**	-
Retained earnings		**761,388**	966,550
Equity attributable to the Owners of the parent		**3,352,727**	2,723,631
Non-controlling interest		**392,729**	375,771
Total equity		**3,745,456**	3,099,402
Total Liabilities and Equity		**9,402,299**	9,458,050

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, 2009
(In Thousand Arab Emirates Dirhams)

	Notes	Six month period ended June 30,		Three month period ended June 30,	
		2009	2008	**2009**	2008
		Unaudited	Unaudited (Restated)	**Unaudited**	Unaudited (Restated)
Revenue	16	**3,112,842**	4,270,841	**1,640,696**	2,226,112
Cost of revenue	16	**(2,699,055)**	(3,725,862)	**(1,380,176)**	(1,948,976)
Gross profit		**413,787**	544,979	**260,520**	277,136
Other operating income		**4,910**	47,871	**2,365**	18,880
Selling and distribution expenses		**(17,550)**	(34,217)	**(10,173)**	(22,985)
General administrative expenses		**(107,169)**	(97,275)	**(56,239)**	(49,715)
Operating profit		**293,978**	461,358	**196,473**	223,316
Finance cost		**(74,109)**	(94,962)	**(37,989)**	(50,896)
Profit for the period		**219,869**	366,396	**158,484**	172,420
Attributable to:					
Owners of the parent		**198,743**	323,165	**155,818**	154,185
Non-controlling interests		**21,126**	43,231	**2,666**	18,235
		219,869	366,396	**158,484**	172,420
Basic earnings per share	17	**0.14**	0.22	**0.11**	0.11
Diluted earnings per share	17	**0.13**	0.22	**0.10**	0.11

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 six month period ended June 30, 2009
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30,		Three month period ended June 30,	
	2009	2008	**2009**	2008
	Unaudited	Unaudited (Restated)	**Unaudited**	Unaudited (Restated)
Profit for the period	**219,869**	366,396	**158,484**	172,420
Other comprehensive income				
Net (loss)/gain on available-for-sale investments recognised directly in equity	**(110,289)**	143,678	**(44,736)**	112,559
Transfer from equity on sale of available for sale investments	**39,995**	-	**408**	-
Total comprehensive income for the period	**149,575**	510,074	**114,156**	284,979
Total comprehensive income attributable to:				
Owners of the parent	**137,296**	466,843	**119,909**	266,744
Non-controlling interests	**12,279**	43,231	**(5,753)**	18,235
	149,575	510,074	**114,156**	284,979

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, 2009
(In Thousand Arab Emirates Dirhams)

	Share capital	Reserves	Cumulative change in fair value	Convertible bonds	Retained earnings	Attributable to Owners of the parent	Non-controlling interest	Total
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 (Restated)	-	-	-	-	323,165	323,165	43,231	366,396
Total comprehensive income for the period	-	-	143,678	-	323,165	466,843	43,231	510,074
Issue of bonus shares	540,000	-	-	-	(540,000)	-	-	-
Dividends paid	-	-	-	-	-	-	(280)	(280)
Other movements	-	-	-	-	-	-	21,825	21,825
	540,000	-	-	-	(540,000)	-	21,545	21,545
Balance at June 30, 2008 (Unaudited) (Restated)	1,080,000	535,768	198,400	-	1,114,562	2,928,730	409,891	3,338,621
	=======	=======	=========	========	========	=========	=======	=======
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)	1,080,000	624,788	52,293	-	966,550	2,723,631	375,771	3,099,402
Loss on available-for-sale investments recognised directly in equity	-	-	(110,289)	-	-	(110,289)	-	(110,289)
Transfer to statement of income on sale of available-for-sale investments	-	-	40,047	-	-	40,047	(52)	39,995
Profit for the period	-	-	-	-	198,743	198,743	21,126	219,869
Total comprehensive income for the period	-	-	70,242	-	198,743	128,501	21,074	149,575
Transfer to reserves	-	26,500	-	-	(26,500)	-	-	-
Issue of bonus shares	378,000	-	-	-	(378,000)	-	-	-
Dividends paid	-	-	-	-	-	-	(5,541)	(5,541)
Funds invested	-	-	-	-	-	-	7,531	7,531
Issue of convertible bonds	-	-	-	500,000	-	500,000	-	500,000
Other movements	-	-	-	-	595	595	(6,106)	(5,511)
	378,000	26,500	-	500,000	(403,905)	595	(4,116)	(3,521)
Balance at June 30, 2009 (Unaudited)	**1,458,000**	**651,288**	**(17,949)**	**500,000**	**761,388**	**3,352,727**	**392,729**	**3,745,456**
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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, 2009
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30, 2009 Unaudited	Six month period ended June 30, 2008 Unaudited (Restated)
Operating activities		
Profit for the period	**198,743**	323,165
Adjustments for:		
Provision for employees end of service indemnity - net	**3,054**	2,302
Reinsurance contract assets	**31,883**	109,921
Insurance contract liabilities	**(16,527)**	(115,738)
Finance cost	**74,109**	94,962
Operating cash flows before movements in working capital	**291,262**	414,612
Decrease/(increase) in inventories	**398,429**	(245,946)
Increase in trade and other receivables	**(613,637)**	(1,054,393)
(Decrease)/increase in advance received against sale of development properties	**(36,293)**	536,875
Increase in trade and other payables	**28,572**	1,365,187
Cash generated from operations	**68,333**	1,016,335
Interest paid	**(74,109)**	(94,962)
Net cash (used in)/ from operating activities	**(5,776)**	921,373
Investing activities		
(Increase)/decrease in deposits under lien and deposits with maturity over three months	**(13,915)**	99,993
Net movement in property, plant and equipment	**(97,035)**	(109,613)
Net movement in investment in securities	**430,602**	(550,882)
Net movement in development properties	**(175,136)**	(4,304)
Net movement in investment properties	**235,797**	(144,946)
Net movement in development work-in-progress	**(156,604)**	(949,317)
Increase in goodwill and other intangible assets	**(4,967)**	(47,777)
Net cash from/ (used in) investing activities	**218,742**	(1,706,846)
Financing activities		
(Decrease)/increase in bank borrowings/loans	**(680,611)**	803,721
Issue of convertible bonds	**500,000**	-
Other movements	**595**	-
Increase in non-controlling interest	**16,958**	64,776
Net cash (used in)/ from financing activities	**(163,058)**	868,497
Net increase in cash and cash equivalents	**49,908**	83,024
Cash and cash equivalents at the beginning of the period	**54,366**	138,700
Cash and cash equivalents at the end of the period (see Note 20)	**104,274**	221,724

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

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 six month period ended June 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.

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.

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 six month period ended June 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.

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 balance sheet date. 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.

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 its 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.

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.

5. Bank balances and cash

	June 30, 2009 Unaudited AED '000	December 31, 2008 Audited AED '000
Cash on hand	**2,925**	2,448
Bank balances:		
Current accounts	**60,854**	51,918
Deposit accounts	**277,424**	223,014
	338,278	274,932
	341,203	277,380
Bank balances:		
In U.A.E.	**329,013**	271,527
In other countries	**9,265**	3,405
	338,278	274,932

6. Investments in securities

	June 30, 2009 Unaudited AED '000	December 31, 2008 Audited AED '000
Held for trading investments		
In U.A.E.	**840,249**	872,408
In other countries	**38,275**	212,473
	878,524	1,084,881
Available-for-sale investments		
In U.A.E.	**793,818**	1,073,757
In other countries	**118,508**	108,463
	912,326	1,182,220
Held-to-maturity investments		
In U.A.E.	**7,946**	7,946

6. Investments in securities (continued)

During the year 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 investments revaluation in reserve.

	Amount AED'000
Fair value of reclassified investments as of December 31, 2008 (Audited)	**36,608**
Change in fair value during the six month period ended June 30, 2009	7,297
Fair value of reclassified investments as of June 30, 2009 (Unaudited)	**43,905**

As a result of the above, the net profit for the period has decreased by AED 7,297 thousand. There was no impact 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

	June 30, 2009 Unaudited AED '000	December 31, 2008 Audited AED '000
In U.A.E.	**91,788**	126,055
In other countries	**400,891**	391,217
	492,679	517,272

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, 2009

9. Investment properties

	June 30, 2009 Unaudited AED '000	December 31, 2008 Audited AED '000 (Restated)
In U.A.E.	**1,564,840**	1,804,619
In other countries	**61,489**	57,507
	1,626,329	1,862,126

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

	June 30, 2009 Unaudited AED '000	December 31, 2008 Audited AED '000
In U.A.E.	**425,894**	326,625
In other countries	**18,298**	20,532
	444,192	347,157

13. Share capital

	June 30, 2009	December 31, 2008
	Unaudited AED '000	Audited AED '000
Issued and fully paid: 1,458 million ordinary shares of AED 1 each (December 31, 2008: 1,080 million ordinary shares of AED 1 each)	**1,458,000**	1,080,000

During the period, the share capital of the Company was increased by AED 378 million by the issue of 378 million bonus shares of AED 1 each (2008: AED 540 million).

14. Reserves

	Statutory reserve AED '000	**Additional reserve AED '000**	**Land revaluation reserve AED '000**	**Total AED '000**
Balance, at December 31, 2007 - (Audited)	218,127	198,636	119,005	535,768
Net movement	-	-	-	-
Balance, at June 30, 2008 - (Unaudited)	218,127	198,636	119,005	535,768
Balance, at December 31, 2008 - (Audited)	262,612	243,171	119,005	624,788
Net movement	-	26,500	-	26,500
Balance, at June 30, 2009 - (Unaudited)	**262,612**	**269,671**	**119,005**	**651,288**

15. Convertible bonds

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.

15. Convertible bonds (continued)

The mandatory conversion into shares will be effected by September 10, 2009 and AED 333,333,333, nominal value will be transferred to the share capital and issue premium of AED 166,666,667 will be transferred to share premium account. The Company has obtained appropriate approvals from Government authorities in the U.A.E. for the above mandatory convertible- into- share bonds issue.

16. Revenue and cost of revenue

	Six month period ended June 30,		**Three month period ended June 30,**	
	2009	2008	**2009**	2008
	Unaudited AED '000	Unaudited AED '000 (Restated)	**Unaudited AED '000**	Unaudited AED '000 (Restated)
Revenue				
Sale of goods manufactured	**567,741**	618,918	**282,936**	271,919
Sale of development properties, development work-in-progress and investment properties	**936,666**	251,688	**432,681**	82,799
Sales of investments in securities	**814,335**	2,558,413	**486,195**	1,351,119
Insurance income	**390,792**	433,393	**236,125**	197,168
Trading income	**278,182**	314,166	**142,924**	257,134
Share of (loss)/profits in associates	**(17,414)**	4,319	**(9,671)**	2,836
Rental income	**21,473**	23,787	**10,011**	11,911
Dividend and interest income	**25,193**	-	7,894	-
Fair value gain in investments held from trading	-	18,170	-	27,801
Service income	**95,874**	47,987	**51,601**	23,425
	3,112,842	4,270,841	**1,640,696**	2,226,112

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

16. Revenue and cost of revenue (continued)

	Six month period ended June 30,		Three month period ended June 30,	
	2009	2008	**2009**	2008
	Unaudited AED '000	Unaudited AED '000 (Restated)	**Unaudited AED '000**	Unaudited AED '000 (Restated)
Cost of revenue				
Cost of goods manufactured and sold	**468,376**	516,395	**235,894**	228,897
Cost of development properties, investment properties, development work-in-progress sold	**519,730**	175,737	**220,121**	67,489
Cost of investments in securities sold	**881,599**	2,393,540	**491,979**	1,265,702
Cost of insurance income	**358,877**	390,171	**233,549**	180,921
Cost of trading	**353,964**	220,767	**162,291**	192,166
Fair value loss in investments held for trading	**55,857**	-	**2,872**	-
Cost of services	**60,652**	29,252	**33,470**	13,801
	2,699,055	3,725,862	**1,380,176**	1,948,976

17. Earnings per share

	Six month period ended June 30,		Three month period ended June 30,	
	2009	2008	**2009**	2008
	Unaudited	Unaudited (Restated)	**Unaudited**	Unaudited (Restated)
Profit for the period (in AED '000)	**198,743**	323,165	**155,818**	154,185
Number of shares (in thousands)	**1,458,000**	1,458,000	**1,458,000**	1,458,000
Basic earnings per share (in AED)	**0.14**	0.22	**0.11**	0.11
Diluted earnings per share (in AED)	**0.13**	0.22	**0.10**	0.11

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).

The denominator for the purpose of calculating diluted earnings per share for 2009 has been adjusted to reflect the conversion of mandatory convertible-into-share bonds (see Note 15).

18. 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

	Six month period ended June 30, 2008		
	As previously reported	Adjustment	Restated
	Unaudited AED '000	Unaudited AED '000	Unaudited AED '000
Revenue	4,576,436	(305,595)	4,270,841
Cost of revenue	3,850,862	(125,000)	3,725,862
Profit for the period	546,991	(180,595)	366,396
Profit for the period attributable to the parent	503,760	(180,595)	323,165

	Three month period ended June 30, 2008		
	As previously reported	Adjustment	Restated
	Unaudited AED '000	Unaudited AED '000	Unaudited AED '000
Revenue	2,531,707	(305,595)	2,226,112
Cost of revenue	2,073,976	(125,000)	1,948,976
Profit for the period	353,015	(180,595)	172,420
Profit for the period attributable to the parent	334,780	(180,595)	154,185

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

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

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 six month period ended June 30, 2009 and for the three month period ended June 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.

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

19. Segment information

	Manufacturing		Investments		Services and others		Total	
	Six month period ended June 30		Six month period ended June 30		Six month period ended June 30		Six month period ended June 30	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	Unaudited AED '000	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000 (Restated)	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000 (Restated)
Income								
Total income	**567,741**	618,918	**1,780,253**	2,856,377	**764,848**	795,546	**3,112,842**	4,270,841
Result								
Segment result	**99,365**	102,523	**323,070**	287,100	**(8,648)**	155,356	**413,787**	544,979
Unallocated general expenses	**-**	-	**-**	-	**-**	-	**(198,828)**	(226,454)
Operating profit							**214,959**	318,525
Other income	**-**	-	**-**	-	**-**	-	**4,910**	47,871
Net profit from operations							**219,869**	366,396
Minority interest							**(21,126)**	(43,231)
Net profit for the period							**198,743**	323,165

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

19. Segment information (continued)

	Manufacturing		Investments		Services and others		Total	
	Three month period ended June 30		Three month period ended June 30		Three month period ended June 30		Three month period ended June 30	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	Unaudited AED '000	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000 (Restated)	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000 (Restated)
Income								
Total income	**282,936**	271,919	**927,110**	1,476,466	**430,650**	477,727	**1,640,696**	2,226,112
Result								
Segment result	**47,042**	43,022	**212,138**	143,275	**1,340**	90,839	**260,520**	277,136
Unallocated general expenses	**-**	-	**-**	-	**-**	-	**(104,401)**	(123,596)
Operating profit							**156,119**	153,540
Other income	**-**	-	**-**	-	**-**	-	**2,365**	18,880
Net profit from operations							**158,484**	172,420
Minority interest							**(2,666)**	(18,235)
Net profit for the period							**155,818**	154,185

19. Segment information (continued)

	Manufacturing		Investments		Services and others		Total	
	June 30, 2009	December 31, 2008	**June 30, 2009**	December 31, 2008	**June 30, 2009**	December 31, 2008	**June 30, 2009**	December 31, 2008
	Unaudited AED '000	Audited AED '000	**Unaudited AED '000**	Audited AED '000 (Restated)	**Unaudited AED '000**	Audited AED '000	**Unaudited AED '000**	Audited AED '000 (Restated)
Total assets								
Segment assets	**1,191,284**	1,167,550	**4,930,206**	4,775,068	**2,188,130**	2,308,112	**8,309,620**	8,250,730
Unallocated corporate assets							**1,092,679**	1,207,320
							9,402,299	9,458,050
Consolidated total assets							=========	=========
Total liabilities								
Segment liabilities	**1,170,126**	1,437,191	**1,559,352**	1,836,103	**1,195,166**	1,595,165	**3,924,644**	**4,868,459**
Unallocated corporate liabilities							**1,732,199**	1,490,189
							5,656,843	6,358,648
							=========	=========

20. Cash and cash equivalents

	June 30, 2009 Unaudited AED '000	June 30, 2008 Unaudited AED '000
Bank balances and cash	**341,203**	341,224
Less: Deposits under lien and deposits with maturity over three months	**(236,929)**	(119,500)
	104,274	221,724

21. 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.

22. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on August 8, 2009.

23. Comparative amounts

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