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, 2010

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, 2010

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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, 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. 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

Saba Y. Sindaha
Partner
(Registration No. 410)

Sharjah
August 14, 2010

Condensed Consolidated Statement of Financial Position
At June 30, 2010
(In Thousand Arab Emirates Dirhams)

	Notes	June 30, 2010 Unaudited	December 31, 2009 Audited
ASSETS			
Current assets			
Bank balances and cash	4	357,682	367,225
Held for trading investments	5	665,542	689,826
Trade and other receivables		2,239,577	2,198,993
Re-insurance contract assets		165,108	188,708
Inventories		395,648	351,551
Development properties	6	1,398,910	1,444,865
Total current assets		5,222,467	5,241,168
Non-current assets			
Notes receivable-post date cheques		253,490	168,444
Available-for-sale investments	5	567,353	734,243
Held-to-maturity investments	5	7,954	7,954
Investments in associates	7	372,019	543,511
Goodwill		37,449	38,920
Investment properties	8	2,022,255	1,993,031
Land	9	168,239	166,130
Property, plant and equipment	10	800,086	790,890
Discontinued operations		23,291	23,291
Total non-current assets		4,252,136	4,466,414
Total Assets		9,474,603	9,707,582

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position (continued)
At June 30, 2010
(In Thousand Arab Emirates Dirhams)

	Notes	June 30, 2010 Unaudited	December 31, 2009 Audited
LIABILITIES AND EQUITY			
Current liabilities			
Short term bank borrowings		1,187,368	1,150,532
Current portion of bank loans		1,068,470	1,224,035
Finance lease		10,450	11,575
Trade and other payables		1,566,943	1,500,200
Advance received from customers		157,571	267,103
Insurance contract liabilities		299,389	346,338
Total current liabilities		4,290,191	4,499,783
Non-current liabilities			
Due to related parties		11,851	11,768
Trade and other payables		257,040	257,343
Long term portion of bank loans		1,031,642	1,013,120
Finance lease		102,493	92,943
Provision for employees' end of service indemnity		29,893	26,048
Total non-current liabilities		1,432,919	1,401,222
Total Liabilities		5,723,110	5,901,005
Capital and reserves			
Share capital	11	1,791,333	1,791,333
Reserves	12	855,900	833,493
Cumulative change in fair value		(6,236)	70,444
Retained earnings		713,269	756,693
Equity attributable to owners of the parent		3,354,266	3,451,963
Non-controlling interests		397,227	354,614
Total equity		3,751,493	3,806,577
Total Liabilities and Equity		9,474,603	9,707,582

The accompanying notes form an integral part of these condensed consolidated financial statements.

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, 2010
(In Thousand Arab Emirates Dirhams)

	Notes	Six month period ended June 30,		Three month period ended June 30,	
		2010	2009	**2010**	2009
		Unaudited	Unaudited	**Unaudited**	Unaudited
Revenue	15	**1,380,266**	2,906,720	**787,882**	1,487,617
Cost of revenue	15	**(1,221,086)**	(2,492,933)	**(652,428)**	(1,227,097)
Gross profit		**159,180**	413,787	**135,454**	260,520
Other operating income		**36,612**	4,910	**33,155**	2,365
Selling and distribution expenses		**(17,458)**	(17,550)	**(8,947)**	(10,173)
General administrative expenses		**(144,439)**	(107,169)	**(64,587)**	(56,239)
Finance cost		**(70,268)**	(74,109)	**(49,738)**	(37,989)
(Loss)/profit for the period		**(36,373)**	219,869	**45,337**	158,484
Attributable to:					
Owners of the parent		**(39,094)**	198,743	**45,962**	155,818
Non-controlling interests		**2,721**	21,126	**(625)**	2,666
		(36,373)	219,869	**45,337**	158,484
Basic (loss)/earnings per share	16	**(AED 0.02)**	AED 0.13	**AED 0.03**	AED 0.10

The accompanying notes form an integral part of these condensed consolidated financial statements.

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, 2010
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30,		Three month period ended June 30,	
	2010	2009	**2010**	2009
	Unaudited	Unaudited	**Unaudited**	Unaudited
(Loss)/profit for the period	**(36,373)**	219,869	**45,337**	158,484
Other comprehensive income				
Gain/(loss) on revaluation of available-for-sale investments in associates	**626**	-	**(2,543)**	-
Net loss on available-for-sale investments recognised directly in equity	**(92,170)**	(110,289)	**(32,634)**	(44,736)
Transfer from equity on sale of available--for-sale investments	**14,858**	39,995	**5,322**	408
Total comprehensive (loss)/ income for the period	**(113,059)**	149,575	**15,482**	114,156
Total comprehensive income attributable to:				
Owners of the parent	**(115,774)**	128,501	**16,142**	111,114
Non-controlling interests	**2,715**	21,074	**(660)**	3,042
	(113,059)	149,575	**15,482**	114,156

The accompanying notes form an integral part of these condensed consolidated financial statements.

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, 2010
(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, 2008 (restated) (Audited)	1,080,000	624,788	52,293	-	966,550	2,723,631	375,771	3,099,402
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)
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
	=======	=======	=========	========	========	=========	=======	=======
Balance at December 31, 2009 (Audited)	1,791,333	833,493	70,444	-	756,693	3,451,963	354,614	3,806,577
Total comprehensive loss for the period	-	-	(76,680)	-	(39,094)	(115,774)	2,715	(113,059)
Transfer to reserves	-	4,330	-	-	(4,330)	-	-	-
Dividends paid	-	-	-	-	-	-	(1,986)	(1,986)
Funds invested	-	-	-	-	-	-	4,850	4,850
Transfer from shareholders' current accounts	-	18,077	-	-	-	18,077	37,034	55,111
Balance at June 30, 2010 (Unaudited)	**1,791,333**	**855,900**	**(6,236)**	**-**	**713,269**	**3,354,266**	**397,227**	**3,751,493**
	=======	=======	=========	========	========	=========	=======	=======

The accompanying notes form an integral part of these condensed consolidated financial statements.

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, 2010
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30, 2010 Unaudited	Six month period ended June 30, 2009 Unaudited
Cash flows from operating activities		
(Loss)/profit for the period	**(36,373)**	219,869
Adjustments for:		
Provision for employees' end of service indemnity	**4,356**	3,522
Loss from sale of investments in securities	**84,092**	67,212
Gain on sale of investment properties, development work-in-progress and development properties	**(90,259)**	(416,936)
Reinsurance contract assets	**23,600**	31,883
Insurance contract liabilities	**(46,949)**	(16,527)
Unrealised loss on investments held for trading	**20,695**	55,857
Loss from investments in associates	**33,155**	17,414
Exchange loss	**-**	342
Finance cost	**70,268**	74,109
Operating cash flows before movements in working capital	**62,585**	36,745
(Increase)/decrease in inventories	**(44,097)**	398,429
Increase in trade and other receivables	**(125,630)**	(613,637)
Increase in trade and other payables	**121,634**	28,572
Decrease in advance received from customers	**(109,532)**	(36,293)
Purchase of investment in securities	**(35,365)**	(498,192)
Purchase of investment properties	**(60,155)**	(47,447)
Development work-in-progress	**-**	(107,697)
Purchase of development properties	**(104,556)**	(460,529)
Proceeds from sale of investments in securities	**188,611**	814,335
Proceeds from sale of investment properties, development work-in-progress and development properties	**271,701**	936,666
Cash generated from operations	**165,196**	450,952
Employees' end of service indemnity paid	**(511)**	(468)
Interest paid	**(70,268)**	(74,109)
Net cash generated from operating activities	**94,417**	376,375

The accompanying notes form an integral part of these condensed consolidated financial statements.

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, 2010
(In Thousand Arab Emirates Dirhams)

	Six month period ended June 30, 2010 Unaudited	Six month period ended June 30, 2009 Unaudited
Cash flows from investing activities		
Decrease/(increase) in fixed deposits	**8,309**	(13,915)
Net movement in property, plant and equipment	**(9,196)**	(97,035)
Purchase of land	**(2,109)**	-
Purchase of investments in associates	**(5,208)**	(26,418)
Decrease/(increase) in goodwill	**1,471**	(27)
Acquisition of subsidiaries	**-**	(4,940)
Net cash used in investing activities	**(6,733)**	(142,335)
Cash flows from financing activities		
Issue of convertible bonds	**-**	500,000
Dividends paid - subsidiaries	**(1,986)**	(5,541)
Net movement in bank loans and finance lease	**(128,618)**	(489,801)
Funds invested in non-controlling interest	**4,850**	7,531
Increase/(decrease) in short term bank borrowings	**36,836**	(190,810)
Other movements	**-**	(5,511)
Net cash used in financing activities	**(88,918)**	(184,132)
Net (decrease)/increase in cash and cash equivalents	**(1,234)**	49,908
Cash and cash equivalents at the beginning of the period	**82,259**	54,366
Cash and cash equivalents at the end of the period (see Note 19)	**81,025**	104,274

The accompanying notes form an integral part of these condensed consolidated financial statements.

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. Standards and Interpretations in issue not yet effective and not early adopted

At the date of authorisation of the condensed consolidated financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:	**Effective for annual periods beginning on or after**
• IAS 32 (revised) *Financial Instruments: Presentation* – Amendments relating to classification of Rights Issue	February 1, 2010
• IAS 24 *Related Party Disclosures* – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	January 1, 2011
• IFRS 9 Financial Instruments: *Classification and Measurement* (intended as complete replacement for IAS 39 and IFRS 7)	January 1, 2013

2. Standards and Interpretations in issue not yet effective and not early adopted (continued)

New Interpretations and amendments to Interpretations:

New Standards and amendments to Standards:	**Effective for annual periods beginning on or after**
• IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*	July 1, 2010
• Amendment to IFRIC 14: *IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction*	January 1, 2011

Management anticipates that these amendments will be adopted in the Group's condensed consolidated financial statements for the initial period when they become effective. Management have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 - Interim Financial Reporting issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

These condensed consolidated financial statements are 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.

These condensed consolidated financial statements are prepared in accordance with the historical cost basis, except for the revaluation of land, investment properties and certain financial instruments.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended December 31, 2009.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended December 31, 2009. In addition, results for the six months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

The accounting policies in respect of investments in securities, development properties, investment in associates, investment properties, investments in joint venture and property, plant 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:

3.2 Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the revenue/cost of revenue in the consolidated statement of income.

3. Summary of significant accounting policies (continued)

3.3 AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at fair value because Management considers that fair value can be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative change in fair value with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair value is reclassified to profit or loss.

3.4 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.

3.5 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 and borrowing costs which are capitalised until the properties are ready for its intended use.

3.6 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.

3. Summary of significant accounting policies (continued)

3.6 Investment in associates (continued)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, 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 recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of associates.

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 profit or loss.

When 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.

3.7 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated statement of income.

3.8 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.

3. Summary of significant accounting policies (continued)

3.8 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 consolidated 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.

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.

3.9 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.

3. Summary of significant accounting policies (continued)

3.9 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement of income.

3.10 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. The list of subsidiaries is disclosed in annual consolidated financial statements as at and for the year ended December 31, 2009.

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. Bank balances and cash

	June 30, 2010	December 31, 2009
	Unaudited	Audited
	AED ’000	AED ’000
Cash on hand	**2,680**	1,889
Bank balances:		
Current accounts	**42,739**	55,292
Call account	**4,231**	311
Deposit accounts	**308,032**	309,733
	355,002	365,336
	357,682	367,225
	=========	=========

4. Bank balances and cash (continued)

	June 30, 2010	December 31, 2009
	Unaudited	Audited
	AED '000	AED '000
Bank balances:		
In U.A.E.	**354,830**	329,247
In other countries	**172**	36,089
	355,002	365,336

5. Investments in securities

	June 30, 2010	December 31, 2009
	Unaudited	Audited
	AED '000	AED '000
Held for trading investments		
In U.A.E.	**646,510**	670,516
In other countries	**19,032**	19,310
	665,542	689,826
Available-for-sale investments		
In U.A.E.	**553,274**	668,125
In other countries	**14,079**	66,118
	567,353	734,243
Held-to-maturity investments		
In U.A.E.	**7,954**	7,954

Reclassification of investments

During the year 2008, Board of Directors of the Group has reconsidered its investment strategy, accordingly the Group adopted the amendments to IAS 39 issued by the International Accounting Standards Board which permits an entity to reclassify, in particular circumstances, held for trading investments 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 values.

5. Investments in securities (continued)

	Six month period ended June 30	
	2010	2009
	Unaudited	Unaudited
	AED '000	AED '000
Fair value of reclassified investments at the beginning of the period	**20,560**	36,608
Sold during the period	**(6,406)**	-
Change in fair value during the six month period	**(42)**	7,297
Fair value of reclassified investments at the end of the period	**14,112**	43,905
	==========	=========

As a result of the above reclassification, the net loss for the period ended June 30, 2010 has decreased by AED 42 thousand (Six month period ended June 30, 2009: net profit decreased by AED 7,297 thousand).

6. Development properties

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

7. Investments in associates

	June 30, 2010	December 31, 2009
	Unaudited	Audited
	AED '000	AED '000
In U.A.E.	**161,288**	161,344
In other countries	**210,731**	382,167
	372,019	543,511
	=========	=========

The list of associates is disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2009.

8. Investment properties

	June 30, 2010 Unaudited AED '000	December 31, 2009 Audited AED '000
In U.A.E.	**1,964,643**	1,935,419
In other countries	**57,612**	57,612
	2,022,255	1,993,031

9. Land

	June 30, 2010 Unaudited AED '000	December 31, 2009 Audited AED '000
In U.A.E.	**168,239**	166,130

10. Property, plant and equipment

Property, plant and equipment are mainly located in U.A.E.

11. Share capital

	June 30, 2010 Unaudited AED '000	December 31, 2009 Audited AED '000
Issued and fully paid:		
1,791 million ordinary shares of AED 1 each	**1,791,333**	1,791,333

12. Reserves

	Statutory reserve AED '000	General/ additional reserve AED '000	Land revaluation reserve AED '000	Total AED '000
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
Balance, at December 31, 2009 - (Audited)	450,298	264,190	119,005	833,493
Net movement	-	22,407	-	22,407
Balance, at June 30, 2010 - (Unaudited)	**450,298**	**286,597**	**119,005**	**855,900**

13. Statutory reserve

In accordance with United Arab Emirates Federal Commercial Companies Law No. 8 of 1984, as amended, the parent Company is required to establish a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid up share capital. No transfers have been made during the six months period ended June 30, 2010, as this will be based on the results for the year. This reserve is not available for distribution except as stipulated by the Law.

14. Additional reserve

The parent Company's Articles of Association require that 10% of the annual net profit be appropriated to an additional reserve until a decision by the Ordinary General Assembly Meeting on the strength of proposal by the Board of Directors or if such reserve equals 50% of paid-up share capital of the Company. No transfers have been made during the six months period ended June 30, 2010, as this will be based on the results for the year.

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

Notes to the Condensed Consolidated Financial Statements (continued)
For the six month period ended June 30, 2010

15. Revenue and cost of revenue

	Six month period ended June 30,		Three month period ended June 30,	
	2010	2009	**2010**	2009
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Revenue				
Sale of goods manufactured	**561,434**	567,741	**269,259**	282,936
Sale of development properties, development work-in-progress and investment properties	**271,701**	936,666	**271,701**	432,681
Sales of investments in securities	**188,611**	814,335	**47,986**	486,195
Insurance income	**180,593**	184,670	**89,900**	88,456
Trading income	**110,604**	278,182	**80,147**	142,924
Share of loss in associates	**(33,155)**	(17,414)	**(13,817)**	(9,671)
Rental income	**43,180**	21,473	**29,555**	10,011
Dividend and interest income	**15,744**	25,193	**2,861**	7,894
Service income	**41,554**	95,874	**10,290**	46,191
	1,380,266	2,906,720	**787,882**	1,487,617
Cost of revenue				
Cost of goods manufactured and sold	**476,104**	468,376	**233,628**	235,894
Cost of development properties, investment properties, development work-in-progress sold	**181,442**	519,730	**181,442**	220,121
Cost of investments in securities sold	**272,703**	881,599	**58,899**	491,979
Cost of insurance income	**154,130**	152,755	**82,730**	80,470
Cost of trading	**109,233**	353,964	**74,881**	162,291
Fair value loss in investments held for trading	**20,695**	55,857	**20,588**	2,872
Cost of services	**6,779**	60,652	**260**	33,470
	1,221,086	2,492,933	**652,428**	1,227,097

16. Earnings per share

	Six month period ended June 30,		Three month period ended June 30,	
	2010	2009	**2010**	2009
	Unaudited	Unaudited	**Unaudited**	Unaudited
(Loss)/profit for the period (in AED '000)	**(36,373)**	198,743	**45,337**	155,818
Number of shares (in thousands)	**1,791,333**	1,528,028	**1,791,333**	1,528,028
Basic (loss)/earnings per share (in AED)	**(0.02)**	0.13	**0.03**	0.10

The denominator for the purpose of calculating basic earnings per share for 2009 has been adjusted to reflect the conversion of mandatory convertible-into-the share bonds.

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

In 2009, the Group had revised its revenue recognition policy in compliance with IFRIC 15 which was applicable with effect from January 1, 2009.

Accordingly retained earnings as at December 31, 2008 have been restated and adjusted by an amount of AED 180,595 thousand, as required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and IFRIC 15. 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. There is no impact on results for period ended June 30, 2010.

Notes to the Condensed Consolidated Financial Statements (continued)
For the six month period ended June 30, 2010

18. 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	Unaudited AED '000	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000
Income								
Total income	**561,434**	567,741	**486,081**	1,780,253	**332,751**	558,726	**1,380,266**	2,906,720
Result								
Segment result	**85,330**	99,365	**11,241**	323,067	**62,609**	(8,645)	**159,180**	413,787
Unallocated general expenses	**-**	-	**-**	-	**-**	-	**(232,165)**	(198,828)
Operating (loss)/profit							**(72,985)**	214,959
Other income	**-**	-	**-**	-	**-**	-	**36,612**	4,910
Net (loss)/profit from operations							**(36,373)**	219,869
Minority interest							**(2,721)**	(21,126)
Net (loss)/profit for the period							**(39,094)**	198,743

Notes to the Condensed Consolidated Financial Statements (continued)
For the six month period ended June 30, 2010

18. 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	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	Unaudited AED '000	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000	**Unaudited AED '000**	Unaudited AED '000
Income								
Total income	**269,259**	282,936	**338,286**	927,110	**180,337**	277,571	**787,882**	1,487,617
Result								
Segment result	**35,631**	47,042	**77,357**	212,138	**22,466**	1,340	**135,454**	260,520
Unallocated general expenses	**-**	-	**-**	-	**-**	-	**(123,272)**	(104,401)
Operating profit							**12,182**	156,119
Other income	**-**	-	**-**	-	**-**	-	**33,155**	2,365
Net profit from operations							**45,337**	158,484
Minority interest							**625**	(2,666)
Net profit for the period							**45,962**	155,818

18. Segment information (continued)

	Manufacturing		Investments		Services and others		Total	
	June 30, 2010 Unaudited AED '000	December 31, 2009 Audited AED '000	**June 30, 2010 Unaudited AED '000**	December 31, 2009 Audited AED '000	**June 30, 2010 Unaudited AED '000**	December 31, 2009 Audited AED '000	**June 30, 2010 Unaudited AED '000**	December 31, 2009 Audited AED '000
Total assets								
Segment assets	**676,633**	618,804	**4,918,320**	5,374,287	**2,248,772**	1,751,306	**7,843,725**	7,744,397
Unallocated corporate assets							**1,630,878**	1,963,185
Consolidated total assets							**9,474,603**	9,707,582
Total liabilities								
Segment liabilities	**720,549**	293,031	**2,331,545**	3,338,503	**1,377,005**	816,598	**4,429,099**	4,448,132
Unallocated corporate liabilities							**1,294,011**	1,452,873
							5,723,110	5,901,005

19. Cash and cash equivalents

	June 30, 2010	June 30, 2009
	Unaudited	Unaudited
	AED '000	AED '000
Bank balances and cash	**357,682**	341,203
Less: Deposits under lien and deposits with maturity over three months	**(276,657)**	(236,929)
	81,025	104,274

20. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the six month period ended June 30, 2010 and 2009.

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 condensed consolidated financial statements

These condensed consolidated financial statements were approved and authorised for issue on August 14, 2010.