

**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, 2008**

**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, 2008**

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Ref: 32713FS08-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 balance sheet of **Gulf General Investment Co. (P.S.C.) (the "Company") and Subsidiaries (together the "Group")**, Dubai, United Arab Emirates, as of September 30, 2008 and the related condensed consolidated statements of 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. The comparative figures in the condensed consolidated balance sheet as at December 31, 2007 and related explanatory notes were audited by another auditor whose report dated January 27, 2008 expressed an unqualified opinion thereon. The prior period comparative amounts in the condensed consolidated statements of income, changes in equity and cash flows and related notes for the nine month period ended September 30, 2007, were reviewed by another auditor who issued an unqualified report dated November 12, 2007.

### *Scope of review*

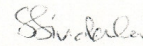
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

### *Conclusion*

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

**Sharjah**  
**November 12, 2008**

**For Deloitte & Touche**



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

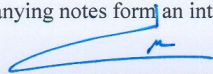


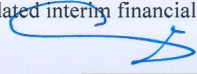
**Gulf General Investments Co. (P.S.C.) and Subsidiaries**  
**Dubai - United Arab Emirates**  
**Condensed Consolidated Balance Sheet**  
**At September 30, 2008**  
**(In Thousand Arab Emirates Dirhams)**

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	<u>Notes</u>	<u>September 30, 2008</u> <u>Unaudited</u>	<u>December 31, 2007</u> <u>Audited</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Bank balances and cash	5	381,995	358,193
Held for trading investments	6	1,520,961	1,209,484
Trade and other receivables		2,601,093	1,544,304
Inventories		682,547	210,262
Development work-in-progress	7	2,118,607	211,607
Development properties	8	4,541	1,421
<b>Total current assets</b>		<b>7,309,744</b>	<b>3,535,271</b>
<b>Non-current assets</b>			
Notes receivable – post dated cheques		211,078	-
Available-for-sale investments	6	1,431,105	1,039,305
Held-to-maturity investments	6	27,894	26,925
Investments in associates	9	681,872	156,988
Goodwill		77,504	29,727
Investment properties	10	1,503,817	1,872,413
Land	11	145,296	145,296
Property, plant and equipment	12	477,061	115,054
<b>Total non-current assets</b>		<b>4,555,627</b>	<b>3,385,708</b>
<b>Total Assets</b>		<b>11,865,371</b>	<b>6,920,979</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank borrowings		1,363,055	729,811
Current portion of bank loans		1,028,792	661,484
Trade and other payables		3,636,997	1,515,118
<b>Total current liabilities</b>		<b>6,028,844</b>	<b>2,906,413</b>
<b>Non-current liabilities</b>			
Notes payable – post dated cheques		709,908	12,269
Bank loans		1,537,298	1,179,828
Provision for employees' end of service indemnity		18,527	15,467
<b>Total non-current liabilities</b>		<b>2,265,733</b>	<b>1,207,564</b>
<b>Total Liabilities</b>		<b>8,294,577</b>	<b>4,113,977</b>
<b>Capital and reserves</b>			
Share capital	13	1,080,000	540,000
Reserves	14	565,661	535,768
Investments revaluation reserve		156,097	54,722
Retained earnings		1,387,078	1,331,397
<b>Equity attributable to the equity holders of the parent</b>		<b>3,188,836</b>	<b>2,461,887</b>
Minority interest		381,958	345,115
<b>Total equity</b>		<b>3,570,794</b>	<b>2,807,002</b>
<b>Total Liabilities and Equity</b>		<b>11,865,371</b>	<b>6,920,979</b>

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, 2008**  
**(In Thousand Arab Emirates Dirhams)**

	Notes	<u>Nine month period ended September 30,</u>		<u>Three month period ended September 30,</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue	15	6,530,499	3,158,693	1,908,867	962,328
Cost of revenue	15	( 5,545,918)	( 2,618,530)	( 1,695,056)	( 798,482)
<b>Gross profit</b>		<b>984,581</b>	<b>540,163</b>	<b>213,811</b>	<b>163,846</b>
Other operating income/(expenses)		6,770	19,680	4,095	( 4,502)
Selling and distribution expenses		( 40,544)	( 21,769)	( 6,327)	( 5,296)
General administrative expenses		( 160,559)	( 59,029)	( 63,284)	( 22,168)
<b>Operating profit</b>		<b>790,248</b>	<b>479,045</b>	<b>148,295</b>	<b>131,880</b>
Finance costs		( 135,387)	( 90,276)	( 40,425)	( 34,096)
<b>Profit for the period</b>		<b>654,861</b>	<b>388,769</b>	<b>107,870</b>	<b>97,784</b>
		=====	=====	=====	=====
<b>Attributable to:</b>					
Equity holders of the parent		611,708	351,049	107,948	88,805
Minority interest		43,153	37,720	( 78)	8,979
		<b>654,861</b>	<b>388,769</b>	<b>107,870</b>	<b>97,784</b>
		=====	=====	=====	=====
<b>Basic earnings per share</b>	16	<b>0.57</b>	<b>0.33</b>	<b>0.10</b>	<b>0.08</b>
		=====	=====	=====	=====

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, 2008**  
**(In Thousand Arab Emirates Dirhams)**

	<u>Share capital</u>	<u>Reserves</u>	<u>Investments revaluation reserve</u>	<u>Retained earnings</u>	<u>Attributable to equity holders of the parent</u>	<u>Minority interest</u>	<u>Total</u>
Balance at December 31, 2006 (Audited)	400,000	305,761	( 121,787)	1,070,881	1,654,855	338,866	1,993,721
Gain on available-for-sale investments recognised directly in equity	-	-	84,252	-	84,252	498	84,750
Profit for the period	-	-	-	351,049	351,049	37,720	388,769
Total recognised income and expense for the period	-	-	84,252	351,049	435,301	38,218	473,519
Issue of bonus shares	140,000	-	-	( 140,000)	-	-	-
Dividends paid	-	-	-	( 40,000)	( 40,000)	-	( 40,000)
Difference on revaluation of land	-	81,258	-	-	81,258	-	81,258
Funds invested	-	-	-	-	-	6,420	6,420
Other movements	-	-	-	-	-	( 84,397)	( 84,397)
	<u>140,000</u>	<u>81,258</u>	<u>-</u>	<u>( 180,000)</u>	<u>41,258</u>	<u>( 77,977)</u>	<u>( 36,719)</u>
Balance at September 30, 2007 (Unaudited)	540,000	387,019	( 37,535)	1,241,930	2,131,414	299,107	2,430,521
	=====	=====	=====	=====	=====	=====	=====
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	-	-	-	611,708	611,708	43,153	654,861
Transfer to reserves	-	28,143	-	( 28,143)	-	-	-
Total recognised income and expense for the period	-	28,143	101,375	583,565	713,083	42,493	755,576
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)
Other movements	-	1,750	-	12,116	13,866	( 26,105)	( 12,239)
	<u>540,000</u>	<u>1,750</u>	<u>-</u>	<u>( 527,884)</u>	<u>13,866</u>	<u>( 5,650)</u>	<u>8,216</u>
<b>Balance at September 30, 2008 (Unaudited)</b>	<b>1,080,000</b>	<b>565,661</b>	<b>156,097</b>	<b>1,387,078</b>	<b>3,188,836</b>	<b>381,958</b>	<b>3,570,794</b>
	=====	=====	=====	=====	=====	=====	=====

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, 2008**  
**(In Thousand Arab Emirates Dirhams)**

	Nine month period ended September 30, <u>2008</u> Unaudited	Nine month period ended September 30, <u>2007</u> Unaudited
<b>Operating activities</b>		
Profit for the period	611,708	351,049
Adjustments for:		
Provision for employees end of service indemnity - net	3,060	1,929
Finance cost	<u>135,387</u>	<u>90,276</u>
<b>Operating cash flows before movements in working capital</b>	<b>750,155</b>	443,254
(Increase)/decrease in inventories	( 472,285)	48,514
Increase in trade and other receivables	( 1,267,867)	( 430,461)
Decrease in trade and other payables	<u>2,819,518</u>	<u>486,780</u>
<b>Cash generated from operations</b>	<b>1,829,521</b>	548,087
Interest paid	( <u>135,387</u> )	( <u>90,276</u> )
<b>Net cash flow from operating activities</b>	<b><u>1,694,134</u></b>	<u>457,811</u>
<b>Investing activities</b>		
Decrease/(increase) in deposits under lien and deposits with maturity over three months	51,494	( 73,498)
Net movement in property, plant and equipment	( 362,007)	( 23,363)
Net movement in investment in securities	( 1,127,755)	( 278,888)
Net movement in development work-in-progress	( 1,907,000)	-
Net movement in investment properties	368,596	( 689,384)
Net movement in development properties	( 3,120)	177,747
Increase in goodwill	( <u>47,777</u> )	( <u>7,500</u> )
<b>Net cash used in investing activities</b>	( <u>3,027,569</u> )	( <u>894,886</u> )
<b>Financing activities</b>		
Increase in bank borrowings/loan	1,358,022	522,879
Increase/(decrease) in minority interest	36,843	( 39,759)
Dividends paid	-	( 40,000)
Other movements in equity	<u>13,866</u>	<u>-</u>
<b>Net cash from financing activities</b>	<b><u>1,408,731</u></b>	<u>443,120</u>
Net increase in cash and cash equivalents	75,296	6,045
Cash and cash equivalents at the beginning of the period	<u>138,700</u>	<u>90,028</u>
<b>Cash and cash equivalents at the end of the period (see Note 17)</b>	<b>213,996</b> =====	96,073 =====

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, 2008**

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**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 audited consolidated financial statements as at and for the year ended December 31, 2007. In addition, results for the nine month period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

(a) Estimates

The preparation of interim financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2007.



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

**Notes to the Consolidated Interim Financial Information** (continued)  
**For the nine month period ended September 30, 2008**

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**2. Basis of preparation** (continued)

(b) Management of financial risk

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2007.

**3. Basis of consolidation**

The consolidated interim financial information of Gulf General Investments Co. (P.S.C.) and Subsidiaries (the "Group") incorporate the financial information of the Company and enterprises controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

**Subsidiaries**

Details of the Company's subsidiaries at September 30, 2008 are as follows:

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Proportion of ownership (%)</u>	<u>Principal activities</u>
Emirates Lube Oil Co. Ltd. (LLC)	U.A.E.	100	Manufacturing of and trading in oil, lubricants and grease
Gulf Prefab Houses Factory (LLC)	U.A.E.	100	Manufacturing of prefab houses, concrete, carpentry, restaurant, ovens, kitchens, central airconditioning systems
Horizon Metallic Ind. Co. LLC	U.A.E.	100	Manufacturing metallic cans, refill and drums
Crown Lubricants Co. (L.L.C.)	U.A.E.	100	Trading in lubricants
Emirates Crown Lubricants Co. (LLC)	U.A.E.	50	Trading in lubricants

**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, 2008**

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**3. Basis of consolidation** (continued)

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

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Proportion of ownership (%)</u>	<u>Principal activities</u>
L.A.I. General Trading LLC – Dubai	U.A.E.	50	General trading
Al Sagr National Insurance Co. P.S.C.	U.A.E.	53	The writing of insurance of all types
Dubai Al Ahlia Quick Transport L.L.C	U.A.E.	50	Transportation of general materials by trucks
Emirates Lube India Private Limited	India	100	Trading in lubricants
Layia Hotels Management (L.L.C.)	U.A.E.	51	Hotels management
Amalia Perfumes Trading LLC	U.A.E.	50	Perfumes trading
Acorn Industries Co. LLC	U.A.E.	50	Vehicle body manufacturing, stell, structure parts
Middle World Factories Equip. LLC	U.A.E.	51	Import and re-export, factories equipment, machinery supplier, trading merchants, spare parts, equipments of factories
Quality International Company L.L.C.	U.A.E.	50	Engineering, specialised in stainless steel, power and desalination
Lloyds Engineering Co. L.L.C.	U.A.E.	50	Steel fabrication
Horizon Aluminium Industries L.L.C.	U.A.E.	50	Building metal products manufacturing
Gulf Engineering Services L.L.C.	U.A.E.	50	Services, securities and maintenance (MEP)
Gulf General Steel Co. L.L.C.	U.A.E.	100	Trading in all kinds of steel products

Investment in Al Sagr National Insurance Co. P.S.C. is registered in the name of related parties in trust and for the benefit of the Company.

**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, 2008**

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**4. Accounting policies**

The accounting policies used in the preparation of this consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended December 31 2007.

The accounting policies in respect of investments in securities, development work-in-progress, development properties, investments in associates, investment properties and property, plant and equipment disclosed in the annual audited consolidated financial statements for the year ended December 31, 2007 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-to-maturity investments and available-for-sale financial assets (AFS). 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 profit or loss.

Part of held for trading securities have been reclassified to available-for-sale investments in accordance with the amendments to International Accounting Standard (IAS) 39. (see note 6).

**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, 2008**

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**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.

*AFS financial assets*

AFS financial assets which are listed shares held by the Group traded in an active market are stated at fair value and unquoted AFS financial assets are stated at cost. Gains and losses arising from the changes in the fair value are recognised directly in the equity in the investments revaluation reserve 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 investments revaluation reserve is included in profit or loss.

The fair value of AFS monetary assets 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 profit or loss, 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 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, 2008**

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**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 evidenced by the power to govern the financial and operating policies of that investee.

The Group's investment in its associate is accounted for under the equity method of accounting. Under the equity method investments in associates are carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The financial performance of its associates are recorded in the consolidated statement of income.

**Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss.

**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 period end, with the effect of any changes in estimate accounted for on a prospective basis.

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 profit or loss.



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**Notes to the Consolidated Interim Financial Information** (continued)  
**For the nine month period ended September 30, 2008**

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**5. Bank balances and cash**

	September 30, 2008	December 31, 2007
	Unaudited AED '000	Audited AED '000
In U.A.E.	353,888	320,278
In other countries	<u>28,107</u>	<u>37,915</u>
	<b>381,995</b>	358,193
	=====	=====

**6. Investments in securities**

	September 30, 2008	December 31, 2007
	Unaudited AED '000	Audited AED '000
<b>Held for trading investments</b>		
In U.A.E.	1,136,350	825,208
In other countries	<u>384,611</u>	<u>384,276</u>
	<b>1,520,961</b>	1,209,484
	=====	=====
<b>Available-for-sale investments</b>		
In U.A.E.	1,152,026	845,795
In other countries	<u>279,079</u>	<u>193,510</u>
	<b>1,431,105</b>	1,039,305
	=====	=====
<b>Held-to-maturity investments</b>		
In U.A.E.	27,894	4,385
In other countries	<u>-</u>	<u>22,540</u>
	<b>27,894</b>	26,925
	=====	=====

**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, 2008**

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**6. Investments in securities** (continued)

The Board of directors of the Group has reconsidered its investment strategy (effective July 1, 2008), 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, investments held for trading for which the change in fair value is recognised in the profit and loss to available-for-sale investments for which the change in the fair value is recognised under equity as investments revaluation in reserve. Accordingly, management has transferred part of investments held for trading having a fair value of AED 85,985,210 as of July 1, 2008 to available-for-sale investments per details below:

	<u>Amount</u> <u>AED</u>
Fair value as of July 1, 2008	<b>85,985,210</b>
Change in fair value during the three month period ended September 30, 2008	<b>( 15,287,534)</b>
Fair value of investments reclassified as of September 30, 2008	<b>70,697,676</b> =====

As a result of the above reclassification, the net profit for the three month and nine month periods ended September 30, 2008 has increased by AED 15,287,534.

**7. Development work-in-progress**

	<u>September 30,</u> <u>2008</u> <u>Unaudited</u> <u>AED '000</u>	<u>December 31,</u> <u>2007</u> <u>Audited</u> <u>AED '000</u>
In U.A.E.	<b>2,118,607</b> =====	211,607 =====

**8. Development properties**

	<u>September 30,</u> <u>2008</u> <u>Unaudited</u> <u>AED '000</u>	<u>December 31,</u> <u>2007</u> <u>Audited</u> <u>AED '000</u>
In U.A.E.	<b>4,541</b> =====	1,421 =====

**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, 2008**

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**9. Investments in associates**

	September 30, 2008 <u>Unaudited</u> AED '000	December 31, 2007 <u>Audited</u> AED '000
In U.A.E.	501,339	88,251
In other countries	<u>180,533</u>	<u>68,737</u>
	<u>681,872</u> =====	156,988 =====

**10. Investment properties**

	September 30, 2008 <u>Unaudited</u> AED '000	December 31, 2007 <u>Audited</u> AED '000
In U.A.E.	1,466,538	1,858,039
In other countries	<u>37,279</u>	<u>14,374</u>
	<u>1,503,817</u> =====	1,872,413 =====

**11. Land**

	September 30, 2008 <u>Unaudited</u> AED '000	December 31, 2007 <u>Audited</u> AED '000
In U.A.E.	<u>145,296</u> =====	145,296 =====

**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, 2008**

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**12. Property, plant and equipment**

	September 30, <u>2008</u> Unaudited AED '000	December 31, <u>2007</u> Audited AED '000
In U.A.E.	475,562	114,007
In other countries	<u>1,499</u>	<u>1,047</u>
	<u>477,061</u> =====	115,054 =====

**13. Share capital**

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

During the period, the share capital of the Company was increased by AED 540 million by the issue of 540 million bonus shares.

**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, 2008**

**14. Reserves**

	<b>Statutory reserve AED '000</b>	<b>Additional/ Voluntary reserve AED '000</b>	<b>Land revaluation reserve AED '000</b>	<b>Total AED '000</b>
Balance, at December 31, 2006 - (Audited)	162,626	140,626	2,509	305,761
Net movement	-	-	81,258	81,258
Balance, at September 30, 2007 - (Unaudited)	162,626	140,626	83,767	387,019
	=====	=====	=====	=====
Balance, at December 31, 2007 - (Audited)	218,127	196,127	121,514	535,768
Net movement	-	29,893	-	29,893
<b>Balance, at September 30, 2008 - (Unaudited)</b>	<b>218,127</b>	<b>226,020</b>	<b>121,514</b>	<b>565,661</b>
	=====	=====	=====	=====

**15. Revenue and cost of revenue**

	<b>Nine month period ended September 30,</b>		<b>Three month period ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Unaudited AED '000</b>	<b>Unaudited AED '000</b>	<b>Unaudited AED '000</b>	<b>Unaudited AED '000</b>
<b>Revenue</b>				
Sale of goods manufactured	940,299	705,392	321,381	76,853
Sale of investment properties	1,054,690	186,007	497,407	71,297
Sales of investments in securities	3,114,028	1,402,474	510,419	554,791
Profit from sale of subsidiary	13,000	-	13,000	-
Insurance income	673,312	503,728	239,919	163,183
Trading income	610,225	50,191	296,059	-
Share of (loss)/profits in associates	( 5,614)	3,173	( 9,933)	893
Rental income	35,615	25,875	11,828	14,566
Fair value gain on investment properties	-	256,108	-	55,000
Fair value gain in investments held for trading	18,170	25,745	-	25,745
Service income	76,774	-	28,787	-
	<b>6,530,499</b>	<b>3,158,693</b>	<b>1,908,867</b>	<b>962,328</b>
	=====	=====	=====	=====



**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, 2008**

**15. Revenue and cost of revenue** (continued)

	<b>Nine month period ended September 30,</b>		<b>Three month period ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
<b>Cost of revenue</b>				
Cost of goods manufactured and sold	<b>790,421</b>	589,911	<b>274,026</b>	48,425
Cost of investment properties sold	<b>634,687</b>	154,552	<b>333,950</b>	69,869
Cost of investments in securities sold	<b>2,876,182</b>	1,383,380	<b>482,642</b>	562,702
Cost of insurance income	<b>607,751</b>	449,749	<b>217,580</b>	134,093
Cost of trading	<b>461,837</b>	40,938	<b>241,070</b>	-
Fair value loss in investments held for trading	<b>126,831</b>	-	<b>126,831</b>	(16,607)
Cost of services	<b>48,209</b>	-	<b>18,957</b>	-
	<b>5,545,918</b>	2,618,530	<b>1,695,056</b>	798,482

**16. Basic earnings per share**

	<b>Nine month period ended September 30,</b>		<b>Three month period ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Profit for the period (in AED '000)	<b>611,708</b>	351,049	<b>107,948</b>	88,805
Number of shares (in thousands)	<b>1,080,000</b>	1,080,000	<b>1,080,000</b>	1,080,000
<b>Basic earnings per share (in AED)</b>	<b>0.57</b>	0.33	<b>0.10</b>	0.08

The denominator, for the purpose of calculating basic earnings per share for comparative periods in 2007, has been adjusted to reflect the capitalisation issue of 540 million bonus shares in 2008 (see Note 13).

**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, 2008**

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**17. Cash and cash equivalents**

	<b>September 30, 2008</b>	September 30, 2007
	<b>Unaudited AED '000</b>	Unaudited AED '000
Bank balances and cash	<b>381,995</b>	232,467
Less: Deposits under lien and deposits with maturity over three months	<b>( 167,999)</b>	( 136,394)
	<b>213,996</b>	96,073
	=====	=====

**18. Bank facilities**

Bank borrowings are secured by mortgage of properties and constructions financed by banks, assignment of rental income from the aforementioned properties, assignment of insurance policies, lien on fixed deposits, promissory note, hypothecation of inventories and pledge of investments in securities and subsidiary.

**19. Approval of consolidated interim financial information**

The consolidated interim financial information were approved and authorised for issue on November 12, 2008.

**20. Comparative amounts**

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