

**Gulf General Investments
Co. PSC and its subsidiaries**

Condensed consolidated interim
financial information (unaudited)
31 March 2016

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

31 March 2016

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated statement of financial position	2 - 3
Condensed consolidated statement of profit or loss	4
Condensed consolidated statement of other comprehensive income	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7 - 8
Notes to the condensed consolidated interim financial information	9 - 21



KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza Tower
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
Website: www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Gulf General Investments Co. PSC

Introduction

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of Gulf General Investments Co. PSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated statement of profit or loss for three month period ended 31 March 2016;
- the condensed consolidated statement of other comprehensive income for three month period ended 31 March 2016;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2016; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 condensed consolidated interim financial information as at 31 March 2016 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

Date: 16 MAY 2016

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position as at 31 March 2016

		31 March 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		446,008	445,139
Investment properties	6	2,436,374	2,436,303
Goodwill		11,500	11,500
Investments in associates and joint ventures	7	401,975	238,589
Investments in securities	8	79,230	80,507
Trade and other receivables	11	243,512	245,289
		<u>3,618,599</u>	<u>3,457,327</u>
Current assets			
Properties held for development and sale	9	579,387	580,562
Inventories	10	59,884	60,681
Trade and other receivables	11	1,046,836	1,179,274
Re-insurance contract assets	12	289,555	226,787
Investments in securities	8	147,620	299,325
Cash in hand and at bank	13	370,744	359,037
		<u>2,494,026</u>	<u>2,705,666</u>
Total assets		<u><u>6,112,625</u></u>	<u><u>6,162,993</u></u>

Gulf General Investments Co. PSC and its subsidiaries


Condensed consolidated statement of financial position (continued) as at 31 March 2016

		31 March 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
	<i>Note</i>		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		34,283	34,283
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(30,285)	(29,704)
Accumulated losses		(793,895)	(801,609)
Equity attributable to owners of the Company		1,046,251	1,039,118
Non-controlling interests		238,275	227,870
Total equity		1,284,526	1,266,988
Non-current liabilities			
Provision for employees' end of service benefits		35,741	37,134
Finance lease		9,725	13,547
Long term portion of term loans	17	1,409,298	1,415,983
		1,454,764	1,466,664
Current liabilities			
Insurance contract liabilities	12	541,904	479,772
Finance lease		13,416	9,594
Short term borrowings	17	1,134,731	1,232,353
Trade and other payables		1,683,284	1,707,622
		3,373,335	3,429,341
Total liabilities		4,828,099	4,896,005
Total equity and liabilities		6,112,625	6,162,993

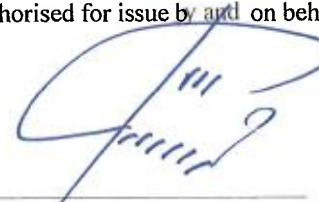
The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on

16 MAY 2016



Director



Director

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)
for the three month period ended 31 March 2016

	Note	Three month period ended 31 March	
		2016 AED '000	2015 AED '000 (Restated)*
Continuing operations			
Revenue		213,569	210,870
Cost of revenue		(136,143)	(132,618)
Gross profit		<u>77,426</u>	<u>78,252</u>
Administrative and general expenses	18	(64,571)	(51,762)
Selling and distribution expenses		(1,426)	(1,589)
Other income		16,601	2,785
Change in fair value of investment properties		-	62,309
Share of profit / (loss) in associates and joint ventures	7	12,439	(5,453)
Change in fair value of investments in securities - net	8	(1,439)	(20,015)
Finance cost		(32,976)	(25,786)
Finance income		1,996	-
Profit from continuing operation		<u>8,050</u>	<u>38,741</u>
Discontinued operations			
Profit from discontinued operations	22	-	3,226
Profit for the year		<u>8,050</u>	<u>41,967</u>
<i>Profit attributable to:</i>			
Owners of the Company		(3,477)	33,456
Non-controlling interests		11,527	8,511
		<u>8,050</u>	<u>41,967</u>
Earnings per share - Basic (AED Fils per share)		<u>(0.19)</u>	<u>1.87</u>

*Refer to note 2.3 for details.

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of other comprehensive income (unaudited)
for the three month period ended 31 March 2016

	Note	Three month period ended 31 March	
		2016 AED '000	2015 AED '000 (Restated)*
Profit for the period		8,050	41,967
Other comprehensive income:			
<i>Items that will never be reclassified to profit or loss:</i>			
Share in other comprehensive income of associates and joint ventures (fair value through other comprehensive income ("FVOCI"))	7	(1,704)	(2,270)
Change in fair value of investments in securities – net (FVOCI)	8	(515)	(919)
Other comprehensive income for the period		(2,219)	(3,189)
Total comprehensive income for the period		5,831	38,778
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		(5,696)	30,267
Non-controlling interests		11,527	8,511
Total comprehensive income for the period		5,831	38,778

*Refer to note 2.3 for details.

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of cash flows (unaudited) for the three month period ended 31 March 2016

	Note	Three month period ended 31 March	
		2016 AED '000	2015 AED '000 (Restated)*
Cash flows from operating activities			
Profit for the period		8,050	41,967
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		1,579	613
Change in fair value of investment properties		-	(62,309)
Gain on sale of investments in securities		(8)	-
Change in fair value of investments in securities		1,439	20,632
Share of (gain)/ loss from associates and joint ventures	7	(12,440)	5,453
Finance cost		32,976	27,763
Finance income		(1,996)	-
		<u>29,600</u>	<u>34,119</u>
Change in inventories		797	5,047
Change in trade and other receivables		134,215	(37,915)
Change in trade and other payables		(37,370)	108,522
Change in re-insurance contract assets		(62,768)	(29,734)
Change in insurance contract liabilities		62,132	(89,165)
Purchase of investment properties	6	(71)	(1,528)
Purchase of properties held for development and sale	9	(9,430)	(33,494)
Purchase of investments in securities		(2,385)	(1,598)
Proceeds from sale of investments in securities		770	-
Proceeds from sale of properties held for development and sale		10,604	32,170
		<u>126,094</u>	<u>(13,576)</u>
Employees' end of service benefits paid		(2,973)	-
Net cash generated from / (used in) operating activities		<u>123,121</u>	<u>(13,576)</u>
Cash flows from investing activities			
Movement in fixed deposits		(42,197)	49,908
Net movement in property, plant and equipment		(869)	3,249
Proceeds from disposal of investment in associates and joint ventures		-	48,836
Proceeds from disposal of stake in subsidiary		25,864	-
Finance income		1,996	-
		<u>(15,206)</u>	<u>101,993</u>
Cash flows from financing activities			
Dividend paid to non-controlling interests		(1,122)	(1,242)
Net movement in bank borrowings		(104,307)	(10,609)
Net movement in finance lease		-	(406)
Finance costs		(32,976)	(27,763)
Net cash used in financing activities		<u>(138,405)</u>	<u>(40,020)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(30,490)</u>	<u>48,397</u>
Cash and cash equivalents at the beginning of the period		123,226	74,940
Cash and cash equivalents at the end of the period	15	<u>92,736</u>	<u>123,337</u>

*Refer to note 2.3 for details.

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity
for the three month period ended 31 March 2016

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2015 (as previously reported)	1,791,333	28,752	7,068	37,747	(30,680)	(754,678)	1,079,542	304,886	1,384,428
Effect of changes in accounting policies (refer to note 2.3)	-	-	-	-	-	(56,668)	(56,668)	(50,251)	(106,919)
Balance at 1 January 2015 (restated)	1,791,333	28,752	7,068	37,747	(30,680)	(811,346)	1,022,874	254,635	1,277,509
Total comprehensive income for the period (unaudited)									
Profit for the period (as previously reported)	-	-	-	-	-	22,384	22,384	(1,306)	21,078
Effect of changes in accounting policies (refer to note 2.3)	-	-	-	-	-	11,072	11,072	9,817	20,889
Profit for the period (restated)	-	-	-	-	-	33,456	33,456	8,511	41,967
Other comprehensive income (restated)	-	-	-	-	(919)	(2,270)	(3,189)	-	(3,189)
Total comprehensive income (restated)	-	-	-	-	(919)	31,186	30,267	8,511	38,778
Contribution by and distribution to the owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(1,242)	(1,242)
At 31 March 2015 (unaudited) (restated)	1,791,333	28,752	7,068	37,747	(31,599)	(780,160)	1,053,141	261,904	1,315,045

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity *(continued)*
for the three month period ended 31 March 2016

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Attributable to owners of the Company AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2016 (audited)	1,791,333	34,283	7,068	37,747	(29,704)	(801,609)	1,039,118	227,870	1,266,988
Total comprehensive income for the period (unaudited)									
Profit for the period	-	-	-	-	-	(3,477)	(3,477)	11,527	8,050
Other comprehensive income	-	-	-	-	(543)	(1,704)	(2,247)	-	(2,247)
Total comprehensive income	-	-	-	-	(543)	(5,181)	(5,724)	11,527	5,803
Contribution by and distribution to the owners of the Company									
Dividend paid	-	-	-	-	-	-	-	(1,122)	(1,122)
Change in fair value of investments measured at fair value through other comprehensive income – reclassified to accumulated losses	-	-	-	-	(38)	38	-	-	-
Other movements									
Gain on disposal of a stake in a subsidiary without the change in control (refer to note 23)	-	-	-	-	-	12,857	12,857	-	12,857
At 31 March 2016 (unaudited)	<u>1,791,333</u>	<u>34,283</u>	<u>7,068</u>	<u>37,747</u>	<u>(30,285)</u>	<u>(793,895)</u>	<u>1,046,251</u>	<u>238,275</u>	<u>1,284,526</u>

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2016 as it would be effected at the year-end.

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2016 (unaudited)

1 Reporting entity

Gulf General Investments Co. PSC (“the Company”) is incorporated under Emiri Decree No. 2/73 dated 27 July 1973 as a Public Shareholding Company. The duration of the Company is ninety nine years commencing from the date of issuance of the above mentioned Emiri Decree. The registered address of the Company is P. O. Box 22588, Dubai, United Arab Emirates. The Company is listed on the Dubai Financial Market.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2016 (“the current period”) comprise the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint ventures.

The principal activities of the Group are to act as a real estate agent, manufacturing, retail trading and provision of real estate development, financial, hospitality and other services.

2 Basis of preparation

2.1 Statement of compliance

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2016 has been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘*Interim Financial Reporting*’ issued by the International Accounting Standards Board. This does not include all of the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

UAE Federal Law No. 2 of 2015 being the Commercial Companies Law (“UAE Companies Law of 2015”) was issued on 1 April 2015 and has come into force on 1 July 2015. Companies are allowed to ensure compliance with the new UAE Companies Law of 2015 by 30 June 2016 as per the transitional provisions contained therein.

2.2 Accounting estimates and judgements

In preparing these condensed consolidated interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as to those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

2.3 Restatement of prior years

As per Federal Law No 6 of 2007, relating to Establishment of Insurance Authority and regulation of Insurance operations, a new financial regulation for insurance companies was issued on 28 January 2015.

On 1 October 2015, the Group had early adopted the above directives that relates to basis of recognising technical reserves. Consequently, the Group had changed its basis for recognising Unexpired Premium Risk (“UPR”), Incurred But Not Reported claims (“IBNR”) and Unearned Commission Income from insurance contracts, relating to general insurance business.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

2 Basis of preparation (continued)

2.3 Restatement of prior years (continued)

Based on the recommendation of the actuary, the Group had retrospectively applied the change. Management believed that the change in basis provides more relevant and reliable information of the Group's consolidated financial performance and its consolidated financial position to the economic decision makers and users.

The effects of changes have been incorporated in accordance with IAS 8 - *Accounting policies, changes in Accounting Estimates and Error*, which requires the comparatives to be restated by adjusting the earliest comparative period presented and presentation of restated consolidated statement of financial position as at 1 January 2014.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2015.

4 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, equity price risk, and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015.

There has been no change in the risk management policies since the year end.

5 Liquidity risk factors

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

6 Investment properties

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Opening balance	2,436,303	2,255,341
Additions during the period/ year	71	120,026
Transfer to properties held for development and sale (refer to note 9)	-	(1,394)
Change in fair value (refer note (i) below)	-	62,330
Closing balance	2,436,374	2,436,303

- (i) During the three month period 31 March 2016, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2015.

The fair value measurement of these properties has been categorised as a Level 3 fair value based on the inputs of valuation technique used.

- (ii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.
- (iii) During the three month period ended 31 March 2016, apartments/ building and plots of land amounting to AED Nil (2015: AED 1.39 million) have been transferred from investment properties to properties held for development and sale. This transfer has been made to appropriately present the asset for its intended use.

7 Investments in associates and joint ventures

The Group's share of profit in associates and joint ventures for the three month period ended 31 March 2016 amounted to AED 12.4 million (loss for three month period ended 31 March 2015: AED 5.45 million).

During the three month period ended 31 March 2015, the Group had sold 13.38% of its investment in Union Insurance Co. PSC ("the associate") to a related party at an agreed price (refer to note 16).

As at 31 December 2015, the Group held 19% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). The Group had sold 1% of its previously held shares in Al Sagr Cooperative but due to non-payment by the counterparty, the sale transaction was cancelled in 2016. This resulted in an increase in the Group's holding percentage to 20%, thereby giving the Group significant influence over Al Sagr Cooperative. Accordingly, the Group has now reclassified the investment in Al Sagr Cooperative from investment measured at fair value through profit or loss to investment in associates (refer to note 8).

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

8 Investments in securities

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVOCI")</i>		
Opening balance	80,507	79,532
Additions during the period/ year	-	565
Disposal during the period/ year	(762)	(801)
Change in fair value during the period/ year	(515)	1,211
	<u>79,230</u>	<u>80,507</u>
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	299,325	359,190
Additions during the period/ year	2,385	-
Disposal during the period/ year	-	(39,036)
Change in fair value during the period/ year	(1,439)	(20,829)
Reclassified to investment in equity accounted investee (refer to note 7)	(152,651)	-
	<u>147,620</u>	<u>299,325</u>

Certain investments are mortgaged to banks and financial institution towards credit facilities granted to the Group.

9 Properties held for development and sale

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Opening balance	580,562	607,878
Transferred from investment properties (refer to note 6)	-	1,394
Additions during the period/ year	9,429	99,492
Disposal during the period/ year	(10,604)	(128,202)
	<u>579,387</u>	<u>580,562</u>

During the three month period ended 31 March 2016, the Directors' of the Company have reviewed the carrying value of properties held for development and sale and are of the opinion that there is no significant change in fair value of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2015. Accordingly, no write down has been recognised in profit or loss.

Properties held for development and sale also include properties transferred from investment properties pursuant to change related to intention to sell these properties.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

10 Inventories

Certain inventories along with assignment of insurance policies against those inventories are hypothecated to banks against credit facilities granted to the Group.

11 Trade and other receivables

Trade and other receivables include notes receivable that represent post-dated cheques received from the buyers of properties held for development and sale. Management has performed an impairment assessment on the future collectability of these notes receivable and accordingly has concluded that no allowance for impairment is required as these notes are expected to be realised in the normal course of business.

12 Reinsurance contract assets and insurance contract liabilities

	31 March 2016 AED '000 (Unaudited)	31 December 2015 AED '000 (Audited)
Gross		
Insurance contract liabilities		
Claims reported unsettled	236,104	243,882
Claims incurred but not reported	65,449	54,361
Unearned premium reserve	240,351	181,529
	-----	-----
Total insurance contract liabilities (gross)	541,904	479,772
	=====	=====
Recoverable from reinsurers		
Claims reported unsettled	(159,422)	(158,259)
Claims incurred but not reported	(31,265)	(24,618)
Deferred reinsurance premiums	(98,868)	(43,910)
	-----	-----
Total re-insurance contract assets	(289,555)	(226,787)
	=====	=====
Net insurance contract liabilities	252,349	252,985
	=====	=====

13 Cash in hand and at bank

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Cash in hand	4,733	7,041
Bank balances:		
- Current accounts	72,805	66,691
- Deposit accounts	293,206	285,305
	-----	-----
	370,744	359,037
	=====	=====

Deposits include fixed deposits of AED 253.3 million (2015: AED 253.3 million) held under lien (also refer to note 15) against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (2015: AED 10.3 million) deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law No. (6) of 2007 relating to Insurance Authority.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

14 Share capital

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
<i>Authorised, issued and paid up</i>		
1,791 million shares of AED 1 each paid up in cash	1,791,333 =====	1,791,333 =====

15 Cash and cash equivalents

	Three month period ended 31 March	
	2016 AED'000 (Unaudited)	2015 AED'000 (Unaudited) (Restated)
Cash in hand	4,733	4,144
Bank balances:		
- Current accounts	72,805	80,491
- Deposit accounts	293,206	321,872
	-----	-----
	370,744	406,507
<i>Less: Fixed deposits under lien/ deposits with maturity over three months</i>	(278,008)	(283,170)
	-----	-----
	92,736 =====	123,337 =====

16 Related party transactions and balances

The Group in the ordinary course of business, enters into transaction with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24. Pricing policies and terms of transactions with related parties are mutually agreed.

Significant transactions carried out with related parties during the period, other than those disclosed elsewhere in the condensed consolidated interim financial information, are as follows:

	Three month period ended 31 March	
	2016 AED'000 (Unaudited)	2015 AED'000 (Unaudited) (Restated)
Commission paid on rented properties	217	203
Purchase of services	211	1,700
Sale of properties held for development and sale	-	6,146
Funds given to a related party	138,500	-
Sale of investment in associate (refer to note 7)	-	48,836
	=====	=====
<i>Compensation to key management personnel:</i>		
Salaries and benefits	2,384 =====	2,331 =====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

16 Related party transactions and balances (continued)

Trade and other receivables include due from related parties amounting to AED 205.58 million (2015: AED 89.62 million). Refer to note 11.

Trade and other payables include due to related parties amounting to AED 401.75 million (2015: AED 402.18 million).

17 Borrowings

	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
(i) Short term		
Bank overdrafts	187,357	185,190
Trust receipts	68,184	67,809
Bills discounted and acceptances	936	1,055
Current portion of term loans (refer to note (ii) below)	878,254	978,299
	<u>(A) 1,134,731</u>	<u>1,232,353</u>
(ii) Term loans		
At 1 January	2,394,282	2,463,767
Add: availed during the year	-	2,350
Less: repaid during the period/ year	(106,730)	(71,835)
	<u>2,287,552</u>	<u>2,394,282</u>
Less: current portion of term loans	(878,254)	(978,299)
	<u>(B) 1,409,298</u>	<u>1,415,983</u>
Total borrowings	(A+B) <u>2,544,029</u>	<u>2,648,336</u>

The details of the term loans including terms of repayment, interest rate and securities provided are disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

18 Administrative and general expenses

	Three month period ended 31 March	
	2016 AED'000 (Unaudited)	2015 AED'000 (Unaudited) (Restated)
<i>These include:</i>		
Staff costs	32,545	23,725
Rent	5,589	3,852
Telephone, postal and office supplies	4,924	655
Depreciation	3,383	2,650
Legal and professional fee	1,555	3,300
Repairs and maintenance	1,233	1,090
	<u> </u>	<u> </u>

19 Financial instruments/ fair value hierarchy

(i) Financial instruments

Financial assets of the Group include investments in securities, due from related parties, re-insurance contract assets, trade and other receivables and cash in hand and at bank. Financial liabilities of the Group include borrowings, amounts due to related parties, insurance contract liabilities, trade and other payables and finance lease liabilities. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and comparative period:

	Designated as fair value through profit or loss AED' 000	Designated as fair value through other comprehensive income AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
31 March 2016					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	147,620	79,230	-	226,850	226,850
Re-insurance contract assets	-	-	289,555	289,555	289,555
Trade and other receivables	-	-	1,290,348	1,290,348	1,290,348
Cash at bank	-	-	366,010	366,010	366,010
	<u>147,620</u>	<u>79,230</u>	<u>1,945,913</u>	<u>2,172,763</u>	<u>2,172,763</u>
<i>Financial liabilities</i>					
Borrowings	-	-	2,544,029	2,544,029	2,544,029
Insurance contract liabilities	-	-	541,904	541,904	541,904
Trade and other payables	-	-	1,683,284	1,683,284	1,683,284
Finance lease liabilities	-	-	23,141	23,141	23,141
	<u>-</u>	<u>-</u>	<u>4,792,358</u>	<u>4,792,358</u>	<u>4,792,358</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(i) Financial instruments (continued)

	Designated as fair value through profit or loss AED' 000	Designated as fair value through other comprehensive income AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
31 December 2015 (Audited)					
<i>Financial assets</i>					
Investments in securities	299,325	80,507	-	379,832	379,832
Re-insurance contract assets	-	-	226,787	226,787	226,787
Trade and other receivables	-	-	1,424,563	1,424,563	1,424,563
Cash at bank	-	-	351,996	351,996	351,996
	<u>299,325</u>	<u>80,507</u>	<u>2,003,346</u>	<u>2,383,178</u>	<u>2,383,178</u>
<i>Financial liabilities</i>					
Borrowings	-	-	2,648,336	2,648,336	2,648,336
Insurance contract liabilities	-	-	479,772	479,772	479,772
Trade and other payables	-	-	1,707,622	1,707,622	1,707,622
Finance lease liabilities	-	-	23,141	23,141	23,141
	<u>-</u>	<u>-</u>	<u>4,858,871</u>	<u>4,858,871</u>	<u>4,858,871</u>

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 March 2016 (Unaudited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	69,545	-	-
Unquoted equity investments	-	-	9,685
	-----	-----	-----
	69,545	-	9,685
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	79,035	-	-
Unquoted equity investments	-	-	68,585
	-----	-----	-----
	79,035	-	68,585
	=====	=====	=====
31 December 2015 (Audited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	70,008	-	-
Unquoted equity investments	-	-	10,499
	-----	-----	-----
	70,008	-	10,499
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	230,699	-	-
Unquoted equity investments	-	-	68,626
	-----	-----	-----
	230,699	-	68,626
	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the three month period ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements (2015: Nil).

The fair value of unquoted equity investments has been determined by external, qualified and independent valuer who has experience in equity investments valuations.

20 Earnings per share

	Three month period ended 31 March	
	2016 (Unaudited)	2015 (Unaudited)
Net (loss) / profit attributable to owners of the Company (AED'000)	(3,314)	33,456
Number of shares ('000)	1,791,333	1,791,333
Earnings per share - Basic (AED Fils per share)	(0.19)	1.87

There was no dilution effect on the basic earnings per share as the Company does not have any such outstanding commitment as at the reporting date.

21 Contingent liabilities and commitments

Guarantees

The Group has issued corporate guarantees for loans and advances from commercial banks obtained by related and third parties including subsidiaries, joint ventures and associates.

Litigations

- (a) Certain claims and contingent liabilities may arise during the normal course of business. The Board of Directors review these on a regular basis as and when such claims are received and each case is treated according to its merit. Based on the terms of the relevant contract and circumstances, the Group determines if a counter claim should be lodged. Based on the opinion of the Group's independent legal counsel and information presently available, the Board of Directors have assessed that the final outcome of outstanding legal claims (initial judgement in some cases is in favour and in some cases against the Group) cannot be reliably determined considering these cases are sub-judice. Accordingly, no additional provision/ liability has been recognised as at 31 March 2016 (2015: AED Nil). The Group has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

21 Contingent liabilities and commitments (continued)

Litigations (continued)

- (b) The Group had a receivable from an associate company and advance received against sale of certain property from an entity being an SPV of this associate company. The Group had obtained an independent legal opinion from an external lawyer which confirms that the Group may have its option (at its sole decision) to commercially set-off advance with the receivable for like for like parties. The Board of Directors have reviewed the status of the legal proceedings and the above legal advice and have concluded that Group will exercise its option (at Group's sole decision) and will choose commercially to set-off the payable with the receivable as the entities involved will qualify for like for like parties. Accordingly, the Group have set off the advance received from the SPV of the associate company against the receivable from the associate company.

22 Discontinued operations

On 10 November 2015, the Company sold its entire stake in a subsidiary and accordingly reclassified the related profit or loss items to discontinued operations.

23 Segment reporting

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors based on the different sectors in which the Group operates. The Group has identified the following different sectors as its basis of segmentation:

<i>Manufacturing</i>	Includes manufacture and sale of oil, lubricants, grease, prefab houses concrete, carpentry, ovens, kitchens and central air conditioning systems.
<i>Investments</i>	Includes investments in real estate properties and equity securities.
<i>Services and others</i>	Service and other operations include writing of insurance and various other services including hospitality.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

23 Segment information (continued)

	Manufacturing		Investments *		Services and others		Inter-segment		Total	
	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Segment assets	402,138	434,608	4,375,411	4,621,876	758,749	657,852	576,327	448,657	6,112,625	6,162,993
Segment liabilities	294,327	302,435	3,125,236	3,215,024	825,977	735,929	582,559	642,617	4,828,099	4,896,005
	<u>402,138</u>	<u>434,608</u>	<u>4,375,411</u>	<u>4,621,876</u>	<u>758,749</u>	<u>657,852</u>	<u>576,327</u>	<u>448,657</u>	<u>6,112,625</u>	<u>6,162,993</u>
	<u>31 March 2016 AED'000</u>	<u>31 March 2015 AED'000 (Restated)</u>	<u>31 March 2016 AED'000</u>	<u>31 March 2015 AED'000 (Restated)</u>	<u>31 March 2016 AED'000</u>	<u>31 March 2015 AED'000 (Restated)</u>	<u>31 March 2016 AED'000</u>	<u>31 March 2015 AED'000 (Restated)</u>	<u>31 March 2016 AED'000</u>	<u>31 March 2015 AED'000 (Restated)</u>
<i>(Unaudited)</i>										
Revenue	33,037	112,805	34,785	39,935	145,747	121,711	-	-	213,569	274,451
Segment result from operations	(3,672)	2,929	16,523	55,693	28,175	(9,781)	-	-	41,026	48,841
Finance cost	(282)	(3,740)	(31,174)	(22,026)	(1,520)	(1,997)	-	-	(32,976)	(27,763)
Profit/ (loss) for the period	<u>(3,954)</u>	<u>(811)</u>	<u>(14,651)</u>	<u>33,667</u>	<u>26,655</u>	<u>(11,778)</u>	<u>-</u>	<u>-</u>	<u>8,050</u>	<u>21,078</u>

* Including discontinued operations.