

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

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2010**

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

**Consolidated Interim Financial Information and Review Report
For the Three Month Period Ended March 31, 2010**

Table of Contents

	<u>Page</u>
Report on Review of Consolidated Interim Financial Information	1
Condensed Consolidated Statement of Financial Position	2 - 3
Condensed Consolidated Statement of Income	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Changes in Equity	6 - 7
Condensed Consolidated Statement of Cash Flows	8 - 9
Notes to the Consolidated Interim Financial Information	10 - 25

Ref: 32713FS10-Mar

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 March 31, 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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

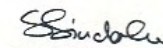
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Sharjah
May 12, 2010

For Deloitte & Touche


Saba Y. Sindaha
Partner
(Registration No. 410)

Condensed Consolidated Statement of Financial Position
At March 31, 2010
(In Thousand Arab Emirates Dirhams)


	<u>Notes</u>	<u>March 31, 2010</u> <u>Unaudited</u>	<u>December 31, 2009</u> <u>Audited</u>
ASSETS			
Current assets			
Bank balances and cash	5	373,319	367,225
Held for trading investments	6	687,496	689,826
Trade and other receivables		2,222,093	2,198,993
Re-insurance contract assets		200,112	188,708
Inventories		346,056	351,551
Development properties	7	<u>1,515,489</u>	<u>1,444,865</u>
Total current assets		<u>5,344,565</u>	<u>5,241,168</u>
Non-current assets			
Notes receivable-post date cheques		226,606	168,444
Available-for-sale investments	6	612,049	734,243
Held-to-maturity investments	6	7,954	7,954
Investments in associates	8	397,206	543,511
Goodwill		39,719	38,920
Investment properties	9	2,012,589	1,993,031
Land	10	168,241	166,130
Property, plant and equipment	11	737,930	790,890
Discontinued operations		<u>22,097</u>	<u>23,291</u>
Total non-current assets		<u>4,224,391</u>	<u>4,466,414</u>
Total Assets		<u>9,568,956</u>	<u>9,707,582</u>

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

Condensed Consolidated Statement of Financial Position (continued)
At March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Notes	March 31, 2010 Unaudited	December 31, 2009 Audited
LIABILITIES AND EQUITY			
Current liabilities			
Short term bank borrowings		841,725	1,150,532
Current portion of bank loans		1,023,141	1,224,035
Finance lease		10,451	11,575
Trade and other payables		1,779,190	1,500,200
Advance received from customers		169,656	267,103
Insurance contract liabilities		<u>337,838</u>	<u>346,338</u>
Total current liabilities		<u>4,162,001</u>	<u>4,499,783</u>
Non-current liabilities			
Due to related parties		12,767	11,768
Trade and other payables		362,040	257,343
Long term portion of bank loans		1,251,103	1,013,120
Finance lease		76,488	92,943
Provision for employees' end of service indemnity		<u>27,714</u>	<u>26,048</u>
Total non-current liabilities		<u>1,730,112</u>	<u>1,401,222</u>
Total Liabilities		<u>5,892,113</u>	<u>5,901,005</u>
Capital and reserves			
Share capital	12	1,791,333	1,791,333
Reserves	13	833,493	833,493
Cumulative change in fair value		23,584	70,444
Retained earnings		<u>671,637</u>	<u>756,693</u>
Equity attributable to owners of the parent		3,320,047	3,451,963
Non-controlling interests		<u>356,796</u>	<u>354,614</u>
Total equity		<u>3,676,843</u>	<u>3,806,577</u>
Total Liabilities and Equity		<u>9,568,956</u>	<u>9,707,582</u>

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


Majid Al Sari
Director

Condensed Consolidated Statement of Income
For the three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	<u>Notes</u>	Three Month Period	
		Ended March 31,	
		2010	2009
		Unaudited	Unaudited
Revenue	14	592,384	1,413,693
Cost of revenue	14	(568,658)	(1,260,426)
Gross profit		23,726	153,267
Other operating income		3,457	2,545
Selling and distribution expenses		(8,511)	(7,377)
General and administrative expenses		(79,852)	(49,564)
Finance cost		(20,530)	(36,120)
(Loss)/profit for the period		(81,710)	62,751
		=====	=====
Attributable to:			
Owners of the parent		(85,056)	44,291
Non-controlling interests		3,346	18,460
		(81,710)	62,751
		=====	=====
Basic (loss)/earnings per share	15	(AED 0.05)	AED 0.03
		=====	=====

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

Condensed Consolidated Statement of Comprehensive Income
For the three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
(Loss)/profit for the period	(81,710)	62,751
Other Comprehensive (loss)/income		
Gain on revaluation of available-for-sale investments in associates	3,169	-
Net loss on available-for-sale investments recognised directly in equity	(59,536)	(65,553)
Transfer to profit or loss on sale of available-for-sale investments	9,536	39,587
Board of Directors' remuneration paid	<u> -</u>	(<u>1,366</u>)
Total comprehensive (loss)/income for the period	(128,541)	35,419
	=====	=====
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(131,916)	17,387
Non-controlling interests	<u> 3,375</u>	<u> 18,032</u>
	(128,541)	35,419
	=====	=====

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 three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Reserves</u>	<u>Cumulative change in fair value</u>	<u>Retained earnings</u>	<u>Attributable to Owner's of the parent</u>	<u>Non- controlling interests</u>	<u>Total</u>
Balance at December 31, 2008 (restated) (Audited)	1,080,000	624,788	52,293	966,550	2,723,631	375,771	3,099,402
Profit for the period	-	-	-	44,291	44,291	18,460	62,751
Other comprehensive loss for the period	-	-	(25,961)	(943)	(26,904)	(428)	(27,332)
Total comprehensive income for the period	-	-	(25,961)	43,348	17,387	18,032	35,419
Transfer to reserves	-	26,500	-	(26,500)	-	-	-
Issue of bonus shares	378,000	-	-	(378,000)	-	-	-
Dividends paid	-	-	-	-	-	(966)	(966)
Funds invested	-	-	-	-	-	2,350	2,350
Other movements	-	-	-	-	-	99	99
	<u>378,000</u>	<u>26,500</u>	<u>-</u>	<u>(404,500)</u>	<u>-</u>	<u>1,483</u>	<u>1,483</u>
Balance at March 31, 2009 (Unaudited)	1,458,000	651,288	26,332	605,398	2,741,018	395,286	3,136,304
	=====	=====	=====	=====	=====	=====	=====

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 (continued)
For the three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Reserves</u>	<u>Cumulative change in fair value</u>	<u>Retained earnings</u>	<u>Attributable to Owner's of the parent</u>	<u>Non - controlling interests</u>	<u>Total</u>
Balance at December 31, 2009 (Audited)	<u>1,791,333</u>	<u>833,493</u>	<u>70,444</u>	<u>756,693</u>	<u>3,451,963</u>	<u>354,614</u>	<u>3,806,577</u>
Loss for the period	-	-	-	(85,056)	(85,056)	3,346	(81,710)
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(46,860)</u>	<u>-</u>	<u>(46,860)</u>	<u>29</u>	<u>(46,831)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(46,860)</u>	<u>(85,056)</u>	<u>(131,916)</u>	<u>3,375</u>	<u>(128,541)</u>
Other movements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,193)</u>	<u>(1,193)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,193)</u>	<u>(1,193)</u>
Balance at March 31, 2010 (Unaudited)	<u>1,791,333</u>	<u>833,493</u>	<u>23,584</u>	<u>671,637</u>	<u>3,320,047</u>	<u>356,796</u>	<u>3,676,843</u>

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

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

Condensed Consolidated Statement of Cash Flows
For the three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Cash flows from operating activities		
(Loss)/profit for the period	(81,710)	62,751
Adjustments for:		
Provision for employees' end of service indemnity	2,017	-
Loss from sale of investments in securities	73,179	61,480
Reinsurance contract assets	(11,404)	29,874
Insurance contract liabilities	(8,500)	(34,624)
Unrealised loss on investments held for trading	107	52,985
Loss from investments in associates	19,338	7,743
Finance cost	<u>20,530</u>	<u>36,120</u>
Operating cash flows before movements in working capital	13,557	216,329
Decrease in inventories	5,495	296,594
Increase in trade and other receivables	(81,262)	(191,029)
Increase/(decrease) in trade and other payables	287,239	(44,398)
Purchase of investment in securities	(6,499)	(117,385)
Purchase of investment properties	(48,836)	(2,656)
Development work-in-progress	-	(49,922)
Purchase of development properties	(41,346)	(206,349)
Proceeds from sale of investments in securities	140,625	328,140
Proceeds from sale of investment properties, development work-in-progress and development properties	<u>-</u>	<u>299,609</u>
Cash generated from operations	268,973	528,933
Employees' end of service indemnity paid	(351)	(111)
Interest paid	<u>20,530</u>	<u>36,120</u>
Net cash generated from operating activities	<u>248,092</u>	<u>492,702</u>

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

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

Condensed Consolidated Statement of Cash Flows (continued)
For the three month period ended March 31, 2010
(In Thousand Arab Emirates Dirhams)

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
Cash flows from investing activities		
Increase in fixed deposits	-	(627)
Net movement in property, plant and equipment	52,960	(59,008)
Purchase of land	(2,111)	-
Purchase of investments in associates	(2,752)	(40,313)
Increase in goodwill	(799)	-
Investment in subsidiary - discontinued operations	1,194	-
Net cash generated from/(used in) investing activities	<u>48,492</u>	<u>(99,948)</u>
Cash flows from financing activities		
Dividends paid - subsidiaries	-	(966)
Board of Directors' remuneration paid - subsidiaries	-	(1,366)
Net movement in bank loans and finance lease	19,510	(476,482)
Funds invested in non-controlling interest	-	2,350
(Decrease)/increase in short term bank borrowings	(308,807)	125,587
Non-controlling interest and other movements	(1,193)	<u>99</u>
Net cash used in financing activities	<u>(290,490)</u>	<u>(350,778)</u>
Net increase in cash and cash equivalents	6,094	41,976
Cash and cash equivalents at the beginning of the period	<u>82,259</u>	<u>54,366</u>
Cash and cash equivalents at the end of the period (see Note 18)	88,353	96,342
	=====	=====

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

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

Notes to the Consolidated Interim Financial Information
For the three month period ended March 31, 2010

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, 2009. In addition, results for the three month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

(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, 2009.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

2. Basis of preparation (continued)

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended December 31, 2009.

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. 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. 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, 2009. The Group has adopted new standards, amendments to standards, new interpretations and amendments to Interpretations which are effective for the annual periods beginning on or after January 1, 2010 in this consolidated interim financial information. The adoption of these standards and interpretations has not had material impact on the Group's accounting policies.

The accounting policies in respect of available-for-sale (AFS) investments, investment property and property and equipment disclosed in the annual audited consolidated financial statements are stated below as required by Securities and Commodities Authority notification dated October 12, 2008:

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

4. Accounting policies (continued)

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 Company 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 Company'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 'investment and other income/loss' line item in the consolidated statement of income.

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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

4. Accounting policies (continued)

Financial assets (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.

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.

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.

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 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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

4. Accounting policies (continued)

Investment in associates (continued)

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.

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.

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.

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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

4. Accounting policies (continued)

Interests in joint ventures (continued)

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.

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.

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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

5. Bank balances and cash

	March 31, 2010	December 31, 2009
	Unaudited AED '000	Audited AED '000
Cash on hand	<u>3,909</u>	<u>1,889</u>
Bank balances:		
Current accounts	58,892	55,292
Call account	554	311
Deposit accounts	<u>309,964</u>	<u>309,733</u>
	<u>369,410</u>	<u>365,336</u>
	373,319	367,225
	=====	=====
Bank balances:		
In U.A.E.	369,213	329,247
In other countries	<u>197</u>	<u>36,089</u>
	<u>369,410</u>	<u>365,336</u>
	=====	=====

6. Investments in securities

	March 31, 2010	December 31, 2009
	Unaudited AED '000	Audited AED '000
Held for trading investments		
In U.A.E.	669,689	670,516
In other countries	<u>17,807</u>	<u>19,310</u>
	<u>687,496</u>	<u>689,826</u>
	=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

6. Investments in securities (continued)

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
	Unaudited	Audited
	AED '000	AED '000
Available-for-sale investments		
In U.A.E.	554,906	668,125
In other countries	<u>57,143</u>	<u>66,118</u>
	612,049	734,243
	=====	=====
Held-to-maturity investments		
In U.A.E.	7,954	7,954
	=====	=====

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.

	<u>2010</u>	<u>2009</u>
	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 three month period	(<u>1,957</u>)	(<u>5,185</u>)
Fair value of reclassified investments		
at the end of the period	12,197	31,423
	=====	=====

As a result of the above reclassification, the net loss for the period ended March 31, 2010 has decreased by AED 1,957 thousand (Three month period ended March 31, 2009: net profit increased by AED 5,185 thousand).

7. Development properties

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

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

8. Investments in associates

	March 31, 2010	December 31, 2009
	Unaudited AED '000	Audited AED '000
In U.A.E.	160,961	386,630
In other countries	<u>236,245</u>	<u>156,881</u>
	<u>397,206</u>	<u>543,511</u>
	=====	=====

9. Investment properties

	March 31, 2010	December 31, 2009
	Unaudited AED '000	Audited AED '000
In U.A.E.	1,954,977	1,935,419
In other countries	<u>57,612</u>	<u>57,612</u>
	<u>2,012,589</u>	<u>1,993,031</u>
	=====	=====

10. Land

	March 31, 2010	December 31, 2009
	Unaudited AED '000	Audited AED '000
In U.A.E.	<u>168,241</u>	<u>166,130</u>
	=====	=====

11. Property, plant and equipment

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

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

12. Share capital

	March 31, 2010	December 31, 2009
	Unaudited	Audited
	AED '000	AED '000
Issued and fully paid:		
1,791 million ordinary shares of AED 1 each (December 31, 2009: 1,791 million ordinary shares of AED 1 each)	1,791,333	1,791,333
	=====	=====

13. Reserves

	Statutory reserve	Additional reserve	Land revaluation reserve	Total
	AED '000	AED '000	AED '000	AED '000
Balance, at December 31, 2008 - (Audited)	262,612	243,171	119,005	624,788
Net movement	-	26,500	-	26,500
Balance, at March 31, 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	-	-	-	-
Balance, at March 31, 2010 - (Unaudited)	450,298	264,190	119,005	833,493
	=====	=====	=====	=====
				=

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

14. Revenue and cost of revenue

	Three Month Period	
	Ended March 31,	
	2010	2009
	Unaudited	Unaudited
	AED '000	AED '000
Revenue		
Sale of goods manufactured	292,175	284,805
Sale of development properties, development work-in-progress and investment properties	-	503,985
Sales of investments in securities	140,625	328,140
Insurance income	90,693	96,214
Trading income	30,457	135,258
Share of loss in associates	(19,338)	(7,743)
Rental income	13,625	11,462
Dividend and interest income	12,883	17,299
Service income	31,264	44,273
	592,384	1,413,693
	=====	=====
Cost of revenue		
Cost of goods manufactured and sold	242,476	232,482
Cost of development properties, investment properties Development work-in-progress sold	-	299,609
Cost of investments in securities sold	213,804	389,620
Cost of insurance income	71,400	66,875
Cost of trading	34,352	191,673
Fair value loss on held for trading investments	107	52,985
Cost of services	6,519	27,182
	568,658	1,260,426
	=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

15. Basic (loss)/earnings per share

	Three Month Period	
	Ended March 31,	
	<u>2010</u>	<u>2009</u>
	Unaudited	Unaudited
(Loss)/profit for the period (in AED '000)	(85,056)	44,291
	=====	=====
Number of shares (in thousands)	1,791,333	1,528,028
	=====	=====
Basic (loss)/earnings per share (in AED)	(0.05)	0.03
	=====	=====

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.

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

16. Segment information

	<u>Manufacturing</u>		<u>Investments</u>		<u>Services and others</u>		<u>Total</u>	
	<u>March 31, 2010</u>	March 31, 2009	<u>March 31, 2010</u>	March 31, 2009	<u>March 31, 2010</u>	March 31, 2009	<u>March 31, 2010</u>	March 31, 2009
	<u>Unaudited AED '000</u>	Unaudited AED '000	<u>Unaudited AED '000</u>	Unaudited AED '000	<u>Unaudited AED '000</u>	Unaudited AED '000	<u>Unaudited AED '000</u>	Unaudited AED '000
Income								
Total income	<u>292,175</u>	284,805	<u>147,795</u>	849,424	<u>152,414</u>	279,464	<u>592,384</u>	1,413,693
Result								
Segment result	<u>49,699</u>	40,123	(66,116)	97,010	<u>40,143</u>	16,134	<u>23,726</u>	153,267
Unallocated general expenses	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	(<u>108,893</u>)	(93,061)
Operating (loss)/profit	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	(<u>85,167</u>)	60,206
Other income	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>3,457</u>	2,545
Net (loss)/profit from operations							(<u>81,710</u>)	62,751
Non controlling interest							(<u>3,346</u>)	(18,460)
Net (loss)/profit for the period							(<u>85,056</u>)	44,291

Dubai - United Arab Emirates

Notes to the Consolidated Interim Financial Information (continued) For the three month period ended March 31, 2010

16. Segment information (continued)

	<u>Manufacturing</u>		<u>Investments</u>		<u>Services and others</u>		<u>Total</u>	
	<u>March 31, 2010</u>	December 31, 2009	<u>March 31, 2010</u>	December 31, 2009	<u>March 31, 2010</u>	December 31, 2009	<u>March 31, 2010</u>	December 31, 2009
	<u>Unaudited</u>	Audited	<u>Unaudited</u>	Audited	<u>Unaudited</u>	Audited	<u>Unaudited</u>	Audited
	<u>AED '000</u>	AED '000	<u>AED '000</u>	AED '000	<u>AED '000</u>	AED '000	<u>AED '000</u>	AED '000
Total assets								
Segment assets	<u>688,532</u>	618,804	<u>4,988,206</u>	5,374,287	<u>2,315,472</u>	1,751,306	<u>7,992,210</u>	7,744,397
Unallocated corporate assets							<u>1,576,746</u>	1,963,185
Consolidated total assets							<u>9,568,956</u>	9,707,582
							=====	=====
Total liabilities								
Segment liabilities	<u>711,946</u>	293,031	<u>2,795,918</u>	3,338,503	<u>1,456,742</u>	816,598	<u>4,964,606</u>	4,448,132
Unallocated corporate liabilities							<u>927,507</u>	1,452,873
							<u>5,892,113</u>	5,901,005
							=====	=====

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

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. There is no impact on results for period ended March 31, 2009 and 2010.

18. Cash and cash equivalents

	March 31,	
	<u>2010</u>	<u>2009</u>
	Unaudited	Unaudited
	AED '000	AED '000
Bank balances and cash	373,319	319,983
Less: Deposits under lien and deposits with maturity over three months	(284,966)	(223,641)
	88,353	96,342
	=====	=====

19. 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.

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

Notes to the Consolidated Interim Financial Information (continued)
For the three month period ended March 31, 2010

20. Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue on May 12, 2010.