

Gulf General Investments  
Co. PSC and its subsidiaries

Condensed consolidated interim  
financial information (unaudited)  
*31 March 2015*



# Gulf General Investments Co. PSC and its subsidiaries

## Condensed consolidated interim financial information (unaudited)

31 March 2015

<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 - 20





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## **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 2015 condensed consolidated interim financial information of Gulf General Investments Co. PSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2015;
- the condensed consolidated statement of profit or loss for three month period ended 31 March 2015;
- the condensed consolidated statement of other comprehensive income for three month period ended 31 March 2015;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2015; 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 2015 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

13 MAY 2015



# Gulf General Investments Co. PSC and its subsidiaries

## Condensed consolidated statement of financial position as at 31 March 2015

		31 March 2015 AED '000 (Unaudited)	31 December 2014 AED '000 (Audited)
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		447,323	450,572
Investment properties	6	2,317,784	2,255,341
Goodwill		11,500	11,500
Investments in associates and joint ventures	7	244,952	301,511
Investments in securities	8	78,613	79,532
Trade and other receivables	11	341,001	352,343
		<u>3,441,173</u>	<u>3,450,799</u>
<b>Current assets</b>			
Properties held for development and sale	9	610,596	607,878
Inventories	10	89,191	94,238
Due from related parties	15	225,650	189,626
Trade and other receivables	11	824,520	811,287
Re-insurance contract assets		194,470	192,139
Investments in securities	8	340,156	359,190
Cash in hand and at bank	12	406,507	408,018
		<u>2,691,090</u>	<u>2,662,376</u>
<b>Total assets</b>		<u>6,132,263</u>	<u>6,113,175</u>

The accompanying notes 1 to 21 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 financial position (continued)

as at 31 March 2015

		31 March 2015 AED '000 (Unaudited)	31 December 2014 AED '000 (Audited)
	Note		
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	13	1,791,333	1,791,333
Legal reserve		28,752	28,752
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		(31,599)	(30,680)
Accumulated losses		(734,564)	(754,678)
<b>Equity attributable to owners of the Company</b>		<b>1,098,737</b>	<b>1,079,542</b>
Non-controlling interests		302,338	304,886
<b>Total equity</b>		<b>1,401,075</b>	<b>1,384,428</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		37,473	36,860
Finance lease		15,941	15,941
Long term portion of borrowings	16	2,171,270	2,172,229
Trade and other payables		273,825	278,933
		<b>2,498,509</b>	<b>2,503,963</b>
<b>Current liabilities</b>			
Due to related parties	15	394,875	447,332
Insurance contract liabilities		371,325	360,082
Finance lease		8,016	8,422
Short term borrowings	16	625,819	635,469
Trade and other payables		832,644	773,479
		<b>2,232,679</b>	<b>2,224,784</b>
<b>Total liabilities</b>		<b>4,731,188</b>	<b>4,728,747</b>
<b>Total equity and liabilities</b>		<b>6,132,263</b>	<b>6,113,175</b>

The accompanying notes 1 to 21 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

 13 MAY 2015

Mohamed Abdalla Alsari  
Managing 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 2015

		Three month period ended 31 March	
	Note	2015 AED '000	2014 AED '000
<b>Revenue</b>		<b>274,451</b>	<b>345,080</b>
Cost of sales		(203,430)	(274,531)
<b>Gross profit</b>		<b>71,021</b>	<b>70,549</b>
Administrative and general expenses	17	(56,055)	(58,286)
Selling and distribution expenses		(5,145)	(5,003)
Other income		2,796	8,126
Change in fair value of investments in securities - net	8	(20,632)	29,629
Gain on sale of investment in securities		-	6,128
Change in fair value of available-for-sale investments reclassified to statement of profit or loss on disposal		-	(1,601)
Change in fair value of investment properties	6	62,309	-
Finance cost		(27,763)	(26,134)
Share of loss in associates and joint ventures	7	(5,453)	(488)
<b>Profit for the period</b>		<b>21,078</b>	<b>22,920</b>
<i>Profit attributable to:</i>			
Owners of the Company		22,384	6,834
Non-controlling interests		(1,306)	16,086
		<b>21,078</b>	<b>22,920</b>
<b>Earnings per share - Basic (AED Fils per share)</b>	19	<b>1.2</b>	<b>0.4</b>

The accompanying notes 1 to 21 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 2015

	Note	Three month period ended 31 March	
		2015 AED '000	2014 AED '000
Profit for the period		21,078	22,920
<b>Other comprehensive income:</b>			
<i>Items that will never be reclassified to consolidated income statement:</i>			
Share in other comprehensive income of associates and joint ventures	7	(2,270)	-
Change in fair value of investments in securities – net (FVOCI)	8	(919)	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value of investments in securities - net	8	-	(650)
Change in fair value of investments in securities – reclassified to statement of profit or loss on disposal		-	1,601
<b>Other comprehensive income for the period</b>		<b>(3,189)</b>	<b>951</b>
<b>Total comprehensive income for the period</b>		<b>17,889</b>	<b>23,871</b>
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		19,195	7,785
Non-controlling interests		(1,306)	16,086
<b>Total comprehensive income for the period</b>		<b>17,889</b>	<b>23,871</b>

The accompanying notes 1 to 21 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 2015

		Three month period ended 31 March	
	Note	2015 AED '000	2014 AED '000
<b>Operating activities</b>			
Profit for the period		21,078	22,920
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		613	1,678
Change in fair value of investment properties		(62,309)	
Gain on sale of investments in securities		-	(6,128)
Change in fair value of investments in securities		20,632	(29,629)
Change in fair value of investments in securities – reclassified to statement of profit or loss on disposal		-	1,601
Loss on sale of properties held for development and sale		-	1,997
Share of loss in associates and joint ventures	7	5,453	488
Finance cost		27,763	26,134
		<u>13,230</u>	<u>19,061</u>
Change in inventories		5,047	4,035
Change in trade and other receivables		(1,891)	184,600
Change in due from related parties		(36,024)	30,991
Change in trade and other payables		54,057	(171,104)
Change in due to related parties		(52,457)	57,163
Change in reinsurance contract assets		(2,331)	(1,080)
Change in insurance contract liabilities		11,243	(1,713)
Purchase of investment properties	6	(1,528)	(2,289)
Purchase of properties held for development and sale	9	(33,494)	(15,093)
Purchase of investments in securities		(1,598)	(18,228)
Proceeds from sale of investments in securities		-	50,705
Proceeds from sale of properties held for development and sale		32,170	-
Proceeds from sale of investment property		-	68,003
<b>Net cash (used in)/ generated from operating activities</b>		<u>(13,576)</u>	<u>205,051</u>
<b>Investing activities</b>			
Change in fixed deposits		49,908	15,667
Net movement in property, plant and equipment		3,249	7,429
Proceeds from sale of investment in associates and joint ventures		48,836	-
<b>Net cash generated from investing activities</b>		<u>101,993</u>	<u>23,096</u>
<b>Financing activities</b>			
Dividend paid to non-controlling interests		(1,242)	(1,433)
Net movement in bank borrowings		(10,609)	(155,044)
Net movement in finance lease		(406)	(2,247)
Interest paid		(27,763)	(26,134)
<b>Net cash used in financing activities</b>		<u>(40,020)</u>	<u>(184,858)</u>
<b>Net increase in cash and cash equivalents</b>		<u>48,397</u>	<u>43,289</u>
Cash and cash equivalents at the beginning of the period		74,940	52,547
<b>Cash and cash equivalents at the end of the period</b>	14	<u>123,337</u>	<u>95,836</u>

The accompanying notes 1 to 21 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 2015

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of available for sale investments 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 2014 (audited)	1,791,333	7,068	7,068	37,747	(109,171)	-	(739,916)	994,129	299,265	1,293,394
Total comprehensive income for the period (unaudited)										
Profit for the period	-	-	-	-	-	-	6,834	6,834	16,086	22,920
Other comprehensive income	-	-	-	-	951	-	-	951	-	951
Total comprehensive income	-	-	-	-	951	-	6,834	7,785	16,086	23,871
Contribution by and distribution to the owners of the Company										
Dividend paid	-	-	-	-	-	-	-	-	(1,433)	(1,433)
At 31 March 2014 (unaudited)	1,791,333	7,068	7,068	37,747	(108,220)	-	(733,082)	1,001,914	313,918	1,315,832



# Gulf General Investments Co. PSC and its subsidiaries

## Condensed consolidated statement of changes in equity (continued) for the three month period ended 31 March 2015

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of available for sale investments 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 (audited)	1,791,333	28,752	7,068	37,747	-	(30,680)	(754,678)	1,079,542	304,886	1,384,428
Total comprehensive income for the period (unaudited)										
Profit for the period	-	-	-	-	-	-	22,384	22,384	(1,306)	21,078
Other comprehensive income	-	-	-	-	-	(919)	(2,270)	(3,189)	-	(3,189)
Total comprehensive income	-	-	-	-	-	(919)	20,114	19,195	(1,306)	17,889
Contribution by and distribution to the owners of the Company										
Dividend paid	-	-	-	-	-	-	-	-	(1,242)	(1,242)
At 31 March 2015 (unaudited)	1,791,333	28,752	7,068	37,747	-	(31,599)	(734,564)	1,098,737	302,338	1,401,075

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2015 as it would be effected at the year-end.

The accompanying notes 1 to 21 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 2015 (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 2015 ("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

#### *Statement of compliance*

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2015 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 2014.

#### *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 to the consolidated financial statements of the Group as at and for the year ended 31 December 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 2014.

# Gulf General Investments Co. PSC and its subsidiaries

## Notes (continued)

### 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 2014.

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.

### 6 Investment properties

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Opening balance	2,255,341	2,280,852
Additions during the period/ year	1,528	8,878
Transfer from property, plant and equipment	-	238,670
Transfer to investment in associate	-	(17,000)
Transfer to properties held for development and sale (refer to note 9)	(1,394)	(385,126)
Change in fair value (refer note (i) below)	62,309	129,067
Closing balance	<u>2,317,784</u>	<u>2,255,341</u>

- (i) During the three month period ended 31 March 2015, based on the valuation of certain properties determined by external, qualified and independent Chartered Surveyors and Property Consultants in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (January 2014 Edition) and the International Valuation Standards Council (IVSC) International Valuations Standards (2013 Edition), Directors of the Company are of the opinion that the fair value of the investment properties exceeds its carrying value by AED 62.30 million which has been recognised as a fair value gain in profit or loss.

For the remaining properties, the Directors' of the Company are of the opinion that there is no significant change in fair value of these investment properties as compared to the previous valuation carried out as at 31 December 2014.

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

# Gulf General Investments Co. PSC and its subsidiaries

## Notes (continued)

### 6 Investment properties (continued)

- (ii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.
- (iii) During the three month period ended 31 March 2015, apartments/ building and plots of land amounting to AED 1.39 million (2014: AED 385.12 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 loss in associates and joint ventures for the three month period ended 31 March 2015 amounted to AED 5.45 million (three month period ended 31 March 2014: AED 0.5 million).

During the three month period ended 31 March 2015, the Group has sold 13.38% of its investment in Union Insurance Co. PSC ("the associate") to a related party (refer note 15) at an agreed price.

### 8 Investments in securities

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVOCI")</i>		
Opening balance	79,532	-
Reclassified from available-for-sale investments	-	183,880
Additions during the period/ year	-	18,286
Disposal during the period/ year	-	(57,674)
Change in fair value during the period/ year	(919)	(1,180)
Reclassified to investment in associates and joint ventures	-	(63,780)
Closing balance	<u>78,613</u>	<u>79,532</u>
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	359,190	-
Reclassified from held to maturity investments	-	6,698
Reclassified from held for trading investments	-	386,865
Additions during the period/ year	1,598	88,508
Disposal during the period/ year	-	(113,182)
Change in fair value of option (refer note below)	(35,000)	-
Change in fair value during the period/ year	14,368	37,620
Reclassified to investment in in associates and joint ventures	-	(47,319)
Closing balance	<u>340,156</u>	<u>359,190</u>

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

During the previous year, the Group had entered into an arrangement with a third party to sell its entire holdings in one of its overseas listed investments classified as FVTPL ("Put option"). The option has expired subsequent to the period end and has not been exercised, consequently the management has valued the fair value of option at Nil and a market to market loss has been recognized through profit or loss.

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 9 Properties held for development and sale

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Opening balance	607,878	409,982
Transferred from investment properties (refer to note 6)	1,394	385,126
Additions during the period/ year	33,494	146,348
Disposal during the period/ year	(32,170)	(328,578)
Write down to net realisable value	-	(5,000)
Closing balance	<u>610,596</u>	<u>607,878</u>

During the three month period ended 31 March 2015, 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 2014. Accordingly, no allowance for impairment 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.

## 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 which 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 cheques are expected to be realised in the normal course of business.

## 12 Cash in hand and at bank

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Cash in hand	4,144	2,394
Cash at bank		
- in current accounts	80,491	58,442
- in fixed deposits	321,872	347,182
	<u>406,507</u>	<u>408,018</u>

Fixed deposits include AED 283.17 million (2014: AED 317 million) held under lien (also refer to note 14) against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (2014: AED 10.3 million) maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and is not available to finance day to day operations of the Group.



# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 13 Share capital

	31 March 2015 AED'000 (Unaudited)	31 December 2014 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

## 14 Cash and cash equivalents

	Three month period ended 31 March	
	2015 (Unaudited) AED'000	2014 (Unaudited) AED'000
Cash in hand	4,144	2,461
Cash at bank		
- in current accounts	80,491	93,375
- in fixed deposits	321,872	315,139
	406,507	410,975
<i>Less:</i>		
Fixed deposits with maturity over three months	(283,170)	(315,139)
	123,337	95,836

## 15 Transactions with related parties

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	
	2015 (Unaudited) AED'000	2014 (Unaudited) AED'000
Purchase of services	1,700	585
Sale of properties held for development and sale	6,146	-
Sale of investment in associate (refer note 7)	48,836	-
<i>Compensation to key management personnel:</i>		
Salaries and benefits	2,331	2,506

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 15 Transactions with related parties (continued)

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<b>Due from related parties</b>		
Associates and joint ventures	35,042	12,123
Other related parties	190,608	177,503
	<u>225,650</u>	<u>189,626</u>
<b>Due to related parties</b>		
Associates and joint ventures	94,435	86,744
Other related parties	300,440	360,588
	<u>394,875</u>	<u>447,332</u>

## 16 Borrowings

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<b>(i) Short term</b>		
Bank overdrafts	273,344	275,231
Trust receipts	68,548	68,700
Current portion of term loans (refer to note (ii) below)	283,927	291,538
	<u>A 625,819</u>	<u>635,469</u>
<b>(ii) Term loans</b>		
At 1 January	2,463,767	2,798,061
Less: repaid during the period/ year	(8,570)	(334,294)
	<u>2,455,197</u>	<u>2,463,767</u>
At 31 December	2,455,197	2,463,767
Less: current portion of term loans	(283,927)	(291,538)
	<u>B 2,171,270</u>	<u>2,172,229</u>
Long term portion of term loans	B 2,171,270	2,172,229
Total borrowings	<u>A+B 2,797,089</u>	<u>2,807,698</u>

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 16 Borrowings (continued)

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<i>Total borrowings comprise of:</i>		
Restructured loan	2,281,172	2,288,481
Other borrowings	515,917	519,217
	<u>2,797,089</u>	<u>2,807,698</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 2014.

## 17 Administrative and general expenses

	Three month period ended 31 March	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<i>These include:</i>		
Staff costs	25,112	26,393
Rent	3,960	4,564
Legal and professional fee	3,326	5,712
Depreciation	3,316	6,047
Repairs and maintenance	1,090	2,376
Telephone, postal and office supplies	772	702
	<u>772</u>	<u>702</u>

## 18 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:

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 18 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
<b>31 March 2015</b>					
<b>(Unaudited)</b>					
<i>Financial assets</i>					
Investments in securities	340,156	78,613	-	418,769	479,769
Due from related parties	-	-	225,650	225,650	225,650
Re-insurance contract assets	-	-	194,470	194,470	194,470
Trade and other receivables	-	-	1,165,521	1,165,521	1,165,521
Cash in hand and at bank	-	-	406,507	406,507	406,507
	<u>340,156</u>	<u>78,613</u>	<u>1,992,148</u>	<u>2,410,917</u>	<u>2,410,917</u>
<i>Financial liabilities</i>					
Long term portion of borrowings	-	-	2,171,270	2,171,270	2,171,270
Due to related parties	-	-	394,875	394,875	394,875
Insurance contract liabilities	-	-	371,325	371,325	371,325
Trade and other payables	-	-	1,106,469	1,106,469	1,106,469
Short term borrowings	-	-	625,819	625,819	625,819
Finance lease liabilities	-	-	23,957	23,957	23,957
	<u>-</u>	<u>-</u>	<u>4,693,715</u>	<u>4,693,715</u>	<u>4,693,715</u>
<b>31 December 2014</b>					
<b>(Audited)</b>					
<i>Financial assets</i>					
Investments in securities	359,190	79,532	-	418,722	418,722
Due from related parties	-	-	189,626	189,626	189,626
Re-insurance contract assets	-	-	192,139	192,139	192,139
Trade and other receivables	-	-	1,163,630	1,163,630	1,163,630
Cash in hand and at bank	-	-	408,018	408,018	408,018
	<u>359,190</u>	<u>79,532</u>	<u>1,953,413</u>	<u>2,392,135</u>	<u>2,392,135</u>
<i>Financial liabilities</i>					
Long term portion of borrowings	-	-	2,172,229	2,172,229	2,172,229
Due to related parties	-	-	447,332	447,332	447,332
Insurance contract liabilities	-	-	360,082	360,082	360,082
Trade and other payables	-	-	1,052,412	1,052,412	1,052,412
Short term borrowings	-	-	635,469	635,469	635,469
Finance lease liabilities	-	-	24,363	24,363	24,363
	<u>-</u>	<u>-</u>	<u>4,691,887</u>	<u>4,691,887</u>	<u>4,691,887</u>

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 18 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
<b>31 March 2015</b>			
<i>(Unaudited)</i>			
<i>Financial assets</i>			
<b>Investments measured at fair value through other comprehensive income</b>			
Quoted equity investments	65,993	-	-
Unquoted equity investments	-	-	12,620
	<u>65,993</u>	<u>-</u>	<u>12,620</u>
<b>Investments measured at fair value through profit or loss</b>			
Quoted equity investments	276,645	-	-
Unquoted equity investments	-	-	63,511
	<u>276,645</u>	<u>-</u>	<u>63,511</u>

# Gulf General Investments Co. PSC and its subsidiaries

Notes (continued)

## 18 Financial instruments/ fair value hierarchy (continued)

### (ii) Fair value hierarchy (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2014 (Audited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	67,268	-	-
Unquoted equity investments	-	-	12,264
	<u>67,268</u>	<u>-</u>	<u>12,264</u>
Investments measured at fair value through profit or loss			
Quoted equity investments	257,745	-	35,000
Unquoted equity investments	-	-	66,445
	<u>257,745</u>	<u>-</u>	<u>101,445</u>

During the three month period ended 31 March 2015 (2014: Nil), 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.

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

## 19 Earnings per share

	Three month period ended 31 March	
	2015 (Unaudited)	2014 (Unaudited)
Net profit attributable to owners of the Company (AED'000)	<u>22,384</u>	<u>6,834</u>
Number of shares outstanding ('000)	<u>1,791,333</u>	<u>1,791,333</u>
Earnings per share - Basic (AED Fils per share)	<u>1.2</u>	<u>0.4</u>

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.

# Gulf General Investments Co. PSC and its subsidiaries

## Notes (continued)

### 20 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 2015 (2014: 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.
- (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.

### 21 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)

## 21. Segment information (continued)

	Manufacturing		Investments		Services and others		Inter-segment		Total	
	31 March 2015 AED'000	31 March 2014 AED'000	31 March 2015 AED'000	31 March 2014 AED'000	31 March 2015 AED'000	31 March 2014 AED'000	31 March 2015 AED'000	31 March 2014 AED'000	31 March 2015 AED'000	31 March 2014 AED'000
<i>(Unaudited)</i>										
Segment assets	555,979	555,216	4,326,413	4,433,211	617,717	630,873	632,154	498,910	6,132,263	6,118,210
Segment liabilities	406,502	410,119	2,993,440	3,065,225	594,867	554,280	736,379	772,755	4,731,188	4,802,379
Revenue	112,805	101,123	39,935	83,467	121,711	160,490	-	-	274,451	345,080
Segment result from operations	2,929	6,329	55,693	28,514	(9,781)	14,211	-	-	48,841	49,054
Finance cost	(3,740)	(6,500)	(22,026)	(19,634)	(1,997)	-	-	-	(27,763)	(26,134)
Profit/ (loss) for the period	(811)	(171)	33,667	8,880	(11,778)	14,211	-	-	21,078	22,920