GULF GENERAL INVESTMENTS CO. (P.S.C.)
AND SUBSIDIARIES

Review report and consolidated interim financial information for the period ended 30 June 2013

GULF GENERAL INVESTMENTS CO. (P.S.C.) AND SUBSIDIARIES

Contents

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REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors
Gulf General Investments Co. (P.S.C.)
Dubai - United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Gulf General Investments Co. (P.S.C.) (the "Parent Company") and its Subsidiaries (together the "Group"), Dubai, United Arab Emirates**, as at 30 June 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months 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.

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386
14 August 2013

Condensed consolidated statement of financial position
At 30 June 2013

	Notes	30 June 2013 (unaudited) AED '000	31 December 2012 (audited) AED '000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**700,643**	821,798
Investment properties		**2,005,328**	2,082,591
Goodwill		**13,364**	34,220
Investments in associates		**160,262**	158,953
Held-to-maturity investments		**6,800**	6,800
Available-for-sale investments		**199,574**	195,433
Notes receivable-post dated cheques		**361,729**	305,896
Total non-current assets		**3,447,700**	3,605,691
Current assets			
Development properties		**701,217**	706,086
Inventories		**152,420**	233,175
Due from related parties		**181,392**	188,710
Re-insurance contract assets		**184,709**	112,575
Trade and other receivables		**872,804**	914,777
Held for trading investments		**462,497**	456,222
Bank balances and cash	4	**396,703**	368,302
Total current assets		**2,951,742**	2,979,847
Total assets		**6,399,442**	6,585,538

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

Condensed consolidated statement of financial position
At 30 June 2013 (continued)

	Notes	30 June 2013 (unaudited) AED '000	31 December 2012 (audited) AED '000 (Restated)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	**1,791,333**	1,791,333
Reserves	6	**37,747**	37,747
Cumulative change in fair value		**(143,724)**	(151,703)
Accumulated losses		**(760,368)**	(796,455)
Equity attributable to Owners of the parent		**924,988**	880,922
Non-controlling interests		**317,753**	364,587
Net equity		**1,242,741**	1,245,509
Non-current liabilities			
Provision for employees' end of service indemnity		**31,504**	33,632
Finance lease		**26,500**	38,536
Long term portion of bank loans	7	**2,691,027**	2,692,891
Trade and other payables		**257,040**	257,040
Total non-current liabilities		**3,006,071**	3,022,099
Current liabilities			
Due to related parties		**313,060**	274,749
Insurance contract liabilities		**336,063**	247,322
Advance received from customers		**215,822**	236,103
Trade and other payables		**714,396**	829,287
Finance lease		**14,445**	15,705
Current portion of bank loans	7	**224,277**	270,224
Short term bank borrowings	7	**332,567**	444,540
Total current liabilities		**2,150,630**	2,317,930
Total liabilities		**5,156,701**	5,340,029
Total equity and liabilities		**6,399,442**	6,585,538

Majid Al Sari
Vice Chairman

Mohammed Al Sari
Managing Director

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

Condensed consolidated statement of income (unaudited)
for the period ended 30 June 2013

		Three months period ended 30 June		Six months period ended 30 June	
	Notes	**2013** **AED '000**	2012 AED '000 (Restated)	**2013** **AED '000**	2012 AED '000 (Restated)
Revenue	8	**371,390**	520,402	**902,246**	989,893
Cost of revenue	8	**(295,481)**	(442,651)	**(708,929)**	(806,138)
Gross profit		**75,909**	77,751	**193,317**	183,755
(Loss)/gain on change in fair value of held for trading investments		**(2,950)**	(14,484)	**8,709**	(26,621)
Other operating income/(loss)		**6,095**	(1,472)	**12,555**	10,564
Selling and distribution expenses		**(6,322)**	(5,519)	**(13,158)**	(11,094)
General and administrative expenses		**(55,187)**	(71,910)	**(114,979)**	(128,317)
Share of (loss)/profit in associates and joint controlled entities		**(1,479)**	1,476	**(1,708)**	903
Gain recognised on disposal of interest in former subsidiary	9	**41,914**	-	**41,914**	-
Finance cost		**(32,507)**	(33,360)	**(68,328)**	(71,116)
Profit/(loss) for the period		**25,473**	(47,518)	**58,322**	(41,926)
Attributable to:					
Owners of the parent		**25,165**	(54,986)	**36,087**	(56,401)
Non-controlling interests		**308**	7,468	**22,235**	14,475
		25,473	(47,518)	**58,322**	(41,926)
Basic earnings/(loss) per share	10	**0.01**	(0.03)	**0.02**	(0.03)

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

Condensed consolidated statement of comprehensive income (unaudited) for the period ended 30 June 2013

	Three months period ended 30 June		Six months period ended 30 June	
	2013	2012	**2013**	2012
	AED '000	AED '000	**AED '000**	AED '000
Profit/(loss) for the period	**25,473**	(47,518)	**58,322**	(41,926)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Net gain/(loss) on available-for-sale investments recognised directly in equity	**12,657**	(9,635)	**6,302**	(30,448)
Loss on revaluation of available-for -sale investments in associates	**-**	(662)	**-**	(662)
Items that will not be reclassified subsequently to profit or loss				
Transfer to profit or loss on sale of available-for-sale investments	**(619)**	21,256	**1,677**	22,005
Other comprehensive income/(loss) for the period	**12,038**	10,959	**7,979**	(9,105)
Total comprehensive income/(loss) for the period	**37,511**	(36,559)	**66,301**	**(51,031)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent	**37,203**	(44,021)	**44,066**	(65,430)
Non-controlling interests	**308**	7,462	**22,235**	14,399
	37,511	(36,559)	**66,301**	(51,031)

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

Condensed consolidated statement of changes in equity for the period ended 30 June 2013

	Share capital AED '000	Reserves AED '000	Cumulative change in fair value AED '000	Accumulated losses AED '000	Attributable to Owners of the parent AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 31 December 2011 (audited)	1,791,333	569,303	(61,902)	(1,000,331)	1,298,403	339,646	1,638,049
Loss for the period	-	-	-	(56,401)	(56,401)	14,475	(41,926)
Other comprehensive loss for the period	-	-	(9,029)	-	(9,029)	(76)	(9,105)
Total comprehensive loss for the period	-	-	(9,029)	(56,401)	(65,430)	14,399	(51,031)
Dividends paid by subsidiaries	-	-	-	-	-	(7,701)	(7,701)
Transfer from statutory reserve (Note 6)	-	(450,298)	-	450,298	-	-	-
Funds invested	-	-	-	-	-	98	98
Balance at 30 June 2012 (unaudited)	1,791,333	119,005	(70,931)	(606,434)	1,232,973	346,442	1,579,415
Balance at 31 December 2012 (audited)	1,791,333	37,747	(151,703)	(796,455)	880,922	364,587	1,245,509
Loss for the period	-	-	-	36,087	36,087	22,235	58,322
Other comprehensive income for the period	-	-	7,979	-	7,979	-	7,979
Total comprehensive income for the period	-	-	7,979	36,087	44,066	22,235	66,301
Disposal of a subsidiary	-	-	-	-	-	(57,230)	(57,230)
Dividend paid	-	-	-	-	-	(11,839)	(11,839)
	-	-	-	-	-	(69,069)	(69,069)
Balance at 30 June 2013 (unaudited)	**1,791,333**	**37,747**	**(143,724)**	**(760,368)**	**924,988**	**317,753**	**1,242,741**

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

Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2013

	Six months period ended 30 June	
	2013	2012
	AED '000	AED '000 (Restated)
Cash flows from operating activities		
Profit/(loss) for the period	**58,322**	(41,926)
Adjustments for:		
Provision for employees' end of service indemnity	**3,525**	2,902
Loss from sale of investments in securities	**5,641**	22,882
Gain on disposal of investment in a subsidiary	**(41,914)**	-
(Gain)/loss on sale of investment properties and development properties	**(7,647)**	2,196
Unrealised (gain)/ loss on investments held for trading	**(8,709)**	26,621
Loss/(gain) from investments in associates and jointly controlled entities	**1,708**	(903)
Finance cost	**68,328**	71,116
Operating cash flows before movements in working capital	**79,254**	82,888
Increase in inventories	**(22,906)**	(7,500)
Increase in trade and other receivables	**(112,973)**	(28,451)
Decrease in due from related parties	**4,966**	27,353
Decrease in trade and other payables	**(35,547)**	(100,631)
(Decrease)/increase in advance received from customers	**(20,281)**	5,191
Decrease in due to related parties	**39,580**	25,658
Purchase of investment in securities	**(58,164)**	(7,481)
Purchase of investment properties	**(22,962)**	(2,777)
Purchase of development properties	**(2,823)**	(735)
Proceeds from sale of investments in securities	**58,795**	31,531
Proceeds from sale of investments properties and development properties	**115,564**	42,594
Reinsurance contract assets	**(72,134)**	(14,682)
Insurance contract liabilities	**88,741**	28,139
Cash generated from operations	**39,110**	81,097
Employees' end of service indemnity paid	**(1,456)**	(1,275)
Interest paid	**(68,328)**	(44,385)
Net cash (used in)/generated from operating activities	**(30,674)**	35,437

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

Condensed consolidated statement of cash flows (unaudited) for the period ended 30 June 2013 (continued)

	Six months period ended 30 June 2013 AED '000	2012 AED '000 (Restated)
Cash flows from investing activities		
Increase in fixed deposits	**(18,257)**	(12,796)
Net movement in property, plant and equipment	**37,468**	17,585
Purchase of investments in associates	**(2,341)**	(7,550)
Net cash inflow on disposal of a subsidiary	**93,729**	-
Net cash generated from/ (used in) investing activities	**110,599**	(2,761)
Cash flows from financing activities		
Dividends paid – subsidiaries	**(11,839)**	(7,701)
Net movement in bank loans, finance lease and short term bank borrowings	**(57,942)**	(18,402)
Fund invested in non-controlling interest	-	98
Net cash used in financing activities	**(69,781)**	(26,005)
Net increase in cash and cash equivalents	**10,144**	6,671
Cash and cash equivalents at the beginning of the period	**64,984**	75,451
Cash and cash equivalents at the end of the period (Note 11)	**75,128**	82,122

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

Notes to the condensed consolidated financial statements
for the period ended 30 June 2013

1. General information

Gulf General Investments Co. (P.S.C.) - Dubai (the "Parent Company") is formed pursuant to Emiri Decree No. 2/73 dated July 27, 1973 and is incorporated as a Public Shareholding Company. The Parent 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 Parent Company's registered office is P. O. Box 22588, Dubai, United Arab Emirates.

The principal activities of the Parent 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 Parent Company is ninety nine years commencing from the date of issuance of the above Emiri Decree.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs affecting the reported financial performance or/and financial position

The following new and revised IFRSs have been applied in the current period and have affected the amounts reported in these condensed consolidated financial statements:

- IFRS 11 Joint Arrangements and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*

IFRS 11 and IAS 28 (as revised in 2011) replace IAS 31 *Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The application of IFRS 11 and IAS 28 (as revised in 2011) resulted in changes in the accounting of the Group's jointly controlled entity that was previously accounted for using the proportionate consolidation method. As per the new requirements, all jointly controlled entities were deconsolidated and accounted for using the equity method of accounting.

The impact of the adoption of the abovementioned new and revised standards on the comparative amounts is disclosed in note 12 to these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 Amendments to IFRSs affecting presentation and disclosure only

The following revised IFRSs have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has affected the presentation and disclosure only and did not result in any impact on the reported amounts.

- Amendments to IAS 1 *Presentation of Financial Statements*

The amendments require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

- Amendments to IAS 34 *Interim Financial Reporting*

The amendments require additional disclosures for the fair value of the financial instruments as required by IFRS 13 *Fair Value Measurement* and IFRS 7 *Financial Instruments*.

2.3 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following revised IFRSs have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- IFRS 10 *Consolidated Financial Statements and* IAS 27 (as revised in 2011) *Separate Financial Statements*

IFRS 10 and IAS 27 (as revised in 2011) replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

In light of the new definitions and guidance of IFRS 10 and IAS 27 (as revised in 2011), the management has reassessed the control conclusion for its investees. As a consequence, the management has not changed its control conclusion in respect of its investment as disclosed in Note 3.4 to the annual audited consolidated financial statements for the year ended 31 December 2012.

- Amendments to IFRS 7 Financial Instruments : *Disclosure - Enhancing Disclosures about Offsetting of Financial Assets and Financial Liabilities*

Notes to the condensed consolidated financial statements
for the period ended 30 June 2013 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.3 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements (continued)

- IFRS 12 *Disclosure of interests in other entities*
- IAS 19 (as amended in 2011) *Employee Benefits*
- Amendments to IAS 32 *Financial Instruments : Presentation - Offsetting of Financial Assets and Financial Liabilities*
- Amendments to IAS 1 *Presentation of Financial Statements - comparative information*
- Amendments to IAS 16 *Property, Plant and Equipment - servicing equipment*
- Amendments to IAS 32 *Financial Instruments - Presentation - tax effect of equity distribution*
- IFIRC 20 *Stripping Costs in the Production Phase of a Surface Mine*

2.4 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted

The Group has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS.	1 January 2015 (or otherwise when IFRS 9 is first applied)
• IFRS 9 *Financial Instruments* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.	1 January 2015
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014

Notes to the condensed consolidated financial statements
for the period ended 30 June 2013 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.4 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued):

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 36 – *recoverable amount disclosures* The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to period in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.	1 January 2014
• Amendments to IAS 39 *Financial Instruments: Recognition and Measurement.* The amendments restrict the requirements to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	1 January 2014
• IFRIC 21 – *Levies* Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.	1 January 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated financial statements for the period beginning 1 January 2014 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2013 (continued)**

3. Summary of significant accounting policies

3.1 Basis of preparation

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

These condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) (in thousands) since that is the currency in which the majority of the Group's transactions are denominated.

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

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2012 except for the impact of change in accounting policies for investment in subsidiaries, jointly controlled entities and associates which are disclosed in Note 2 and Note 12 to these condensed consolidated financial statements.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2012. In addition, results for the six months ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The accounting policies in respect of investments in securities, development properties, investment in associates, investment properties, investments in joint venture and property, plant and equipment disclosed in the annual audited consolidated financial statements are stated below as required by Securities and Commodities Authority notification dated 12 October 2008:

3.2 Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

3. Summary of significant accounting policies (continued)

3.2 Financial assets at FVTPL (continued)

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

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

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

3.3 AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. The Group also has other investments 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 values 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 values is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

3.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. Where the Group decides to sell other than an insignificant amount of held-to-maturity assets, the entire category is considered to be tainted and reclassified as available-for-sale.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

3. Summary of significant accounting policies (continued)

3.5 Development properties

Development properties consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

3.6 Investments in associates and jointly controlled entities

Subsequent to the adoption of IFRS 11 and IAS 28 (as revised in 2011) the accounting policy in respect of investments in associates and jointly controlled entities is as below.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associates and jointly controlled entities is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and jointly controlled entities. When the Group's share of losses of associates and jointly controlled entities exceeds the Group's interest in that associates and jointly controlled entities (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and jointly controlled entities), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and jointly controlled entities.

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 associates and jointly controlled entities recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount 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 the condensed consolidated income statement.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates and jointly controlled entities. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

3. Summary of significant accounting policies (continued)

3.6 Investments in associates and jointly controlled entities (continued)

Upon disposal of associates and jointly controlled entities that results in the Group losing significant influence over that associates and jointly controlled entities, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associates and jointly controlled entities attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and jointly controlled entities. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates and jointly controlled entities on the same basis as would be required if that associates and jointly controlled entities had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associates and jointly controlled entities would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates and jointly controlled entities.

When a Group's entity transacts with its associates and jointly controlled entities, profits and losses resulting from the transactions with the associates and jointly controlled entities are recognised in the Group' condensed consolidated financial statements only to the extent of interests in the associates and jointly controlled entities that are not related to the Group.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination as disclosed in Note 3.5 and 3.6 to the annual audited consolidated financial statements for the year ended 31 December 2012.

3.7 Investment properties

Investment properties under development that are being constructed or developed for future use as investments property are measured initially at cost including all direct costs attributable to the design and construction of the property including related staff costs. Subsequent to initial recognition, investment properties under development is measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the profit or loss in the period in which they arise. Upon completion of construction or development, such properties are transferred to investment properties.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

3. Summary of significant accounting policies (continued)

3.8 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Percentage
Buildings, shed and prefab houses	7.5 to 20
Plant and equipment	5 to 20
Motor vehicles, ships and trucks	10 to 25
Furniture and fixtures	15 to 25
Storage tanks	5
Other assets	12.5 to 20

Land is not depreciated.

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 gain or loss arising on the 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 the profit or loss.

3.9 Basis of consolidation

The condensed consolidated financial statements of Gulf General Investments Co. (P.S.C.) and Subsidiaries (the "Group") incorporate the financial statements of the Parent Company and enterprises controlled by the Parent Company (its subsidiaries). Control is achieved where the Company has: (a) power over an investee, (b) exposure or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. The list of subsidiaries is disclosed in annual consolidated financial statements as at and for the year ended 31 December 2012.

All intra-group transactions, balances, income and expenses and profits and losses resulting from the intra-company transactions that are recognised in assets, are eliminated in full on consolidation.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the condensed consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

4. Bank balances and cash

	30 June 2013 (unaudited) AED '000	31 December 2012 (audited) AED '000 (Restated)
Cash on hand	**4,205**	3,946
Bank balances:		
Current accounts	**67,413**	55,235
Deposit accounts	**325,085**	309,121
	392,498	364,356
	396,703	368,302

5. Share capital

	30 June 2013 (unaudited) AED '000	31 December 2012 (audited) AED '000
Issued and fully paid:		
1,791 million ordinary shares of AED 1 each	**1,791,333**	1,791,333

6. Reserves

	Statutory reserve AED '000	Land revaluation reserve AED '000	Total AED '000
Balance, at 31 December 2011 (audited)	450,298	119,005	569,303
Transfer to accumulated losses	(450,298)	-	(450,298)
Balance at 30 June 2012 (unaudited)	-	119,005	119,005
Balance, at 31 December 2012 (audited) and 30 June 2013 (unaudited)	-	**37,747**	**37,747**

Notes to the condensed consolidated financial statements
for the period ended 30 June 2013 (continued)

6. Reserves (continued)

Statutory reserve

In accordance with United Arab Emirates Federal Commercial Companies Law No. 8 of 1984, as amended, the Parent Company is required to establish a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer have been made during the six months period ended 30 June 2013, as this will be based on the results of the year.

Additional reserve

The Parent Company's Articles of Association require that 10% of the annual net profit be appropriated to an additional reserve until a decision by the Ordinary General Assembly Meeting on the strength of proposal by the Board of Directors or if such reserve equals 50% of paid-up share capital of the Parent Company. No transfer have been made during the six months period ended 30 June 2013, as this will be based on the results of the year.

7. Bank borrowings

Short term bank borrowings are secured by the following:

- 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 following:

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. In addition, insurance policies are endorsed in favour of these banks, reputation of the Group and irrevocable bank guarantee from other bank.

On 2 July 2012, the Parent Company concluded the restructuring agreement with a group of banks covering almost its entire debt outstanding. The amended terms for the facilities provided to the Parent Company was granted on security over the Parent Company's properties amounting to AED 919 million based on the initial valuation in the restructuring agreement.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

7. Bank borrowings (continued)

According to the restructuring agreement, the total borrowing of the Parent Company amounting to AED 2.8 billion will be repaid as follows:

Year	Cumulative repayment of total borrowings	Cumulative repayment Amount (in AED)
31 December 2012	2.5%	69,458,664
31 December 2013	7.5%	208,375,993
31 December 2014	12.5%	347,293,321
31 December 2015	22.5%	625,127,978
31 December 2016	50.0%	1,389,173,285
31 December 2017	75.0%	2,083,759,927
31 December 2018	100.0%	2,778,346,569

The Parent Company has repaid AED 93,458,664 till 30 June 2013 (31 December 2012: AED 69,458,664) as part of restructuring agreement.

The Parent Company shall pay interest in respect of each term facility on the last day of each interest period at the rate which is an aggregate of applicable margin and EIBOR for term facilities denominated in Dirhams and LIBOR for term facilities denominated in Dollars. Margin in relation to each of the following calendar years are as follows:

Year (both inclusive)	Margin Rate (per annum)
2011 to 2014	2.00%
2015 to 2016	2.75%
2017 to 2018	3.50%

Commencing from 2 July 2012, the Parent Company is required to maintain a minimum Asset Cover Ratio of 1.2:1 and is also subject to the general covenants in accordance with the restructuring agreement.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

8. Revenue and cost of revenue

	Three months period ended 30 June		Six months period ended 30 June	
	2013	2012	**2013**	2012
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED '000	AED '000 (Restated)	**AED '000**	AED '000 (Restated)
Revenue				
Sale of goods manufactured	**154,536**	314,193	**360,674**	586,776
Sales of development properties and investment properties	**2,899**	22,405	**115,564**	42,594
Sales of investments in securities	**41,134**	24,308	**58,795**	31,531
Insurance income	**69,152**	77,011	**159,395**	158,846
Trading income	**57,811**	56,896	**110,352**	94,229
Rental income	**11,576**	12,946	**22,991**	24,381
Dividend and interest income	**1,805**	6,573	**7,596**	13,451
Service income	**32,477**	6,070	**66,879**	38,085
	371,390	520,402	**902,246**	989,893
Cost of revenue				
Cost of goods manufactured and sold	**130,189**	277,852	**293,509**	512,288
Cost of development properties and investment properties sold	**1,230**	24,738	**107,917**	44,790
Cost of investments in securities sold	**44,978**	48,528	**64,436**	54,413
Cost of insurance income	**64,227**	59,154	**140,820**	128,227
Cost of trading	**35,949**	17,367	**65,853**	38,391
Cost of services and rentals	**18,908**	15,012	**36,394**	28,029
	295,481	442,651	**708,929**	806,138

9. Disposal of subsidiary

During the three months period ended 30 June 2013, the Group disposed one of 51% owned subsidiary which carried out manufacturing operations.

	Three months period ended 30 June 2013 (unaudited) AED '000
Consideration received	120,000
Less: Group's share	(57,230)
Less: Goodwill written off on disposal	(20,856)
Net gain on disposal of a subsidiary	**41,914**

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

10. Basic earnings/(loss) per share

	Three months period ended 30 June		Six months period ended 30 June	
	2013 (unaudited)	2012 (unaudited)	**2013 (unaudited)**	2012 (unaudited)
Profit/(loss) for the period (in AED '000)	**25,165**	(54,986)	**36,087**	(56,401)
Number of shares (in thousands)	**1,791,333**	1,791,333	**1,791,333**	1,791,333
Basic earnings/(loss) per share (in AED)	**0.01**	(0.03)	**0.02**	(0.03)

11. Cash and cash equivalents

	30 June 2013 (unaudited) AED '000	30 June 2012 (unaudited) AED '000 (Restated)
Bank balances and cash	**396,703**	378,825
Less: Deposits under lien and deposits with maturity over three months	**(321,575)**	(296,703)
	75,128	82,122

12. Comparative amounts

The following tables summarise the impact of the adoption of the IFRS 11 on the comparative amounts (i.e. 31 December 2012 and three and six months period ended 30 June 2012):

Consolidated statement of financial position:

	As at 31 December 2012		
	As previously reported (audited) AED '000	**IFRS 11 adjustments (unaudited) AED '000**	**As restated (unaudited) AED '000**
ASSETS			
Property, plant and equipment	835,041	(13,243)	821,798
Inventories	233,241	(66)	233,175
Due from related parties	186,650	2,060	188,710
Trade and other receivables	916,819	(2,042)	914,777
Bank balances and cash	368,668	(366)	368,302
	2,540,419	(13,657)	2,526,762

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

12. Comparative amounts (continued)

Consolidated statement of financial position (continued):

	As at 31 December 2012		
	As previously reported (audited) AED '000	**IFRS 11 adjustments (unaudited) AED '000**	**As restated (unaudited) AED '000**
LIABILITIES			
Finance lease	64,998	(10,757)	54,241
Due to related parties	271,095	3,654	274,749
Trade and other payables	835,841	(6,554)	829,287
	1,171,934	(13,657)	1,158,277

Condensed consolidated statement of income:

	For the six months period ended 30 June 2012		
	As previously reported (unaudited) AED '000	**IFRS 11 adjustments (unaudited) AED '000**	**As restated (unaudited) AED '000**
Revenue	995,656	(5,763)	989,893
Cost of revenue	(807,936)	1,798	(806,138)
Other operating income	11,145	(581)	10,564
Selling and distribution expenses	(11,097)	3	(11,094)
General and administrative expenses	(132,039)	3,722	(128,317)
Share of loss in associates and jointly controlled entities	388	515	903
Finance cost	(71,422)	306	(71,116)
	(15,305)	-	(15,305)

12. Comparative amounts (continued)

Condensed consolidated statement of income: (continued):

	For the three months period ended 30 June 2012		
	As previously reported (unaudited) AED '000	IFRS 11 adjustments (unaudited) AED '000	As restated (unaudited) AED '000
Revenue	522,996	(2,594)	520,402
Cost of revenue	(443,202)	551	(442,651)
Other operating loss	(1,252)	(220)	(1,472)
Selling and distribution expenses	(5,522)	3	(5,519)
General and administrative expenses	(73,589)	1,679	(71,910)
Share of profit in associates and jointly controlled entities	1041	435	1,476
Finance cost	(33,506)	146	(33,360)
	(33,034)	-	(33,034)

13. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue on 14 August 2013.

14. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2012.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

14. Fair value measurements (continued)

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial and non- financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 (unaudited) AED '000	Level 2 (unaudited) AED '000	Level 3 (unaudited) AED '000	Total (unaudited) AED '000
30 June 2013 (Unaudited)				
Available-for-sale				
Quoted equities	193,177	-	-	193,177
Unquoted equities	-	6,397	-	6,397
Financial assets carried at FVTPL				
Asset held for trading	333,073	129,424	-	462,497
Investment properties	-	2,005,328	-	2,005,328
	526,250	2,141,149	-	2,667,399

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

The disclosure of comparative information in respect of the above is not made in these condensed consolidated financial statements as IFRS 13 does not require to provide comparative information for periods before initial application.

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

15. Location of assets

As required by Securities and Commodities Authority notification dated 12 October 2008, location of assets are disclosed below:

	30 June 2013 (unaudited)			31 December 2012 (audited)		
	In U.A.E. AED '000	**In other countries AED '000**	**Total AED '000**	In U.A.E. AED '000 (Restated)	In other countries AED '000 (Restated)	Total AED '000 (Restated)
Property, plant and equipment	**700,643**	**-**	**700,643**	821,798	-	821,798
Investment properties	**1,909,002**	**96,326**	**2,005,328**	1,999,380	83,211	2,082,591
Investments in associates	**90,136**	**70,126**	**160,262**	88,427	70,526	158,953
Held-to-maturity investments	**6,800**	**-**	**6,800**	6,800	-	6,800
Available-for-sale investments	**179,525**	**20,049**	**199,574**	180,397	15,036	195,433
Development properties	**701,217**	**-**	**701,217**	706,086	-	706,086
Held for trading investments	**444,842**	**17,655**	**462,497**	438,292	17,930	456,222
Bank balances	**392,087**	**411**	**392,498**	363,984	372	364,356
	4,424,252	**204,567**	**4,628,819**	4,605,164	187,075	4,792,239

Notes to the condensed consolidated financial statements
for the period ended 30 June 2013 (continued)

16. Segment information

	Manufacturing		Investments		Services and others		Total	
	Six months period ended		Six months period ended		Six months period ended		Six months period ended	
	30 June 2013 (unaudited) AED '000	30 June 2012 (unaudited) AED '000	**30 June 2013 (unaudited) AED '000**	30 June 2012 (unaudited) AED '000	**30 June 2013 (unaudited) AED '000**	30 June 2012 (unaudited) AED '000 (Restated)	**30 June 2013 (unaudited) AED '000**	30 June 2012 (unaudited) AED '000 (Restated)
Income								
Total income	**360,674**	586,776	**204,946**	111,957	**336,626**	291,160	**902,246**	989,893
Result								
Segment results	**67,165**	74,488	**81,508**	(12,964)	**93,559**	96,513	**242,232**	158,037
Unallocated general expenses	-	-	-	-	-	-	**(196,465)**	(210,527)
Other income	-	-	-	-	-	-	**12,555**	10,564
Net profit/(loss) from operations							**58,322**	(41,926)
Attributable to:								
Owener's of the parent							**36,087**	(56,401)
Non-controlling interests							**22,235**	14,475
							58,322	(41,926)

Notes to the condensed consolidated financial statements for the period ended 30 June 2013 (continued)

16. Segment information (continued)

	Manufacturing		Investments		Services and others		Total	
	30 June 2013 unaudited AED '000	31 December 2012 audited AED '000	**30 June 2013 unaudited AED '000**	31 December 2012 audited AED '000	**30 June 2013 unaudited AED '000**	31 December 2012 audited AED '000 (Restated)	**30 June 2013 unaudited AED '000**	31 December 2012 audited AED '000 (Restated)
Total assets								
Segment assets	**231,420**	215,000	**4,242,345**	4,302,445	**646,939**	689,283	**5,120,704**	5,206,728
Unallocated corporate assets							**1,278,738**	1,378,810
Consolidated total assets							**6,399,442**	6,585,538
Total liabilities								
Segment liabilities	**428,343**	401,630	**3,294,860**	3,569,714	**787,871**	649,396	**4,511,074**	4,620,740
Unallocated corporate liabilities							**645,627**	719,289
Consolidated total liabilities							**5,156,701**	5,340,029