

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

Condensed consolidated interim
financial information (unaudited)
30 September 2014

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated interim financial information (unaudited)

30 September 2014

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

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

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

The Shareholders
Gulf General Investments Co. PSC

Introduction

We have reviewed the accompanying 30 September 2014 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 30 September 2014;
- the condensed consolidated statement of profit or loss for three month and nine month period ended 30 September 2014;
- the condensed consolidated statement of other comprehensive income for three month and nine month period ended 30 September 2014;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2014;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2014; 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 30 September 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matters

The condensed consolidated interim financial information for the nine month period ended 30 September 2013 and the consolidated financial statements for the year ended 31 December 2013 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the nine month period ended 30 September 2013 on 7 November 2013 and an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2013 on 26 March 2014.

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

12 NOV 2014

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position

as at 30 September 2014

		30 September 2014 AED '000 (Unaudited)	31 December 2013 AED '000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		689,110	697,951
Investment properties	6	1,938,988	2,280,852
Goodwill		12,000	12,000
Investments in associates	7	218,761	103,791
Held-to-maturity investments	8	-	6,698
Available-for-sale investments	8	-	183,880
Investments measured at fair value through other comprehensive income	8	84,503	-
Trade and other receivables – non-current portion	11	283,685	377,666
		3,227,047	3,662,838
		=====	=====
Current assets			
Development properties	9	562,977	409,982
Inventories	10	103,240	129,528
Due from related parties	15	218,840	118,923
Re-insurance contract assets		190,953	157,012
Trade and other receivables	11	861,058	1,118,539
Held for trading investments	8	-	386,865
Investments measured at fair value through profit or loss	8	457,029	-
Other investments	8	15,112	-
Cash in hand and at bank	12	411,754	383,353
		2,820,963	2,704,202
		=====	=====
Total assets		6,048,010	6,367,040
		=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of financial position (continued)


as at 30 September 2014

		30 September 2014 AED '000 (Unaudited)	31 December 2013 AED '000 (Audited)
	<i>Note</i>		
Equity and liabilities			
Equity			
Share capital	13	1,791,333	1,791,333
Legal reserve		7,068	7,068
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of available-for-sale investments	4	-	(109,171)
Cumulative change in fair value of investments measured at fair value through other comprehensive income	4	(24,255)	-
Accumulated losses		(796,855)	(739,916)
		<u>1,022,106</u>	<u>994,129</u>
Equity attributable to owners of the Company			
Non-controlling interests		345,035	299,265
		<u>1,367,141</u>	<u>1,293,394</u>
Non-current liabilities			
Employees' end of service benefits		37,015	32,823
Finance lease		18,509	22,554
Long term portion of term loans	16	2,396,586	2,529,266
Notes payable	16	257,040	257,040
Trade and other payables		27,001	-
		<u>2,736,151</u>	<u>2,841,683</u>
Current liabilities			
Due to related parties	15	381,714	348,153
Insurance contract liabilities		349,644	293,348
Trade and other payables		767,523	984,785
Finance lease		8,121	10,406
Short term borrowings	16	437,716	595,271
		<u>1,944,718</u>	<u>2,231,963</u>
Total liabilities		<u>4,680,869</u>	<u>5,073,646</u>
Total equity and liabilities		<u>6,048,010</u>	<u>6,367,040</u>

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial information.

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

12 NOV 2014


Mohamed Abdalla Alsari
Managing Director


Ahmad Yousuf Habib Al Yousuf
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 for the nine month period ended 30 September 2014

	Note	Nine month period ended 30 September		Three month period ended 30 September	
		2014 AED '000 (unaudited)	2013 AED '000 (unaudited)	2014 AED '000 (unaudited)	2013 AED '000 (unaudited)
Revenue		1,085,733	1,355,930	379,291	453,684
Cost of sales		(889,780)	(1,059,922)	(320,958)	(350,993)
Gross profit		195,953	296,008	58,333	102,691
Administrative and general expenses	17(a)	(212,538)	(183,239)	(73,311)	(68,260)
Selling and distribution expenses		(15,146)	(19,736)	(4,832)	(6,578)
Other income	17(b)	56,064	20,923	20,537	8,368
Change in fair value of investments measured at fair value through profit or loss	8	118,596	-	45,293	-
Change in fair value of held for trading investments		-	7,852	-	820
Gain on sale of investments measured at fair value through profit or loss		8,939	-	3	-
Change in fair value of available-for-sale investments reclassified to profit or loss on disposal		-	1,677	-	-
Gain recognised on disposal of interest in a subsidiary	17(c)	-	41,914	-	-
Finance cost		(73,910)	(97,052)	(22,934)	(28,724)
Share of profit/ (loss) in associates	7	5,153	(2,031)	5,802	(323)
Profit for the period		83,111	66,316	28,891	7,994
<i>Profit attributable to:</i>					
Owners of the Company		24,941	37,722	14,345	1,635
Non-controlling interests		58,170	28,594	14,546	6,359
		83,111	66,316	28,891	7,994
Basic earnings per share (AED per share)	19	0.014	0.021	0.008	0.001

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial information.

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 for the nine month period ended 30 September 2014

	Note	Nine month period ended 30 September		Three month period ended 30 September	
		2014 AED '000 (unaudited)	2013 AED '000 (unaudited)	2014 AED '000 (unaudited)	2013 AED '000 (unaudited)
Profit for the period		83,111	66,316	28,891	7,994
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Change in fair value of available-for-sale investments - net	8	3,354	13,422	4,176	7,120
Change in fair value of available-for-sale investments – reclassified to profit or loss on disposal		-	1,677	-	-
Other comprehensive income for the period		3,354	15,099	4,176	7,120
Total comprehensive income for the period		86,465	81,415	33,067	15,114
<i>Total comprehensive income attributable to:</i>					
Owners of the Company		28,295	52,149	18,521	8,083
Non-controlling interests		58,170	29,266	14,546	7,031
Total comprehensive income for the period		86,465	81,415	33,067	15,114

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial information.

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 for the nine month period ended 30 September 2014

	Note	Nine month period ended 30 September	
		2014 AED '000 (unaudited)	2013 AED '000 (unaudited)
Operating activities			
Profit for the period		83,111	66,316
<i>Adjustments for:</i>			
Provision for employees' end of service benefits		4,192	4,853
Gain on sale of held for trading investments		-	(30,043)
Gain on sale of investments measured at fair value through profit or loss		(8,939)	-
Change in fair value of held for trading investments	8	-	(9,529)
Change in fair value of investments measured at fair value through profit or loss	8	(118,596)	-
Share of (profit)/ loss in associates	7	(5,153)	2,031
Loss/ (gain) on sale of investment and development properties		17,133	(7,647)
Finance cost		73,910	97,052
Gain on disposal of investment in a subsidiary		-	(41,914)
		-----	-----
		45,658	81,119
Change in inventories		23,286	(31,119)
Change in trade and other receivables		351,162	(127,266)
Change in due from related parties		(99,917)	15,007
Change in trade and other payables		(188,319)	(36,908)
Change in due to related parties		36,431	59,955
Change in reinsurance contract assets		(33,941)	(45,536)
Change in insurance contract liabilities		56,296	57,569
Employees' end of service benefits paid		-	(1,744)
		-----	-----
Net cash generated from/ (used in) operating activities		190,656	(28,923)
		-----	-----
Investing activities			
Change in fixed deposits		134,236	(3,728)
Net movement in property, plant and equipment		6,863	41,998
Purchase of associates		-	(2,341)
Purchase of investments in securities	8	(35,159)	(211,450)
Purchase of investment properties	6	(44,038)	(22,935)
Purchase of development properties	9	(48,171)	(8,733)
Proceeds from sale of investment and development properties		263,945	115,564
Proceeds from sale of investments in securities		75,748	222,918
Proceeds from sale of investment in associates	7	1,750	-
Net cash inflow on disposal of a subsidiary		-	93,729
		-----	-----
Net cash generated from investing activities		355,174	225,022
		-----	-----
Financing activities			
Dividend paid to non-controlling interests		(12,118)	(13,199)
Net movement in bank borrowings		(290,235)	(33,368)
Net movement in finance lease		(6,330)	(48,262)
Directors' fees paid by a subsidiary		(600)	-
Interest paid		(73,910)	(71,866)
		-----	-----
Net cash used in financing activities		(383,193)	(166,695)
		-----	-----
Net increase in cash and cash equivalents		162,637	29,404
Cash and cash equivalents at the beginning of the period		52,547	64,984
		-----	-----
Cash and cash equivalents at the end of the period	14	215,184	94,388
		=====	=====

The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial information.

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 nine month period ended 30 September 2014

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of 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 2013 (audited)	1,791,333	-	-	37,747	(151,703)	-	(796,455)	880,922	364,587	1,245,509
Total comprehensive income for the period (unaudited)										
Profit for the period	-	-	-	-	-	-	37,722	37,722	28,594	66,316
Other comprehensive income	-	-	-	-	14,427	-	-	14,427	672	15,099
Total comprehensive income	-	-	-	-	14,427	-	36,087	52,149	29,266	81,415
Other movements										
Dividend paid	-	-	-	-	-	-	-	-	(13,199)	(13,199)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(57,230)	(57,230)
At 30 September 2013 (unaudited)	1,791,333	-	-	37,747	(137,726)	-	(758,733)	933,071	323,424	1,256,495

Gulf General Investments Co. PSC and its subsidiaries

Condensed consolidated statement of changes in equity (continued) for the nine month period ended 30 September 2014

	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of 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	-	-	-	-	-	-	24,941	24,941	58,170	83,111
Other comprehensive income	-	-	-	-	3,354	3,354	-	3,354	-	3,354
Total comprehensive income	-	-	-	-	3,354	3,354	24,941	28,295	58,170	86,465
Other movements										
Dividend paid	-	-	-	-	-	-	-	-	(12,118)	(12,118)
Change in fair value of investments measured at fair value through other comprehensive income – reclassified to accumulated losses	-	-	-	-	-	(1,950)	1,950	-	-	-
Directors' fees paid by a subsidiary	-	-	-	-	-	-	(318)	(318)	(282)	(600)
Transferred to accumulated losses (refer to note 7)	-	-	-	-	-	83,512	(83,512)	-	-	-
Upon adoption of IFRS 9 (refer to note 4)	-	-	-	-	109,171	(109,171)	-	-	-	-
At 30 September 2014 (unaudited)	1,791,333	7,068	7,068	37,747	-	(24,255)	(796,855)	1,022,106	345,035	1,367,141

No allocation of profit has been made to the legal reserve for the nine month period ended 30 September 2014 as it would be effected at the year-end. The notes on pages 9 to 23 are an integral part of these condensed consolidated interim financial information.

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

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2014 (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 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 nine month period ended 30 September 2014 (“the current period”) comprise of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates.

The principal activities of the Company include to act as a holding Company, real estate agents, real estate development services and general trading.

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

Accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make 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.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as to those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013 except for early adoption of IFRS 9: Financial Instruments. For change in accounting policy and impact on the Group’s financial position, refer note 4.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

4 New standards, interpretations and amendments adopted by the Group

Effective 1 January 2014, following new/ amended International Financial Reporting Standards (IFRS's) have become effective and have been applied in preparing the condensed consolidated interim financial information:

- Improvement/amendments to IFRSs:
 - IFRS 10: Consolidated financial statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 27: Separate Financial Statements
 - IAS 32: Financial Instruments: Presentation
 - IAS 36: Impairment of Assets
 - IAS 39: Financial Instruments: Recognition and Measurement

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.

Early adoption of IFRS 9: Financial Instruments

During the current period, the Group has resolved to early adopt IFRS 9: Financial Instruments (2010) for financial assets effective 1 January 2014. All financial assets on or after 1 January 2014 are accounted for by applying the provisions of IFRS 9. IFRS 9 requires that an entity subsequently measures its financial assets at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Until 1 January 2014, the Group applied the provisions of IAS 39: Financial instruments Recognition and Measurement for accounting its financial assets.

Impact of early adoption of IFRS 9

On early adoption of IFRS 9, there has been no significant impact on the Group's financial position. As per the transitional provisions of IFRS 9, the Group has elected not to restate comparative information. Previously, the Group's investments were classified as follows:

Available-for-sale investments:

The fair value of investments classified as available-for-sale under IAS 39 amounted to AED 183.88 million which has been reclassified as investments measured at fair value through other comprehensive income on adoption of IFRS 9 effective 1 January 2014.

Furthermore, an amount of AED 109.17 million representing change in fair value of available for-sale investments was recognised under cumulative changes in fair value of available-for-sale investments under equity as per IAS 39 which has been reclassified as cumulative changes in fair value of investments measured at fair value through other comprehensive income (refer to note 7) on adoption of IFRS 9 effective 1 January 2014. Also refer to note 8.

Held-to-maturity investments:

The carrying value of investments classified as held to maturity under IAS 39 amounted to AED 6.7 million. On adoption of IFRS 9 effective 1 January 2014, the Group has reassessed the business objective and cash flow characteristics of these investments and reclassified these to investments measured at fair value through profit or loss. Also refer to note 8.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

4 New standards, interpretations and amendments adopted by the Group (*continued*)

Early adoption of IFRS 9: Financial Instruments (*continued*)

Impact of early adoption of IFRS 9 (*continued*)

Held for trading investments:

The fair value of investments classified as held for trading under IAS 39 amounted to AED 386.87 million which has been reclassified as investments measured at fair value through profit or loss on adoption of IFRS 9 effective 1 January 2014. Also refer to note 8.

Other financial assets

After the adoption of IFRS 9, all other financial assets continued to be measured at amortised cost, and there were no reclassifications to or from the amortised cost measurement category. These financial assets are also included in the same line items in the statement of financial position as at 31 December 2013.

Financial liabilities

After the adoption of IFRS 9, all financial liabilities continued to be measured at amortised cost, and there were no reclassifications to or from the amortised cost measurement category. These financial liabilities are also included in the same line items in the statement of financial position as at 31 December 2013.

Change in accounting policy on adoption of IFRS 9

Financial instruments

Non derivative financial assets – policy applicable from 1 January 2014

The Group initially recognises financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group's policy on impairment of financial assets measured at amortised cost is the same as that applied in its financial statements as at and for the year ended 31 December 2013 for loans and receivables.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

4 New standards, interpretations and amendments adopted by the Group (continued)

Early adoption of IFRS 9: Financial Instruments (continued)

Change in accounting policy on adoption of IFRS 9 (continued)

(ii) Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group has elected at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

6 Investment properties

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Opening balance	2,280,852	2,082,591
Additions during the period/ year	44,038	224,526
Gain on fair valuation (refer to note (i) below)	-	114,624
Transfer to trade and other receivables	-	(27,858)
Transfer to development properties on change in use (refer to note (iii) below)	(385,902)	(113,031)
Closing balance	1,938,988	2,280,852

- (i) During the nine month period 30 September 2014, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out for the year ended 31 December 2013.
- (ii) Certain investment properties are mortgaged to banks against credit facilities granted to the Group.
- (iii) During the nine month period ended 30 September 2014, buildings and plots of land amounting to AED 385.90 million (*31 December 2013: AED 113.03 million*) have been transferred from investment properties to development properties pursuant to change in their intended use. Also refer note 9.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

7 Investments in associates

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Opening balance	103,791	158,953
Additions during the period/ year	-	5,931
Impairment during the period/ year	-	(40,288)
Investments reclassified from available for sale/ held for trading investments (refer note (i) below)	111,099	-
Share of profit/(losses) for the period/ year	5,153	(20,805)
Sale during the period/ year	(1,750)	-
Transferred to trade and other payables	468	-
	-----	-----
Closing balance	218,761	103,791
	=====	=====

- (i) During the current period, the Board of Directors of the Company has reassessed the Group's investment portfolio and is of the view that as at 30 June 2014, it has significant influence over Union Insurance PSC ("Union Insurance"). Accordingly, at 30 June 2014, the Group had reclassified its investment in Union Insurance as an investment in associates. Accordingly, an amount of AED 83.5 million pertaining to cumulative change in fair value of available-for-sale investments has been reclassified to accumulated losses as required by IAS 28: "*Investments in Associates*".

8 Investments

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
<i>Investments measured at fair value through other comprehensive income</i>		
Reclassified from available-for-sale investments	183,880	-
Additions during the period/ year	18,286	-
Sale during the period/ year	(57,237)	-
Change in fair value	3,354	-
Reclassified to investment in associates (refer to note 7)	(63,780)	-
	-----	--
Closing balance (at fair value)	84,503	-
	=====	==
<i>Held-to-maturity investments</i>		
Opening balance	6,698	6,800
Impairment loss	-	(102)
Reclassified to investments measured at fair value through profit or loss (refer to note 4)	(6,698)	-
	-----	-----
Closing balance	-	6,698
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

8 Investments (*continued*)

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
<i>Investments measured at fair value through profit or loss</i>		
Reclassified from held to maturity investments	6,698	-
Reclassified from held for trading investments	386,865	-
Additions during the period/ year	1,761	-
Sale during the period/ year	(9,572)	-
Change in fair value	118,596	-
Reclassified to investment in associates (refer to note 7)	(47,319)	-
	-----	-----
Closing balance (at fair value)	457,029	-
	=====	=====
<i>Available-for-sale investments</i>		
Opening balance (at fair value)	183,880	195,433
Additions during the period/ year	-	5,896
Sold during the period/ year	-	(28,623)
Impairment loss	-	(5,000)
Change in fair value	-	16,174
Reclassified to investments measured at fair value through other comprehensive income (refer to note 4)	(183,880)	-
	-----	-----
Closing balance (at fair value)	-	183,880
	=====	=====
<i>Held for trading investments</i>		
Opening balance (at fair value)	386,865	456,222
Additions during the period/ year	-	688,001
Sale during the period/ year	-	(727,034)
Change in fair value	-	(30,324)
Reclassified to investments measured at fair value through profit or loss (refer to note 4)	(386,865)	-
	-----	-----
Closing balance (at fair value)	-	386,865
	=====	=====
<i>Other investments</i>		
Investments in Pre-IPO shares	15,112	-
	=====	=====

This represents investment in Pre-IPO shares in one of the entities in Dubai, UAE.

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

Also refer to note 4.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

9 Development properties

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Opening balance	409,982	706,086
Transferred from trade and other payables	-	(53,595)
Transferred to trade and other receivables	-	(34,353)
Transferred from investment properties (refer to note 6)	385,902	113,031
Additions during the period/ year	48,171	19,928
Sale during the period/ year	(281,078)	(399,602)
Reversal of write down to net realisable value	-	58,487
	-----	-----
Closing balance	562,977	409,982
	=====	=====

- (i) During the nine month period ended 30 September 2014, the Directors of the Company have reviewed the carrying value of development properties and are of the opinion that there is no change in fair value of development properties as compared to the previous valuation carried out for the year ended 31 December 2013.
- (ii) Development properties include few projects with carrying amount of AED 241.9 million which are temporarily on hold, however, management is in the process of devising a plan to recommence work on these projects. Based on review of these projects and after considering circumstances and facts of each of these projects, the Directors of the Company are of the view that costs incurred until the reporting date are fully recoverable and the work performed is not expected to be re-performed upon recommencement of construction or during completion of these projects.

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 development properties. Management of the Company has performed an impairment assessment on the future collectability of these notes receivable and accordingly has concluded that no impairment provision is required.

12 Cash in hand and at bank

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Cash in hand	2,988	2,681
Cash at bank		
- in current accounts	70,442	46,327
- in fixed deposits	338,324	334,345
	-----	-----
	411,754	383,353
	=====	=====

Fixed deposits include deposits of AED 196.57 million (2013: AED 298 million) held under lien with banks against credit facilities granted to the Group.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

13 Share capital

	30 September 2014 AED'000 (Unaudited)	31 December 2013 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

	Nine month period ended 30 September	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
Cash in hand	2,988	5,300
Cash at bank		
- in current accounts	70,442	85,663
- in fixed deposits	338,324	310,471
	----- 411,754	----- 401,434
Less: Fixed deposits with maturity over three months and under lien	(196,570)	(307,046)
	----- 215,184 =====	----- 94,388 =====

15 Related party transactions and balances

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

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

	Nine month period ended 30 September	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
Purchase of services	1,120	343
Purchase of property, plant and equipment	3,870	-
Sale of a subsidiary to the Company's Director at book value	5,782	-
	===== 7,236	===== 7,004
<i>Compensation to key management personnel:</i>		
Salaries and benefits	7,236 =====	7,004 =====

Also refer to note 17(b).

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

15 Related party transactions and balances (*continued*)

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Due from related parties:		
Associates	27,724	67,747
Other related parties	191,116	51,176
	-----	-----
	218,840	118,923
	=====	=====
Due to related parties:		
Associates	21,149	21,140
Other related parties	360,565	327,013
	-----	-----
	381,714	348,153
	=====	=====

16 Borrowings

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
(i) Short term		
Bank overdrafts	258,837	257,352
Trust receipts	69,092	68,902
Bills discounted and acceptances	1,956	222
Current portion of term loans (refer to note (ii) below)	107,831	268,795
	-----	-----
	437,716	595,271
	=====	=====
(ii) Term loans		
Opening balance	2,798,061	2,963,115
Add: availed during the period/ year	3,456	65,115
Less: repaid during the period/ year	(297,100)	(217,594)
Less: on sale of a subsidiary	-	(12,575)
	-----	-----
Closing balance	2,504,417	2,798,061
Less: current portion of term loans	(107,831)	(268,795)
	-----	-----
Long term portion of term loans	2,396,586	2,529,266
	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

16 Borrowings (*continued*)

	30 September 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
(iii) Notes payable		
Long term notes payable	257,040 =====	257,040 =====

The details of the term loans and notes payable, 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 2013.

17(a) Administrative and general expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
<i>These include:</i>				
Staff costs	68,697	64,799	18,576	18,564
Legal and professional fee	17,248	3,839	431	797
Depreciation	15,321	18,543	4,319	5,934
Rent	13,181	22,633	3,714	7,240
Repairs and maintenance	6,822	4,180	2,581	2,833
	=====	=====	=====	=====

17(b) Other income

Other income includes an amount of AED 23 million representing write back of liability recognised in prior year. The Company has entered into a settlement agreement with a creditor and has concluded that there is no legal or constructive obligation for the Company to carry this liability. Accordingly this has been written back to profit or loss in the current period.

Other income also includes an amount of AED 17 million representing the re-measurement of the deferred consideration at the date of final settlement relating to the disposal of interest in a subsidiary in 2012.

17(c) Disposal of interest in a subsidiary

During the nine months ended 30 September 2013, the Company has disposed one of its 51% owned subsidiary which carried out manufacturing operations.

	Nine month period ended 30 September 2013 AED '000 (Unaudited)
Consideration received	120,000
Less: Share of net assets	(57,230)
Less: Goodwill written off on disposal	(20,856)

Net gain on disposal of a subsidiary	41,914 =====

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

18 Financial instruments/ fair value hierarchy

(i) Financial instruments

Financial assets of the Group include held-to-maturity investments, available for sale investments, investments measured at fair value through other comprehensive income, due from related parties, re-insurance contract assets, trade and other receivables, held for trading investments, investments measured at fair value through profit or loss and cash in hand and at bank. Financial liabilities of the Group include term loans, notes payable, amounts due to related parties, insurance contract liabilities, trade and other payables and short term borrowings. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and comparative period:

	Designated as fair value through profit or loss AED' 000	Designated as fair value through other comprehensive income AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
30 September 2014					
(Unaudited)					
Financial assets					
Investments measured at fair value through other comprehensive income	-	84,503	-	84,503	84,503
Due from related parties	-	-	218,840	218,840	218,840
Re-insurance contract assets	-	-	190,953	190,953	190,953
Trade and other receivables	-	-	1,144,743	1,144,743	1,144,743
Investments measured at fair value through profit or loss	457,029	-	-	457,029	457,029
Other investments	15,112	-	-	15,112	15,112
Cash in hand and at bank	-	-	411,754	411,754	411,754
	-----	-----	-----	-----	-----
	472,141	84,503	1,966,290	2,522,934	2,522,934
	=====	=====	=====	=====	=====
Financial liabilities					
Long term portion of term loans	-	-	2,396,586	2,396,586	2,396,586
Notes payable	-	-	257,040	257,040	257,040
Due to related parties	-	-	381,714	381,714	381,727
Insurance contract liabilities	-	-	349,644	349,644	349,644
Trade and other payables	-	-	794,524	794,524	794,524
Short term borrowings	-	-	437,716	437,716	437,716
	----	----	-----	-----	-----
	-	-	4,617,224	4,617,224	4,617,237
	====	====	=====	=====	=====

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

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

(i) Financial instruments (*continued*)

	Designated as fair value through profit or loss AED' 000	Available for sale AED' 000	Loans and receivables AED' 000	Others at amortised cost AED' 000	Carrying amount AED' 000	Fair value AED' 000
31 December 2013						
(Audited)						
Financial assets						
Held-to-maturity investments	-	-	-	6,698	6,698	6,698
Available for sale investments	-	183,880	-	-	183,880	183,880
Due from related parties	-	-	118,923	-	118,923	118,923
Re-insurance contract assets	-	-	157,012	-	157,012	157,012
Trade and other receivables	-	-	1,496,205	-	1,496,205	1,496,205
Held for trading investments	386,865	-	-	-	386,865	386,865
Cash in hand and at bank	-	-	383,353	-	383,353	383,353
	=====	=====	=====	=====	=====	=====
	386,865	183,880	2,155,493	6,698	2,732,936	2,732,936
	=====	=====	=====	=====	=====	=====
Financial liabilities						
Long term portion of term loans	-	-	-	2,529,266	2,529,266	2,529,266
Notes payable	-	-	-	257,040	257,040	257,040
Due to related parties	-	-	-	348,153	348,153	364,153
Insurance contract liabilities	-	-	-	293,348	293,348	293,348
Trade and other payables	-	-	-	984,785	984,785	984,785
Short term borrowings	-	-	-	595,271	595,271	595,271
	----	----	----	-----	-----	-----
	-	-	-	5,007,863	5,007,863	5,023,863
	====	====	====	=====	=====	=====

(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.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

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

(ii) Fair value hierarchy (*continued*)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
30 September 2014 (Unaudited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	72,034	-	-
Unquoted equity investments	-	-	12,469
	-----	-----	-----
	72,034	-	12,469
	=====	=====	=====
Investments measured at fair value through profit or loss			
Quoted equity investments	390,221	-	-
Unquoted equity investments	-	-	66,808
	-----	-----	-----
	390,221	-	66,808
	=====	=====	=====
Other investments			
Unquoted equity investments	-	-	15,112
	=====	=====	=====
Non-financial instruments			
Investment properties	-	-	1,938,988
	=====	=====	=====
<i>31 December 2013 (Audited)</i>			
<i>Financial assets</i>			
Available for sale investments			
Quoted equity investments	183,781	-	-
Unquoted equity investments	-	-	99
	-----	-----	-----
	183,781	-	99
	=====	=====	=====
Held for trading investments			
Quoted equity investments	253,720	-	-
Unquoted equity investments	-	-	133,145
	-----	-----	-----
	253,720	-	133,145
	=====	=====	=====
Held to maturity			
	-	-	6,698
	=====	=====	=====
Non-financial instruments			
Investment properties	-	-	2,280,852
	=====	=====	=====

During the nine month period ended 30 September 2014, 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.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

19 Earnings per share

	Nine month period ended 30 September	
	2014 (Unaudited)	2013 (Unaudited)
Net profit attributable to owners of the Company (AED'000)	24,941	37,722
	=====	=====
Number of shares outstanding ('000)	1,791,333	1,791,333
	=====	=====
Basic earnings per share (AED per share)	0.014	0.021
	=====	=====

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.

20 Contingent liabilities and commitments

Guarantees

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

Litigations

- (a) As of the reporting date, the Company is a defendant in various legal cases for approximately AED 400 million (*31 December 2013: approximately AED 400 million*) relating to land transaction, sale of properties and others.

The Company's Board of Directors has reviewed the position pertaining to all the legal cases and after consultation with the external lawyers, they have concluded that the cases can be successfully defended in the court of law and no significant potential losses will be incurred, and accordingly no provision has been recognised in the consolidated interim financial information. The Director's of the Company also believe that an additional compensation can be claimed from some of these referred legal cases.

- (b) The Group had a receivable balance 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 to set-off advance with the receivable for like for like parties. Accordingly, the Group has set off the advance received from the SPV of the associate against the receivable from the associate. 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 quality for like for like parties.

Gulf General Investments Co. PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine month period ended 30 September 2014 (*unaudited*)

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, restaurant, 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.

	Manufacturing AED' 000	Investments AED' 000	Services and others AED' 000	Total AED' 000
<i>Nine month period ended 30 September 2014 (Unaudited)</i>				
Segment revenue	321,579	181,467	582,687	1,085,733
Segment profit/ (loss) for the period	(4,308)	(32,266)	119,685	83,111
	=====	=====	=====	=====
<i>As at 30 September 2014 (Unaudited)</i>				
Total assets	364,991	3,902,583	1,780,436	6,048,010
Total liabilities	441,965	2,978,743	1,260,161	4,680,869
	=====	=====	=====	=====
<i>Nine month period ended 30 September 2013 (Unaudited)</i>				
Segment revenue	416,986	133,873	805,071	1,355,930
Segment profit for the period	14,170	14,381	37,765	66,316
	=====	=====	=====	=====
<i>As at 30 September 2013 (Unaudited)</i>				
Total assets	231,696	4,290,444	1,901,482	6,423,622
Total liabilities	412,847	3,353,733	1,400,547	5,167,127
	=====	=====	=====	=====