Tamweel PJSC and its subsidiaries

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

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors
Tamweel PJSC and its subsidiaries
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Tamweel PJSC and its subsidiaries** (the "Group") as at 30 September 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Group is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)



Anis Sadek
Registration Number 521
23 October 2013

Condensed consolidated statement of financial position as at 30 September 2013

	Notes	30 September 2013 AED'000 (unaudited)	31 December 2012 AED'000 (audited)
ASSETS			
Bank balances and cash	4	**255,019**	1,178,812
Islamic financing and investing assets	5	**8,106,113**	9,324,190
Investment properties	6	**378,626**	381,749
Other investments	7	**24,309**	-
Advances, prepayments and other receivables		**38,144**	37,236
Property and equipment		**22,428**	24,879
Total Assets		**8,824,639**	10,946,866
LIABILITIES AND EQUITY			
Liabilities			
Zakat payable		**14,332**	48,584
Accounts payable, accruals and other liabilities		**237,043**	324,221
Financing obligations	8	**6,227,500**	8,275,080
Total Liabilities		**6,478,875**	8,647,885
Equity			
Share capital		**1,000,000**	1,000,000
Employees' benefit plan	9	**-**	(10,883)
Statutory reserve		**202,584**	202,584
General reserve		**538,980**	538,980
Special reserve		**102,951**	102,951
Investment fair value reserve		**12,914**	-
Retained earnings		**488,335**	465,349
Total Equity		**2,345,764**	2,298,981
Total Liabilities and Equity		**8,824,639**	10,946,866

Varun Sood
Acting Chief Executive Officer

Abdullah Ali Al Hamli
Chairman

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

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

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013 AED'000	2012 AED'000	2013 AED'000	2012 AED'000
Income from Islamic financing and investing assets		129,147	131,607	400,077	412,010
Commission and other income		8,397	14,664	28,704	40,024
Operating income		137,544	146,271	428,781	452,034
General and administrative expenses		(22,950)	(23,077)	(72,969)	(72,615)
Impairment and other provisions		(15,791)	(24,826)	(50,425)	(68,876)
Profit before depositors'/investors' share of profit and related costs		98,803	98,368	305,387	310,543
Depositors'/investors' share of profit and related costs		(71,249)	(89,817)	(231,251)	(265,352)
Profit for the period		27,554	8,551	74,136	45,191
Earnings per share: Basic and diluted earnings per share (AED)	10	0.028	0.009	0.073	0.044

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 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013 AED'000	2012 AED'000	**2013 AED'000**	2012 AED'000
Profit for the period	**27,554**	8,551	**74,136**	45,191
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Fair value gain on other investments carried at FVTOCI	**5,054**	-	**12,914**	-
Total comprehensive income for the period	**32,608**	8,551	**87,050**	45,191

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 September 2013

	Share capital AED'000	Employees' benefit plan AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Investment fair value reserve AED'000	Retained earnings AED'000	Convertible sukuk equity component AED'000	Total AED'000
Balance at 1 January 2012 (audited)	1,000,000	(10,701)	195,336	538,980	102,951	-	451,155	14,799	2,292,520
Total comprehensive income for the period	-	-	-	-	-	-	45,191	-	45,191
Directors' remuneration	-	-	-	-	-	-	(1,500)	-	(1,500)
Dividend paid	-	-	-	-	-	-	(50,000)	-	(50,000)
Equity component of convertible sukuk	-	-	-	-	-	-	10,430	(10,430)	-
Balance at 30 September 2012 (unaudited)	**1,000,000**	**(10,701)**	**195,336**	**538,980**	**102,951**	**-**	**455,276**	**4,369**	**2,286,211**
Balance at 1 January 2013 (audited)	1,000,000	(10,883)	202,584	538,980	102,951	-	465,349	-	2,298,981
Profit for the period	-	-	-	-	-	-	74,136	-	74,136
Other comprehensive income for the period	-	-	-	-	-	12,914	-	-	12,914
Total comprehensive income for the period	-	-	-	-	-	12,914	74,136	-	87,050
Transfer to other investments (Note 9)	-	10,883	-	-	-	-	-	-	10,883
Directors' remuneration	-	-	-	-	-		(1,150)	-	(1,150)
Dividends paid (Note 16)	-	-	-	-	-	-	(50,000)	-	(50,000)
Balance at 30 September 2013 (unaudited)	**1,000,000**	**-**	**202,584**	**538,980**	**102,951**	**12,914**	**488,335**	**-**	**2,345,764**

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 September 2013

	Nine months ended 30 September	
	2013 AED'000	2012 AED'000
Operating activities		
Profit for the period	74,136	45,191
Adjustments for:		
Depreciation of property and equipment	3,195	3,409
Depreciation of investment properties	3,088	-
Amortisation of deferred cost	2,705	14,903
Provision for employees' end of service benefits	1,643	1,501
Impairment and other provisions	50,425	68,876
Depositors'/investors' share of profit and related costs	228,546	250,450
Income on mudaraba deposits and wakala investments	(2,268)	(6,721)
Operating cash flows before changes in operating assets and liabilities	361,470	377,609
Decrease/(increase) in Islamic financing and investing assets, net	1,167,825	(35,901)
Increase in advances, prepayments and other receivables	(7,878)	(9,113)
(Decrease)/increase in accounts payable, accruals and other liabilities	(33,156)	81,509
(Decrease)/increase in financing obligations - net	(2,047,580)	745,151
Cash (used in)/ generated from operation	(559,319)	1,159,255
Employees' end of service benefits paid	(475)	(852)
Zakat paid	(34,252)	(32,074)
Depositors'/investors' share of profit and related costs paid	(283,701)	(192,133)
Directors remuneration paid	(1,150)	(1,500)
Dividend paid	(50,000)	(50,000)
Net cash (used in)/ generated from operating activities	(928,897)	882,696
Investing activities		
Deposit with original maturity over three months	-	(66,114)
Purchase of property and equipment	(744)	(1,473)
Increase in other investments	-	(1,392)
Income received on mudaraba deposits and walaka investments	5,848	3,072
Net cash generated from/(used in) investing activities	5,104	(65,907)
Net (decrease)/increase in cash and cash equivalents	(923,793)	816,789
Cash and cash equivalents at beginning of the period	1,112,698	187,519
Cash and cash equivalents at end of the period (Note 4)	188,905	1,004,308
Non-cash transactions:		
Transfer to other investments from the employees' benefit plan (Note 9)	11,395	-

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 September 2013

1. General information

Tamweel PJSC (the "Company") was registered on 3 June 2006 as a Public Joint Stock Company in accordance with U.A.E. Federal Law No (8) of 1984, as amended. The share capital of the Company comprises 1,000,000,000 shares of AED 1 each.

The Company is licensed by the U.A.E. Central Bank as a finance company and is primarily engaged in Islamic Sharia'a compliant financing and investment activities such as Ijara, Murabaha, Istisna'a etc. The activities of the Company and its subsidiaries (together the "Group") are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. The Group is also engaged in the business of property leasing and trading.

The registered head office of the Group is located at Business Avenue Building, Emirate of Dubai, U.A.E.

The Group has one branch each in the Emirates of Dubai and Abu Dhabi.

The Group consists of Tamweel PJSC and its subsidiaries registered up to 30 September 2013 as listed below:

Subsidiaries	Beneficial ownership	Principal activity	Country of incorporation
Tamweel Properties (1) Limited	100%	SPE for purchase of assets	DIFC, U.A.E.
Tamweel ESOT Limited	100%	SPE for employees' benefit plan	British Virgin Islands
Tamweel Funding III Limited	100%	SPE for issuance of sukuk	Cayman Islands
Under liquidation			
Tahfeez Middle East Limited	100%	General trading	JAFZA, U.A.E.
Tamweel Funding Limited	100%	SPE for issuance of convertible sukuk	Jersey
Tamweel Properties & Investments LLC	100%	Business of property leasing and trading	U.A.E.
Tamweel Sukuk Limited	100%	SPE for issuance of sukuk	Cayman Islands

Following the regulatory approvals and the approval of Dubai Islamic Bank P.J.S.C. ("DIB") shareholders in March 2013, DIB acquired an additional 28.20% of the Company's shares by offering DIB shares in exchange for the Company's shares to the minority shareholders. At 30 September 2013, the Company is a 86.45% subsidiary of Dubai Islamic Bank P.J.S.C. At the Extraordinary General Assembly Meeting held on 7 July 2013, the shareholders have approved the conversion of the Company to Private Joint Stock Company and delisting its shares from Dubai Financial Market, subject to relevant regulatory approval. On 26 September 2013, the Securities and Commodities Authority approved the suspension of trading in the Company's shares on Dubai Financial Market with effect from 1 October 2013.

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

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

2.1 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 years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 1 Government Loans provide relief to first-time adopters of IFRSs by amending IFRS 1 to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance to government loans outstanding at the date of transition to IFRSs.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities.

- IFRS 10 *Consolidated Financial Statements* uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.
- IFRS 11 *Joint Arrangements* establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.
- IFRS 12 *Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.
- IFRS 13 *Fair Value Measurement* issued in May 2011 establishes a single framework for measuring fair value and is applicable for both financial and non-financial items.
- Amendments to IAS 1 - *Presentation of Other Comprehensive Income*. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.
- Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.
- Amendments to IFRS 7: *Financial Instruments*: *Disclosures* - Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine.*
- Annual Improvements to *IFRSs 2009 - 2011 Cycle*

  The annual improvements include the amendments to five IFRSs which have been summarized below:

  - *IFRS 1 First Time Adoption of International Financial Reporting Standards* - Repeated application of IFRS 1
  - *IFRS 1 First Time Adoption of International Financial Reporting Standards* - Borrowing costs
  - *IAS 1 Presentation of Financial Statements* - Clarification of the requirements for comparative information

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

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

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

- *IAS 16 Property, Plant and Equipment* - Classification of servicing equipment
- *IAS 32 Financial Instruments: Presentation* - Tax effect of the distribution to the holders of equity instruments.
- *IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total* assets and liabilities

2.2 New and revised standards and interpretation are in issue but not yet effective

The Group has not applied the following new and revised standards and interpretation that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 - Guidance on Investment Entities	1 January 2014

Management anticipates that the adoption of the above standards in future years will have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34. "*Interim Financial Reporting*" issued by the International Accounting Standards Board and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in Arab Emirates Dirham (AED) since that is the currency in which the majority of the Group's transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

These condensed consolidated financial statements do not include all the information required in full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012. In addition, results for the period from 1 January 2013 to 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties have been disclosed in the condensed consolidated financial statements.

3.2 Significant judgment and sources of estimation uncertainty

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual amount may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the consolidated financial statements as at and for the year ended 31 December 2012.

3.3 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 2012.

3.4 Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated financial statements comprise the financial statements of the Company and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

As required by SCA certain accounting policies which have not been changed since 31 December 2012 are reproduced below.

Financial assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for those financial assets measured subsequently at fair value through profit or loss, which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

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

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Financial assets (continued)

Classification of financial assets

An instrument is classified as an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are classified as 'debt instruments'.

Financial assets measured at amortised cost

Investment in debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at fair value through profit or loss - FVTPL). They are subsequently measured at amortised cost using the effective profit method less any impairment, with profit revenue recognised on an effective profit method in the condensed consolidated statement of income.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria is no longer met.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial assets at fair value through other comprehensive income - FVTOCI

At initial recognition, the Group can make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

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

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

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income - FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value, within equity. Where the asset is disposed of, the cumulative gain or loss previously accumulated is not transferred to the condensed consolidated statement of income, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the condensed consolidated statement of income when the Group's right to receive the dividend is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Effective profit method

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective profit rate basis for debt instruments other than those financial assets designated as at FVTPL.

Cash and cash equivalents

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents consists of cash on hand, bank balances and short term deposits with an original maturity of three months or less.

Islamic financing and investing assets

Islamic financing and investing assets include outstanding ijara fixed rentals, murabaha sales receivables net of deferred profits, istisna'a costs incurred to date measured at cash equivalent value and forward ijara at costs incurred to date. Also included in the islamic financing and investing assets are ijara and forward ijara profit accruals in addition to istisna'a and murabaha amortised profits. These assets are stated at cost net of provisions for impairment and profit suspension, if any.

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

3. Summary of significant accounting policies (continued)

Investment properties

Properties held for rental or capital appreciation purposes as well as those held for undetermined future use are classified as investment properties. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on investment in buildings is charged on a straight-line basis over 20 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss and other comprehensive income in the period of retirement or disposal.

Transfers are made to investment properties when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in used evidenced by commencement of owner-occupation or commencement of development with a view to sale.

4. Bank balances and cash

	30 September 2013 (unaudited) AED'000	31 December 2012 (audited) AED'000
Bank balances	255,014	1,178,787
Cash on hand	5	25
Bank balances and cash	**255,019**	1,178,812

Bank balances are held with banks within the U.A.E. and are profit generating at an average profit rate of 0.76% (2012: 1.25%).

For the purpose of condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2013 (unaudited)	31 December 2012 (audited)
Bank balances and cash	255,019	1,178,812
Less: Deposit under lien with original maturity over 3 months	(66,114)	(66,114)
Cash and cash equivalent	**188,905**	1,112,698

A deposit of AED 66 million is held under lien in accordance with the issuance requirements of the sukuk issued by Tamweel Funding III Limited.

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

5. Islamic financing and investing assets

	30 September 2013 (unaudited) AED'000	31 December 2012 (audited) AED'000
Ijara and forward ijara (constructed and handed over properties)	7,363,848	7,950,602
Gross murabaha investments and mudaraba receivables	338,782	353,168
Less: Deferred profit	(6,588)	(8,595)
Net murabaha investments and mudaraba receivables	332,194	344,573
Istisna'a and forward Ijara (under construction properties)	973,471	1,514,410
	8,669,513	9,809,585
Less: Profit suspended	(140,426)	(111,991)
Less: Provision for impairment	(422,974)	(373,404)
	8,106,113	9,324,190

All Islamic financing and investing assets financed by the Group are within the U.A.E. and include accrued profits amounting to AED 137 million (31 December 2012: AED 206 million).

Included under Islamic financing and investing assets are receivables amounting to AED 396 million (31 December 2012: AED 295 million) in respect of which the Group has obtained the clear legal title to the properties financed and is in the process of finalizing formalities for possession of such properties. Such receivables are carried at current market values of the properties and a full provision has been made for the remaining exposure.

Provisions for impairment

Movements in the provision for impairment were as follows:

	30 September 2013 (unaudited) AED'000	30 September 2012 (unaudited) AED'000
Balance at beginning of the period	373,404	344,154
Provision made during the period	50,252	22,500
Provision written off during the period	(682)	-
Balance at end of the period	422,974	366,654

Collateral

The Group enters into collateral arrangements with counter parties in appropriate circumstances to limit credit exposure. With a relatively dominant Ijara financing structure, the legal ownership of the finance property is maintained with the Group until the customer (lessee) has fulfilled all his obligations under the relevant Ijara.

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

6. Investment properties

	Land AED'000	Other real estate AED'000	Investment properties under construction AED'000	Total AED'000
Cost				
Balance at beginning of the period	339,811	69,763	187,316	596,890
Transfers	-	37,785	(37,785)	-
Disposal during the period	-	(35)	-	(35)
Balance at end of the period	**339,811**	**107,513**	**149,531**	**596,855**
Accumulated depreciation				
Balance at beginning of the period	-	-	-	-
Charge for the period	-	3,088	-	3,088
Balance at end of the period	**-**	**3,088**	**-**	**3,088**
Provision for impairment				
Balance at beginning of the period	150,888	24,884	39,369	215,141
Transfers	-	7,999	(7,999)	-
Balance at end of the period	**150,888**	**32,883**	**31,370**	**215,141**
Carrying amount				
At 30 September 2013	**188,923**	**71,542**	**118,161**	**378,626**
At 31 December 2012	188,923	44,879	147,947	381,749

At reporting date, the fair value of the investment property approximates its net carrying value.

7. Other investments

	30 September 2013 (unaudited) AED'000	31 December 2012 (audited) AED'000
Investments measured at FVTOCI		
Transfer resulted from cancellation of employees' benefit plan (Note 9)	**10,883**	-
Changes in fair value	**12,914**	-
Shares forfeited under employees benefit plan (note 9)	**512**	-
	24,309	-

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

8. Financing obligations

	2013 AED'000	2012 AED'000
Wakalas	**5,125,000**	3,727,430
Mudarabas	**-**	1,250,000
Sukuk	**1,102,500**	2,202,500
Convertible Sukuk	**-**	1,095,150
	6,227,500	8,275,080

Wakalas

In September 2013, the Group received short term Wakala investments of AED 5,125 million from Dubai Islamic Bank P.J.S.C. and settled all Wakala investments received from the Group's external customers. The effective average profit rate on these Wakalas is 4% (2012: 4%).

Mudarabas

All Mudarabas, which were short term to medium term with effective average profit rate of 4%, were settled in full during September 2013.

Sukuk

a) The trust certificates issued in July 2008 ("2008 Sukuk") for the total value of AED 1,100 million through Tamweel Sukuk Limited, were repaid in full on maturity in July 2013.

b) The Trust certificates issued in January 2012 ("2012 Sukuk") for US$ 300 million, through Tamweel Funding III Limited are listed on the Irish Stock Exchange. The 2012 Sukuk is structured to conform to principles of Islamic Sharia'a, matures in 2017 and has a profit rate of 5.15% per annum, payable semi-annually in arrears.

Convertible Sukuk

The convertible sukuk issued in January 2008 in the form of Trust Certificates / Shirkat -ul-Milk, for a total value of USD 300 million, was repaid in full on maturity in January 2013.

9. Employees' benefit plan

The Group decided not to grant any further shares under the employees' benefit plan and to accept the share swap offer by Dubai Islamic Bank P.J.S.C. Accordingly, the remaining 10,882,877 shares under the employees' benefit plan were swapped for 6,046,042 shares of Dubai Islamic Bank P.J.S.C. In addition, at 30 September 2013, there were 927,522 shares of Dubai Islamic Bank PJSC (equivalent to 1,669,544 shares of the Company, prior to conversion) that were granted to the employees and due for vesting in 2014.

During 2013, employees who left the Group forfeited 284,502 shares of DIB.

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

10. Earnings per share - basic and diluted

Basic earnings per share are calculated by dividing the profit for the period, adjusted for directors' remuneration, by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit for the period, adjusted for directors' remuneration, by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into shares. The diluted earnings per share arising from the issue of employee share options does not result in any change from the reported basic earnings per share.

Basic earnings per share

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	**2013**	2012
	AED'000	AED'000	**AED'000**	AED'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period net of directors' remuneration	**27,554**	8,551	**72,986**	43,691
Weighted average number of shares outstanding during the period (in thousands)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Basic and diluted earnings per share (AED)	**0.028**	0.009	**0.073**	0.044

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these condensed consolidated financial statements for issuance.

11. Fire damage to Tamweel Tower

On 18 November 2012, offices of the Group in Tamweel Tower suffered fire damage. The Group has contents insurance cover in relation to the offices and Tamweel Tower is insured by the building's Owners Association. The Group has advised the contents insurer and has submitted a claim in line with the policy. The Owners Association has advised the property insurer and received an acknowledgement from the insurer of the liability in relation to the damage. The insurance company in consultation with Owners Association has appointed a consultant to assess the damage. The consultant has submitted his report of the extent of damage and the scope of restoration which has been sent for approval to the insurer and the regulatory authorities. Both the insurers have acknowledged the claims and management is of the view that there is no requirement for provision in relation to the carrying value of the property and contents assets in respect of loss or damage. The net carrying value of the property and the content assets is AED 22.43 million (31 December 2012: AED 24.88 million).

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

12. Segment information

For management purposes the Group is organised into two major business segments:

Islamic financing and investing activities	- Principally handling Islamic financing and investing activities.
Property trading and investment activities	- Principally involved in the purchase and sale of properties and related activities including commissions.
Other	- Functions other than the above core lines of business.

These segments are the basis on which the Group reports its segments information. Segment information is as follows:

	For the period ended 30 September 2013 (unaudited)				For the period ended 30 September 2012 (unaudited)			
	Islamic financing and investing activities AED'000	**Property trading and investment activities AED'000**	**Other AED'000**	**Total AED'000**	Islamic financing and investing activities AED'000	Property trading and investment activities AED'000	Other AED'000	Total AED'000
Gross income	**426,094**	**2,687**	**-**	**428,781**	449,858	2,176	-	452,034
Allocable expenses	**(290,219)**	**(7,718)**	**-**	**(297,937)**	(324,002)	(10,556)	-	(334,558)
Depreciation	**(3,195)**	**(3,088)**	**-**	**(6,283)**	(3,409)	-	-	(3,409)
Segment result	**132,680**	**(8,119)**	**-**	**124,561**	122,447	(8,380)	-	114,067
Provision for impairment and litigation losses	**(50,425)**	**-**	**-**	**(50,425)**	(41,550)	(27,326)	-	(68,876)
Segment result after provision	**82,255**	**(8,119)**	**-**	**74,136**	80,897	(35,706)	-	45,191
Profit for the period				**74,136**				45,191

	As at 30 September 2013 (unaudited)				As at 31 December 2012 (audited)			
	AED'000	**AED'000**	**AED'000**	**AED'000**	AED'000	AED'000	AED'000	AED'000
Segment assets	**8,128,168**	**380,779**	**315,692**	**8,824,639**	9,346,910	384,918	1,215,038	10,946,866
Segment liabilities	**5,967,545**	**279,560**	**231,770**	**6,478,875**	7,336,900	312,175	998,810	8,647,885
Capital expenditure	**-**	**-**	**744**	**744**	-	-	1,914	1,914

No secondary segment information has been provided as currently the operations of the Group are concentrated primarily in the U.A.E.

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

13. Commitments

	30 September 2013 (unaudited) AED'000	31 December 2012 (audited) AED'000
Irrevocable commitments to extend credit	**507,383**	652,300

This represents contractual commitments to provide Islamic financing. Commitments generally have fixed expiry dates, or other termination clauses and normally require the payment of a fee. Since these may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

14. Contingencies

a) The Group's bankers have provided a guarantee of AED 50 million (31 December 2012: AED 50 million) favouring the U.A.E. Central Bank against the share capital.

b) The Group's bankers have also provided a guarantee of AED 5 million (31 December 2012: AED 5 million) to the Economic Affairs Division of the Government of Dubai for establishing a subsidiary company.

c) At reporting date, the Group is in legal proceedings against certain customers in the UAE to recover AED 300 million. The customers are also counter claiming against the Group. These proceedings are in various stages in the courts of first instance and appeal court. Based on legal advice, the management of the Group is contesting the counterclaims as they believe such counter claims are without basis and is pursuing the full recovery of the outstanding balances. Accordingly, no provision for any liability has been made in these condensed consolidated financial statements.

15. Related party transactions

The Group enters into transactions with shareholders, directors, key management personnel and their related concerns in the ordinary course of business at commercial profit and commission rates. All facilities to related parties are performing facilities and are free of any provision for possible impairment.

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

The significant balances and transactions of related parties included in the condensed consolidated financial statements are as follows:

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

15. Related party transactions (continued)

	For the period ended 30 September 2013 (unaudited)		For the period ended 30 September 2012 (unaudited)	
	Key management personnel AED'000	**Major shareholders AED'000**	Key management personnel AED'000	Major shareholders AED'000
Income from Islamic financing and investing activities	**654**	**-**	946	-
Income on mudaraba deposits and wakala investments	**-**	**2,268**	-	6,721
Commission and other income	**-**	**10,876**	-	9,375
Depositors'/investors' share of profit and related costs	**-**	**51,841**	-	41,441
General and administrative expenses	**-**	**2,154**	-	749

	As at 30 September 2013 (unaudited)		As at 31 December 2012 (audited)	
	Key management personnel AED'000	**Major shareholders AED'000**	Key management personnel AED'000	Major shareholders AED'000
Islamic financing and investing assets	**10,292**	**-**	20,994	-
Bank balances and cash	**-**	**246,155**	-	1,169,625
Other investments	**-**	**24,309**	-	-
Advances, prepayments and other receivables	**-**	**6,154**	-	4,161
Financing obligations	**-**	**5,125,000**	-	1,250,000
Depositors'/investors' share of profit and related costs payable	**-**	**7,403**	-	139

The compensation paid to key management personnel of the Group is as follows:

	For the period ended	
	30 September 2013 (unaudited) AED'000	30 September 2012 (unaudited) AED'000
Short term employee benefits	**3,685**	4,251
Termination and other benefits	**174**	536
	3,859	4,787

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

16. Dividends paid

The shareholders at their Annual General Meeting held on 18 March 2013 approved a cash dividends of AED 0.05 per share, AED 50 million for the year ended 31 December 2012 (31 December 2011: AED 0.05 per share, AED 50 million).

17. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 October 2013.