

Amlak Finance PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2007 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AMLAK FINANCE PJSC

Introduction

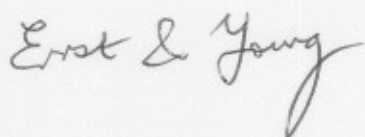
We have reviewed the accompanying interim consolidated balance sheet of Amlak Finance PJSC (the 'Company') as of 30 September 2007, the related interim consolidated statements of income for the three-month and nine-month periods then ended, the related statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with IAS 34.



Signed by
Edward Quinlan
Partner
Registration No. 93

10 October 2007

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

30 September 2007 (Reviewed)

	<i>Note</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2007 AED'000</i>	<i>2006 AED'000</i>	<i>2007 AED'000</i>	<i>2006 AED'000</i>
Revenue					
Income from financing and investing assets		118,671	73,981	290,024	195,846
Processing fees		15,843	13,362	40,544	30,170
Gain on investments		1,160	(1,578)	46,993	1,989
Dividend and sukuk income		2,473	3,160	10,051	10,110
Profit on sale of properties		15,422	-	44,906	-
Income on deposits		5,572	4,994	13,242	18,832
Other income		1,451	4,937	3,371	22,995
Share of profit of an associate		3,310	2,058	4,762	10,908
		<u>163,902</u>	<u>100,914</u>	<u>453,893</u>	<u>290,850</u>
General and administrative expenses					
Staff expenses		(12,016)	(9,304)	(34,122)	(23,282)
Depreciation		(1,026)	(626)	(2,977)	(1,775)
Other expenses		(13,451)	(10,931)	(57,517)	(33,962)
		<u>(26,493)</u>	<u>(20,861)</u>	<u>(94,616)</u>	<u>(59,019)</u>
Profit before investors' share of profit		<u>137,409</u>	<u>80,053</u>	<u>359,277</u>	<u>231,831</u>
Investors' share of profit on:					
Sukuk payable		(12,355)	(12,916)	(36,936)	(33,784)
Related party balances		(5,077)	(5,878)	(16,707)	(14,671)
Investment deposits		(53,074)	(26,625)	(133,060)	(67,895)
		<u>(70,506)</u>	<u>(45,419)</u>	<u>(186,703)</u>	<u>(116,350)</u>
Profit attributable to the Shareholders		<u>66,903</u>	<u>34,634</u>	<u>172,574</u>	<u>115,481</u>
Basic and diluted earnings per share (UAE Dirham)	3	<u>0.045</u>	<u>0.023</u>	<u>0.115</u>	<u>0.077</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC

CONSOLIDATED BALANCE SHEET

At 30 September 2007 (Reviewed)

	<i>Reviewed 30 September 2007 AED'000</i>	<i>Audited 31 December 2006 AED'000</i>
ASSETS		
Cash and deposits with banks	575,864	268,228
Financing and investing assets	5,226,341	4,125,891
Investments in associates	93,711	18,720
Properties held for resale	481,788	-
Other investments	513,604	545,199
Other assets	169,974	79,142
Furniture, fixtures and office equipment	10,749	9,064
Total assets	7,072,031	5,046,244
EQUITY AND LIABILITIES		
Equity		
Share capital	1,500,000	1,500,000
General reserve	29,819	29,819
Statutory reserve	29,819	29,819
Cumulative changes in fair value	12,770	(6,824)
Retained earnings	388,524	215,950
Total equity	1,960,932	1,768,764
Liabilities		
Sukuk payable	697,680	697,680
Investment deposits	4,148,470	2,508,577
Accrued zakat	9,271	13,238
Other liabilities	255,678	57,985
Total liabilities	5,111,099	3,277,480
Total equity and liabilities	7,072,031	5,046,244



Nasser Al Sheikh
Chairman
10 October 2007



Arif Alharmi
CEO
10 October 2007

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

30 September 2007 (Reviewed)

	<i>Nine months ended 30 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit attributable to the shareholders	172,574	115,481
Adjustments for:		
Depreciation	2,977	1,775
Share of profit of an associate	(4,762)	(10,908)
Gain on investments	(46,993)	(12,099)
Profit on sale of properties	(44,906)	-
Dividend and sukuk income	(10,051)	-
	<u>68,839</u>	<u>94,249</u>
Working capital changes:		
Bank deposits greater than three months	-	(310,091)
Financing and investing assets	(1,100,450)	(614,839)
Other assets	(90,832)	(16,096)
Investment deposits	1,639,893	276,217
Other liabilities	197,693	32,848
Accrued zakat	(3,967)	-
Net cash from (used in) operating activities	<u>711,176</u>	<u>(537,712)</u>
INVESTING ACTIVITIES		
Increase in capital of associates	(70,229)	-
Purchase of properties for resale	(692,959)	-
Purchase of other investments	(190,026)	(90,507)
Purchase of furniture, fixtures and office equipment	(4,662)	(3,381)
Dividend and sukuk income received	10,051	5,986
Proceeds from disposal of properties for resale	256,077	-
Proceeds from disposal of other investments	288,208	26,809
Dividend from associates	-	31,162
Net cash used in investing activities	<u>(403,540)</u>	<u>(29,931)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	307,636	(567,643)
Cash and cash equivalents at the beginning of the period	<u>268,228</u>	<u>714,070</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>575,864</u>	<u>146,427</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2007 (Reviewed)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Cumulative changes in fair value AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>
At 1 January 2007	1,500,000	29,819	29,819	(6,824)	215,950	1,768,764
Net movement in cumulative changes in fair value	-	-	-	19,594	-	19,594
Profit attributable to the shareholders	-	-	-	-	172,574	172,574
Total income and expense for the period	-	-	-	19,594	172,574	192,168
At 30 September 2007	1,500,000	29,819	29,819	12,770	388,524	1,960,932
At 1 January 2006	1,500,000	16,777	16,777	132,067	119,607	1,785,228
Net movement in cumulative changes in fair value	-	-	-	(118,079)	-	(118,079)
Profit attributable to the shareholders	-	-	-	-	115,481	115,481
Total income and expense for the period	-	-	-	(118,079)	115,481	(2,598)
At 30 September 2006	1,500,000	16,777	16,777	13,988	235,088	1,782,630

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

1 ACTIVITIES

Amlak Finance PJSC (the 'Company') was incorporated in Dubai on 11 November 2000 as a private shareholding company in accordance with UAE Federal Law No (8) of 1984, as amended.

At the constituent shareholders' meeting held on 9 March 2004, a resolution was passed to convert the Company to a public joint stock company. Further, a resolution was passed to transform the Company's activities to be in full compliance with the Islamic Sharia'a rules and principles.

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in financing and investing activities such as Ijara, Murabaha, Mudaraba, Musharaka. The activities of the Company are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. The Company's shares are listed on Dubai Financial Market.

The registered address of the Company is P.O. Box 2441, Dubai, United Arab Emirates.

2 ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2006 except for the adoption of new standards and interpretations, noted below;

IFRS 7 Financial Instruments Disclosures

The Company has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IAS 1 Amendment - Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IFRIC 10 Interim Financial Reporting and Impairment

The Company has adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of an investment in either an equity instrument or a financial asset carried at cost.

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2006. In addition, results for the 9 months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the shareholders for the period of AED 66,903,000 (2006: AED 34,634,000) and AED 172,574,000 (2006: AED 115,481,000) for the three month and nine month periods ended 30 September 2007, respectively, by the weighted average number of shares outstanding during the period of 1,500,000,000 of AED 1 each (2006: 1,500,000,000 of AED 1 each).

The Company has not issued any instruments which would have an impact on earnings per share when exercised.

4 COMMITMENTS AND CONTINGENCIES*Commitments*

		<i>30 September 2007 AED'000</i>	<i>Audited 31 December 2006 AED'000</i>
Irrevocable commitments to extend credit	4.1	1,684,483	1,427,774
Purchase of properties for resale		-	6,991
Contribution to share capital	4.2	337,915	408,997
		<u>2,022,398</u>	<u>1,843,762</u>

4.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Company's customers. Commitments generally have fixed expiration dates, or other termination clauses, and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

4.2 The Company has commitments on account of uncalled capital of an associate and other investees. The Company has to pay as and when calls are made by the investee companies.

Contingencies

The Company has issued guarantees on behalf of an associate amounting to AED 412,285 thousand (2006: AED 414,135 thousand)

5 SEGMENT INFORMATION**Primary segment information**

For operational and management reporting purposes, the Company is organised in one major business segment of Islamic financing and investing activities.

Secondary segment information

For operational and management reporting purposes, the Company is organised in one geographical segment, Middle East. Consequently, no secondary segment information is required to be provided.

6 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 12 thousand and AED 2,008 thousand for three month and nine month periods ended 30 September 2007, respectively, and AED 1,009 thousand and AED 5,986 thousand for three month and nine month periods ended 30 September 2006, respectively, which is of a seasonal nature.