

Amlak Finance PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2008 (UNAUDITED)

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

Introduction

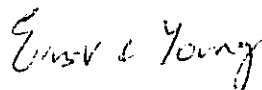
We have reviewed the accompanying interim condensed consolidated balance sheet of Amlak Finance PJSC (the 'Company') as of 31 March 2008 and the related interim condensed consolidated statements of income, cash flows and changes in equity for the three month period then ended and explanatory notes. Management 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
Farrukh Seer
Partner
Registration No. 491

9 April 2008

Dubai, United Arab Emirates

Amlak Finance PJSC

CONDENSED CONSOLIDATED INCOME STATEMENT

31 March 2008 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2008</i>	<i>2007</i>
		<i>AED'000</i>	<i>AED'000</i>
Revenue			
Income from financing and investing assets		126,143	82,751
Processing and other fees		17,472	9,929
Gain on investments		17,572	448
Income on deposits		91	3,981
Profit on sale of property held for sale		11,510	-
Profit on sale of property right	3	94,328	-
Other income		3,170	4,624
		<u>270,286</u>	<u>101,733</u>
General and administrative expenses		(54,076)	(25,747)
Share of profit of associates		3,581	271
		<u>219,791</u>	<u>76,257</u>
Profit before distributions to depositors		219,791	76,257
Distribution to depositors		(93,050)	(52,434)
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS		<u>126,741</u>	<u>23,823</u>
Basic and diluted earnings per share (UAE Dirham)	4	<u>0.084</u>	<u>0.016</u>

The attached notes 1 to 7 form part of these financial statements.

Amlak Finance PJSC

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2008 (Unaudited)

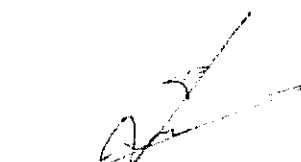
	31 March 2008 AED'000	31 December 2007 AED'000
ASSETS		
Cash and deposits with banks	309,930	495,843
Properties held for sale	3,642,409	2,030,335
Financing and investing assets	6,931,177	6,227,400
Investments in associates	206,484	155,134
Available for sale investments	454,352	371,049
Other assets	616,441	165,185
Furniture, fixtures and office equipment	20,262	18,665
Total assets	12,181,055	9,463,611
EQUITY AND LIABILITIES		
Equity		
Share capital	1,500,000	1,500,000
Statutory reserve	60,105	60,105
General reserve	60,105	60,105
Special reserve	69,306	62,274
Cumulative changes in fair value	47,600	78,678
Foreign currency translation reserve	1,207	824
Retained earnings	351,392	231,683
Proposed dividend	-	150,000
Total equity	2,089,715	2,143,669
Liabilities		
Sukuk payable	612,000	734,400
Investment deposits	7,867,122	5,265,543
Payable for properties held for sale	1,344,517	1,208,872
Accrued Zakat	12,801	14,793
Employees' end of service benefits	2,526	1,825
Dividend payable	150,000	-
Other liabilities	102,374	94,509
Total liabilities	10,091,340	7,319,942
TOTAL EQUITY AND LIABILITIES	12,181,055	9,463,611



Chairman
9 April 2008



Director
9 April 2008



Chief Executive Officer
9 April 2008

Amlak Finance PJSC

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

31 March 2008 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit attributable to the shareholders	126,741	23,823
Adjustments for:		
Depreciation	1,541	887
Share of profit of associates	(3,581)	(271)
Gain on available for sale investments	(18,902)	(448)
Provision for impairment of available for sale investments	13,310	-
Provision for employees' end of service benefits	722	-
	<u>119,831</u>	<u>23,991</u>
Working capital changes:		
Properties held for sale	(1,612,074)	-
Financing and investing assets	(703,777)	(251,665)
Other assets	(451,256)	15,104
Investment deposits	2,601,579	253,891
Other liabilities	7,865	(21,009)
Payables for property held for sale	135,645	-
	<u>97,813</u>	<u>20,312</u>
Cash from operations	97,813	20,312
Employees' end of service benefits paid	(21)	-
	<u>97,792</u>	<u>20,312</u>
Net cash from operating activities	<u>97,792</u>	<u>20,312</u>
INVESTING ACTIVITIES		
Purchase of available for sale investments	(174,631)	(93,066)
Purchase of furniture, fixtures and office equipment	(3,138)	(1,910)
Proceeds from disposal of available for sale investments	65,842	85,591
Payment of zakat	(1,992)	-
Investment in associate company	(47,769)	-
	<u>(161,688)</u>	<u>(9,385)</u>
Net cash used in investing activities	<u>(161,688)</u>	<u>(9,385)</u>
FINANCING ACTIVITY		
Repayment of sukuk	(122,400)	-
	<u>(122,400)</u>	<u>-</u>
Net cash used in financing activity	<u>(122,400)</u>	<u>-</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(186,296)</u>	<u>10,927</u>
Foreign exchange translation reserve	383	-
Cash and cash equivalents at the beginning of the period	495,843	268,228
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>309,930</u>	<u>279,155</u>

The attached notes 1 to 7 form part of these financial statements.

Amlak Finance PJSC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 March 2008 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Special reserve AED '000	Cumulative changes in fair value AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000
As at 1 January 2008	1,500,000	60,105	60,105	62,274	78,678	824	231,683	150,000	2,143,669
Realised gains on available for sale investments reclassified to income statement on disposal	-	-	-	-	(17,572)	-	-	-	(17,572)
Net unrealised loss on available for sale investments	-	-	-	-	(13,506)	-	-	-	(13,506)
Foreign currency translation	-	-	-	-	-	383	-	-	383
Total income and expense for the period recognised directly in equity	-	-	-	-	(31,078)	383	-	-	(30,695)
Profit for the period	-	-	-	-	-	-	126,741	-	126,741
Total income and expenses for the period	-	-	-	-	(31,078)	383	126,741	-	96,046
Transfer to special reserve	-	-	-	7,032	-	-	(7,032)	-	-
Transfer to dividend payable	-	-	-	-	-	-	-	(150,000)	(150,000)
Balance at 31 March 2008	1,500,000	60,105	60,105	69,306	47,600	1,207	351,392	-	2,089,715

The attached notes 1 to 7 form part of these financial statements.

Amlak Finance PJSC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONTINUED

31 March 2008 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Special reserve AED '000	Cumulative changes in fair value AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000
As at 1 January 2007	1,500,000	29,819	29,819	-	(6,824)	-	215,950	-	1,768,764
Realised gains on available for sale investments reclassified to income statement on disposal	-	-	-	-	(448)	-	-	-	(448)
Net unrealised loss on available for sale investments	-	-	-	-	(13,671)	-	-	-	(13,671)
Total income and expense for the period recognised directly in equity	-	-	-	-	(14,119)	-	-	-	(14,119)
Profit for the period	-	-	-	-	-	-	23,823	-	23,823
Total income and expenses for the period	-	-	-	-	(14,119)	-	23,823	-	9,704
Balance at 31 March 2007	1,500,000	29,819	29,819	-	(20,943)	-	239,773	-	1,778,468

The attached notes 1 to 7 form part of these financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 March 2008 (Unaudited)

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 process was completed on 1 June 2004. As a result, the Company transformed its conventional financing products into Islamic financing products during the five month period ended 31 May 2004 after negotiations and agreement with its customers.

The Company is licensed by the UAE Central Bank as a finance company and is now 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 2007.

3 RELATED PARTY TRANSACTIONS

The Company signed a reservation agreement ("Property Rights") on 17 October 07 and made an advance payment of AED 245 million during the period for a commercial real-estate development with a master developer in Dubai. During the period the Company sold the Property Rights of part of this real-estate development to a related party at a profit of AED 94 million (March 2007: nil). Also, included in investment deposits at the balance sheet are amounts totalling AED 1.03 billion from related parties.

4 EARNINGS PER SHARE

Basic and diluted earnings per share

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2007</i>	<i>2006</i>
Profit for the period (AED 000's)	<u>126,471</u>	<u>23,823</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>
Basic and diluted earnings per share (AED)	<u>0.084</u>	<u>0.016</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 March 2008 (Unaudited)

5 SEGMENTAL INFORMATION**Primary segment information**

The Company's revenues and expenses for each segment for the period ended 31 March are as follows:

	<i>Islamic Financing and investing activities AED '000</i>	<i>Property transactions AED '000</i>	<i>Others AED '000</i>	<i>Total AED '000</i>
2008:				
Gross income	143,615	105,838	24,414	273,867
Allocated expenses	(56,568)	(26,494)	(5,103)	(88,165)
Segment results	87,047	79,344	19,311	185,702
Unallocated expenses				(58,961)
Profit				126,741
2007:				
Gross income	92,680	-	9,324	102,004
Allocated expenses	(43,141)	-	(5,501)	(48,642)
Segment results	49,539	-	3,823	53,362
Unallocated expenses				(29,539)
Profit				23,823

6 COMMITMENTS AND CONTINGENCIES**Commitments**

		<i>31 March 2008 AED '000</i>	<i>Audited 31 December 2007 AED '000</i>
Irrevocable commitments to extend credit	6.1	1,298,787	1,614,998
Purchase of properties for resale	6.2	2,736,394	2,996,563
Contribution to share capital	6.3	121,654	296,363
		4,156,835	4,907,924

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 March 2008 (Unaudited)

6 COMMITMENTS AND CONTINGENCIES - continued

- 6.1 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.
- 6.2 At the balance sheet date, the Company was committed to purchase certain properties for resale.
- 6.3 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.

At the extra-ordinary general meeting held on 16 March 2008, the Company approved the issuance of a convertible investment sukuk of AED 1.8 billion, and a non convertible investment sukuk of AED 3 billion.

Contingencies

The Company has issued guarantees on behalf of an associate amounting to AED 3,460 thousand (2007: AED 3,460 thousand).

7 SEASONALITY OF RESULTS

Included in other income is dividend income of AED 1,328 thousand for three-month period ended 31 March 2008 (2007: AED 1,430 thousand) which is of seasonal nature.