
Amlak Finance PJSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2008 (UNAUDITED)

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

Introduction

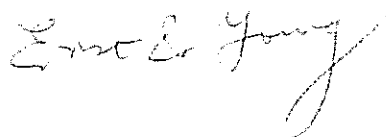
We have reviewed the accompanying interim condensed consolidated financial statements of Amlak Finance PJSC and its subsidiaries (the 'Group') as at 30 June 2008, comprising the interim consolidated balance sheet as at 30 June 2008 and the related interim consolidated statements of income for the three-month and six-month periods then ended, the related statements of cash flows and changes in equity for the six-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 prepared, in all material respects, in accordance with IAS 34.



Signed by
Edward Quinlan
Partner
Registration No. 93

4 August 2008

Dubai, United Arab Emirates

Amlak Finance PJSC

INTERIM CONSOLIDATED INCOME STATEMENT

30 June 2008 (Unaudited)

		<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue					
Income from financing and investing assets		204,187	88,602	330,330	171,353
Processing and other fees		28,854	14,772	46,326	24,701
Gain on investments		-	45,385	16,477	45,833
Profit on sale of property held for sale		11,417	29,484	22,927	29,484
Profit on sale of property rights	3	92,541	-	186,869	-
Income on deposits		979	3,689	1,070	7,670
Other income		8,651	4,874	12,916	9,498
		<u>346,629</u>	<u>186,806</u>	<u>616,915</u>	<u>288,539</u>
General and administrative expenses		(62,212)	(42,376)	(116,287)	(68,123)
Share of (loss) profit of associates		(28,840)	1,181	(25,259)	1,452
Profit before distribution to depositors		<u>255,577</u>	<u>145,611</u>	<u>475,369</u>	<u>221,868</u>
Distribution to depositors		(110,253)	(63,763)	(203,303)	(116,197)
Profit for the period		<u><u>145,324</u></u>	<u><u>81,848</u></u>	<u><u>272,066</u></u>	<u><u>105,671</u></u>
Profit for the period attributable to:					
Equity holders of the parent		142,924	81,848	269,666	105,671
Minority interests		2,400	-	2,400	-
		<u><u>145,324</u></u>	<u><u>81,848</u></u>	<u><u>272,066</u></u>	<u><u>105,671</u></u>
Basic and diluted earnings per share (UAE Dirham)	4	<u><u>0.095</u></u>	<u><u>0.055</u></u>	<u><u>0.180</u></u>	<u><u>0.070</u></u>

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 30 June 2008

		30 June 2008 AED'000 (Unaudited)	31 December 2007 AED'000 (Audited)
	Notes		
ASSETS			
Cash and deposits with banks		709,219	495,843
Properties held for sale		3,264,972	2,030,335
Financing and investing assets		8,214,033	6,227,400
Investments in associates	5	303,123	155,134
Available for sale investments		449,020	371,049
Property rights		568,987	-
Other assets		560,575	165,185
Furniture, fixtures and office equipment		24,226	18,665
Goodwill	6	121,615	-
Total assets		14,215,770	9,463,611
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,500,000	1,500,000
Statutory reserve		60,105	60,105
General reserve		60,105	60,105
Special reserve		82,140	62,274
Cumulative changes in fair value		48,507	78,678
Foreign currency translation reserve		237	824
Retained earnings		481,483	231,683
Proposed dividend		-	150,000
		2,232,577	2,143,669
Minority interests		9,444	-
Total equity		2,242,021	2,143,669
Liabilities			
Sukuk payable		612,000	734,400
Investment deposits		9,862,573	5,265,543
Payable for properties held for sale		1,132,427	1,208,872
Accrued Zakat		12,801	14,793
Employees' end of service benefits		2,784	1,825
Dividend payable		13,679	-
Other liabilities		337,485	94,509
Total liabilities		11,973,749	7,319,942
TOTAL EQUITY AND LIABILITIES		14,215,770	9,463,611

Chairman
4 August 2008

Director
4 August 2008

Chief Executive Officer
4 August 2008

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC

INTERIM CONSOLIDATED CASH FLOW STATEMENT

30 June 2008 (Unaudited)

		Six months ended 30 June	
	Note	2008 AED '000	2007 AED '000
OPERATING ACTIVITIES			
Profit for the period		272,066	105,671
Adjustments for:			
Depreciation		3,703	1,951
Share of loss (profit) of associates		25,259	(1,452)
Gain on sale of available for sale investments		(16,477)	(45,833)
Provision for available for sale investments		17,244	-
Provision for employees' end of service benefit		1,404	-
Dividend and sukuk income		(3,463)	(7,578)
		299,736	52,759
Working capital changes:			
Financing and investing assets		(1,986,633)	(651,105)
Properties held for sale		(1,234,637)	(74,334)
Property rights		(568,987)	-
Other assets		(357,260)	(44,287)
Investment deposits		4,597,030	878,626
Payable for properties held for sale		(76,445)	-
Other liabilities		181,788	48,894
		854,592	210,553
Employees' end of service benefit paid		(445)	-
Net cash from operating activities		854,147	210,553
INVESTING ACTIVITIES			
Increase in investments in associates		(173,248)	(70,234)
Purchase of available for sale investments		(174,631)	(156,807)
Proceeds from sale of available for sale investments		65,842	255,221
Acquisition of subsidiary, net of cash acquired	6	(95,146)	-
Payment of Zakat		(1,992)	-
Purchase of furniture, fixtures and office equipment		(5,751)	(4,157)
Dividend paid		(136,321)	-
Dividend and sukuk income received		3,463	7,578
Net cash (used in) from investing activities		(517,784)	31,601
FINANCING ACTIVITY			
Repayment of Sukuk		(122,400)	-
Net cash used in financing activity		(122,400)	-
INCREASE IN CASH AND CASH EQUIVALENTS			
		213,963	242,154
Foreign exchange translation reserve		(587)	-
Cash and cash equivalents at the beginning of the period		495,843	268,228
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		709,219	510,382

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements.

Amlak Finance PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 30 June 2008 (Unaudited)

	Attributable to equity holders of the Parent										
	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	Minority interests AED '000	Total equity 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	-	2,143,669
Realised gains on available for sale investments reclassified to income statement on disposal	-	-	-	-	(16,477)	-	-	-	(16,477)	-	(16,477)
Net unrealised loss on available for sale investments	-	-	-	-	(13,694)	-	-	-	(13,694)	-	(13,694)
Foreign currency translation	-	-	-	-	-	(587)	-	-	(587)	-	(587)
Total income and expense for the period recognised directly in equity	-	-	-	-	(30,171)	(587)	-	-	(30,758)	-	(30,758)
Profit for the period	-	-	-	-	-	-	269,666	-	269,666	2,400	272,066
Total income and expenses for the period	-	-	-	-	(30,171)	(587)	269,666	-	238,908	2,400	241,308
Transfer to special reserve	-	-	-	19,866	-	-	(19,866)	-	-	-	-
Minority interest in acquisition (note 6)	-	-	-	-	-	-	-	-	-	7,044	7,044
Transfer to dividend payable	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Balance at 30 June 2008	1,500,000	60,105	60,105	82,140	48,507	237	481,483	-	2,232,577	9,444	2,242,021

The attached notes 1 to 9 form part of these financial statements.

Amlak Finance PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2008 (Unaudited)

	Attributable to equity holders of the Parent										
	Foreign										
	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Special reserve AED '000	Cumulative changes in fair value AED '000	currency translation reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Total AED '000	Minority interests AED '000	Total equity AED '000
As at 1 January 2007	1,500,000	29,819	29,819	-	(6,824)	-	215,950	-	1,768,764	-	1,768,764
Net movement in cumulative changes in fair value	-	-	-	-	23,580	-	-	-	23,580	-	23,580
Total income and expense for the period recognised directly in equity	-	-	-	-	23,580	-	-	-	23,580	-	23,580
Profit for the period	-	-	-	-	-	-	105,671	-	105,671	-	105,671
Total income and expenses for the period	-	-	-	-	23,580	-	105,671	-	129,251	-	129,251
Balance at 30 June 2007	1,500,000	29,819	29,819	-	16,756	-	321,621	-	1,898,015	-	1,898,015

The attached notes 1 to 9 form part of these financial statements.

I 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.

The Group consists of of Amlak Finance PJSC and its following subsidiaries:

<i>Company</i>	<i>Basis for consolidation</i>	<i>Country of Incorporation</i>	<i>Percentage Shareholding</i>	
			<i>30 June 2008</i>	<i>31 December 2007</i>
Amlak Finance & Real Estate Investment (S.A.E.)	<i>Subsidiary</i>	<i>Egypt</i>	<i>100%</i>	<i>100%</i>
Amlak International LLC -- Dubai	<i>Subsidiary</i>	<i>UAE</i>	<i>100%</i>	<i>100%</i>
Amlak Holding FZCo	<i>Subsidiary</i>	<i>UAE</i>	<i>100%</i>	<i>100%</i>
Park Investment LLC ('Park')	<i>SPV</i>	<i>UAE</i>	<i>100%</i>	<i>100%</i>
Tasabeeh Investment LLC ('Tasabeeh')	<i>SPV</i>	<i>UAE</i>	<i>100%</i>	<i>100%</i>
Waraqaa Heights LLC ('Waraqaa')	<i>SPV</i>	<i>UAE</i>	<i>100%</i>	<i>100%</i>
Amlak Property Services LLC (*)	<i>Subsidiary</i>	<i>UAE</i>	<i>60%</i>	<i>-</i>

(*) Amlak Property Services LLC owns 60% of Landmark Properties LLC at 30 June 2008 (note 6).

2 ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The interim condensed financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007. In addition to policies disclosed in annual financial statements, the Group has adopted the following policy for accounting of property sale and purchase agreements.

The Group enters into forward contracts for the purchase of land or buildings. Such contracts are classified as property rights and are carried in the balance sheet at the lower of amounts paid for the purchase and net realizable value. Profit on the sale of such rights is recognized when the profit can be measured reliably and significant risks and rewards are transferred to the buyer.

When such sales are accompanied by deferred payment terms or ijarah financing, only the difference between the current cash sales price and the carrying amount of such properties is recognized as profit with the difference between the gross amount ultimately receivable and current cash sales price recognized on an effective yield basis.

3 RELATED PARTY TRANSACTIONS

The Group sold the property rights of certain real-estate developments to a related party at a profit AED 186,869 thousand during the six months ended 30 June 2008. Amount receivable of AED 405,064 thousand at 30 June 2008 from the related party in this respect is included in other assets.

Also, included in investment deposits at the balance sheet date are amounts totalling AED 2,299,533 thousand from related parties.

4 EARNINGS PER SHARE

Basic and diluted earnings per share

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Profit for the period attributable to equity holders of the parent (AED 000's)	<u>142,924</u>	<u>81,848</u>	<u>269,666</u>	<u>105,671</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Basic and diluted earnings per share (AED)	<u>0.095</u>	<u>0.055</u>	<u>0.180</u>	<u>.070</u>

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

5 INVESTMENTS IN ASSOCIATES

During the period, the Group increased its ownership interest in an associate from 37.5 % to 57.5 % to a value of AED 24 million at 30 June 2008. The subsidiary has not been consolidated as the Group's management is currently pursuing the best possible courses of action towards realizing the carrying value of the investment in full through a sale and expects to dispose of the investment within 12 months of its acquisition.

6 ACQUISITION OF A SUBSIDIARY

A 60 % owned subsidiary of the Company acquired a 60 % interest in Landmark Properties LLC ("Landmark"). Landmark's main activity is to act as a real estate agent. The transfer and registration of Landmark in favor of the subsidiary was finalized on 6 April 2008. The acquisition of Landmark highly complements the strategy of the Group and enhance its services and product proposition and offering to its customers. The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements of the Group include the results of Landmark for the period from the date of acquisition. The subsidiary has provisionally recorded the assets and liabilities, and contingent liabilities of Landmark at the value they were carried in the accounts as summarized below:

	<i>AED '000</i> <i>(unaudited)</i>
Assets acquired:	
Property, plant and equipment	3,513
Trade and other receivables	38,130
Bank balances and cash	36,354
	<u>78,497</u>
Liabilities acquired:	
Due to minority partner	(27,724)
Trade and other payables	(32,298)
Bank borrowings	(1,166)
	<u>17,309</u>
Minority interests	(6,924)
	<u>10,385</u>
Net assets acquired	10,385
Goodwill	121,615
	<u>132,000</u>
Total consideration satisfied by cash	<u>132,000</u>
	 <i>AED</i> <i>(unaudited)</i>
Net cash acquired with subsidiary	36,854
Cash paid	(132,000)
	<u>(95,146)</u>
Net cash outflow	<u>(95,146)</u>

From the date of acquisition Landmark Properties has contributed AED 1,350,000 to the profit of the Group.

The goodwill recognized above is attributed to the expected synergies and other benefits from combining the assets and activities of Landmark properties with those of the group.

The subsidiary has provisionally recognized the values of net assets acquired and has not performed an impairment test on goodwill. Adjustments to the provisional values will be finalized within twelve months of the transfer date and recorded retrospectively as allowed by International Financial Reporting Standard 3; Business Combinations, an impairment test on the carrying value of the goodwill will also be performed at that stage.

7 COMMITMENTS AND CONTINGENCIES*Commitments*

		<i>Unaudited 30 June 2008 AED'000</i>	<i>Audited 31 December 2007 AED'000</i>
Irrevocable commitments to extend credit	7.1	2,460,914	1,614,998
Commitments for additional payments for property rights		3,046,757	2,996,563
Contribution to share capital	7.2	43,972	295,363
		<u>5,551,643</u>	<u>4,907,924</u>

7.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Group'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.

7.2 The Group has commitments on account of uncalled capital of associates and other investees. The Group 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 shareholders 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 Group has issued guarantees on behalf of an associate amounting to AED 3.4 million (2007: AED 3.4 million)

8 SEGMENTAL INFORMATION*Primary segment information*

The Group's revenues and expenses for each segment for the six months ended 30 June 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	376,656	209,796	5,204	591,656
Allocated expenses	(129,425)	(72,089)	(1,789)	(203,303)
Segment results	<u>247,231</u>	<u>137,707</u>	<u>3,415</u>	<u>388,353</u>
Unallocated expenses				(116,287)
Profit for the period				<u>272,066</u>
2007:				
Gross income	196,054	29,484	64,453	289,991
Allocated expenses	(78,557)	(11,814)	(25,826)	(116,197)
Segment results	<u>117,497</u>	<u>17,670</u>	<u>38,627</u>	<u>173,794</u>
Unallocated expenses				(68,123)
Profit for the period				<u>105,671</u>

9 SEASONALITY OF RESULTS

Other income includes dividend income of AED 3,696 thousand for six month period ended 30 June 2008 and AED AED 1,996 thousand for six month period ended 30 June 2007, which is of a seasonal nature.