12 EARNINGS PER SHARE – BASIC AND DILUTED (continued)

Diluted earnings per share

	2009 AED'000	*2008 AED'000*
(Loss) profit for the year net of directors' remuneration	(57,508)	458,215
Add: Profit on convertible Sukuk	60,258	58,931
	2,750	517,146
	Number of shares '000	
Weighted average number of shares outstanding during the year	1,136,338	1,128,142
Diluted earnings per share (AED)	N.A.	0.46

Diluted earnings per share for the year ended 31 December 2009 have not been calculated since the conversion of sukuk into ordinary shares would have an antidilutive effect.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements for issuance. The Group holds 9,222,377 shares under the employees' benefit plan; the impact of which on the earning per share is not material.

13 BANK BALANCES AND CASH

	2009 AED'000	*2008 AED'000*
Bank balances	507,856	352,246
Cash in hand	30	58
	507,886	352,304

Almost all the bank balances are held with banks within the UAE, profit generating and earn profit at an average profit rate of 3.3% (2008: 5.0%).

14 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2009 AED'000	*2008 AED'000*
Receivables on sale of properties	10,699	27,849
Receivable on sale of development property	-	69,513
Advance for purchase of properties	-	56,518
Advance paid against properties financed	-	11,559
Commission receivable	8,642	14,173
Deferred cost	12,379	22,349
Prepaid expenses	9,168	15,873
Receivable under employees' benefit plan	3,989	5,573
Receivable on Notes (Note 17 (c))	28,942	8,583
Receivable from developers	21,095	9,821
Others	12,479	11,344
	107,393	253,155
Less: Provision for impairment on advances and receivables	(8,644)	(50,247)
	98,749	202,908

15 PROPERTIES HELD FOR SALE

	2009 AED'000	*2008 AED'000*
Balance as at 1 January	672,702	2,308,694
Properties acquired	26,665	518,782
Transferred from capital work in progress (Note 19)	56,918	-
Transferred from investment properties (Note 16)	39,610	-
Cost of properties sold	(77,493)	(2,154,774)
	718,402	672,702
Impairment provision	(188,700)	-
	529,702	672,702

Properties held for sale are located within the UAE.

The income from sale of properties held for sale was as follows:

	2009 AED'000	*2008 AED'000*
Revenue on properties sold	97,933	2,583,742
Cost of properties sold	(77,493)	(2,154,774)
	20,440	428,968

16 INVESTMENT PROPERTIES

	2009 AED'000	*2008 AED'000*
Balance as at 1 January	39,610	45,301
Changes in fair value	-	(5,691)
Transferred to properties held for sale (Note 15)	(39,610)	-
Balance at 31 December	-	39,610

Investment properties at 31 December 2008 were stated at fair value, which had been determined based on valuations performed by accredited independent valuers. During the year, the Group transferred investment properties to properties held for sale with the intention to sell these properties in due course.

17 OTHER INVESTMENTS

	2009 AED'000	*2008 AED'000*
Trading: (within the UAE)		
Quoted - equity	-	4,233
Available-for-sale: (within the UAE)		
Quoted - mutual fund units (a)	1,030	1,657
Others (b)	920	920
	1,950	2,577
Held to maturity: (outside the UAE)		
Investments in Notes (c)	34,646	38,846
Profit on Notes	11,990	9,240
	46,636	48,086
	48,586	54,896
Less: Provision for impairment	(920)	(920)
	47,666	53,976

(a) The fair value of investments in mutual fund units is based on the last bid price as published by the fund manager.

(b) This represents advances against equity shares to be allotted and has been fully provided for.

(c) This represents the investment made in the notes issued by Tamweel Residential ABS CI (1) Ltd in Cayman Islands. The applicable expected profit rate ranges from 3.95% to 10% above LIBOR. The maturity of these Notes is the earlier of the year 2037 or the expiry of the securitised receivables.

18 ISLAMIC FINANCING AND INVESTING ASSETS

	2009 AED'000	*2008 AED'000*
Ijara	4,513,149	4,368,351
Forward Ijara (under construction properties)	3,846,632	4,400,367
Forward Ijara (constructed and handed over properties)	1,322,447	563,714
Gross Murabaha and Mudaraba receivables	583,685	764,166
Less: Deferred profit	(5,036)	(31,407)
Net Murabaha and Mudaraba receivables	578,649	732,759
Istisna'a	390,593	507,057
	10,651,470	10,572,248
Less: Provision for impairment	(219,904)	(85,435)
	10,431,566	10,486,813

All the assets financed by the Group are within the UAE. Included in the Islamic financing and investing assets are Ijara and Forward Ijara profit accruals in addition to Istisna'a and Murabaha amortised profits amounting to AED 401,100 thousand (2008: 277,169 thousand).

18 ISLAMIC FINANCING AND INVESTING ASSETS (continued)

Provisions for impairment

Movements in the provision for impairment were as follows:

	2009 AED'000	*2008 AED'000*
At 1 January	**85,435**	12,500
Provision made during the year	**140,469**	72,935
Amounts written off	**(6,000)**	-
At 31 December	**219,904**	85,435

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.

19 PROPERTY AND EQUIPMENT

	Leasehold improvements AED'000	*Office equipment AED'000*	*Furniture and fixtures AED'000*	*Software licenses and computer equipment AED'000*	*Network and servers AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:							
At 1 January 2009	7,148	1,502	3,272	10,257	3,648	50,785	76,612
Additions	1,309	7	803	501	490	11,138	14,248
Transfers	1,028	-	1,055	383	507	(2,973)	-
Transferred to properties held for sale (Note 15)	-	-	-	-	-	(56,918)	(56,918)
Disposals/write offs	(63)	(108)	(423)	(234)	(19)	(1,399)	(2,246)
At 31 December 2009	**9,422**	**1,401**	**4,707**	**10,907**	**4,626**	**633**	**31,696**
Depreciation:							
At 1 January 2009	1,367	765	2,291	5,769	1,352	-	11,544
Charge for the year	1,504	247	610	1,970	924	-	5,255
Relating to disposals	(25)	(3)	(1)	(32)	(2)	-	(63)
At 31 December 2009	**2,846**	**1,009**	**2,900**	**7,707**	**2,274**	**-**	**16,736**
Net book value:							
At 31 December 2009	**6,576**	**392**	**1,807**	**3,200**	**2,352**	**633**	**14,960**

19 PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements AED'000	*Office equipment AED'000*	*Furniture and fixtures AED'000*	*Software licenses and computer equipment AED'000*	*Network and servers AED'000*	*Motor vehicles AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
At 1 January 2008	2,635	1,077	3,090	7,409	1,551	-	28,230	43,992
Additions	4,513	425	182	2,848	2,097	189	22,555	32,809
Disposals	-	-	-	-	-	(189)	-	(189)
At 31 December 2008	7,148	1,502	3,272	10,257	3,648	-	50,785	76,612
Depreciation:								
At 1 January 2008	808	522	1,714	4,138	770	-	-	7,952
Charge for the year	559	243	577	1,631	582	19	-	3,611
Relating to disposals	-	-	-	-	-	(19)	-	(19)
At 31 December 2008	1,367	765	2,291	5,769	1,352	-	-	11,544
Net book value:								
At 31 December 2008	5,781	737	981	4,488	2,296	-	50,785	65,068

20 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	2009 AED'000	*2008 AED'000*
Property purchase payables	235,899	274,913
Developers' payables	295,186	107,201
Payable under Escrow accounts	71,657	188,380
Profit payable on financing obligations	70,782	124,914
Commission payable on sale of properties	31,235	38,246
Accounts payable	81,353	134,397
Dividends payable	19,059	19,756
Takaful payable in respect of properties financed (Note 32)	16,315	2,460
Advisory and management fee payable	11,000	11,000
Employees' end of service benefits	5,286	4,965
Other liabilities	20,084	25,220
	857,856	931,452

21 FINANCING OBLIGATIONS

	2009 AED'000	*2008 AED'000*
Wakalas	4,405,185	4,518,143
Mudarabas	1,921,379	1,910,289
Sukuk	1,100,000	1,100,000
Convertible Sukuk	1,051,948	1,034,932
	8,478,512	8,563,364

21 FINANCING OBLIGATIONS (continued)

Wakalas
Wakalas represent investment amounts received by the Group (Wakeel) from customers (Muwakkils) for investment purposes to generate profits for the Muwakkils based on EIBOR. Any profit exceeding the expected profit after deduction of wakala fee is allowed to be kept by the Group as a performance incentive. The effective average profit rate on these Wakalas is 4.9% (2008: 4.9%)

Mudarabas
Mudarabas represent funds for investment in the Group's (Mudareb's) on-going real estate investment activities (the Project) on a mudaraba basis. The actual profit generated by investing the Mudaraba capital is shared between the Rab Al Mal and the Mudareb based on a pre agreed profit distribution ratio. Further, the Rab Al Mals agree to reward the Mudareb for profits earned by it in excess of a minimum return based on EIBOR determined at inception as a performance incentive/bonus for profitable, efficient and safe deployment of the Rab Al Mal's capital. The effective average profit rate on these Mudarabas is 4.3% (2008: 4.9%). All these Mudarabas are short term to medium term.

Sukuk
In July 2008, the Group issued Trust Certificates (Investment Sukuk), for the total value of AED 1,100 million through Tamweel Sukuk Limited, which are listed on NASDAQ Dubai. The Investment Sukuk is structured to conform to principles of Islamic Sharia'a, matures in 2013 and has an expected profit rate of 3M EIBOR + 225 basis points per annum, to be paid quarterly in arrears.

Convertible Sukuk
In January 2008, the Group issued convertible sukuk in the form of Trust Certificates / Shirkat -ul-Milk ("the Sukuk"), for a total value of USD 300 million, which are listed on NASDAQ Dubai. The Sukuk is structured to conform to the principles of Islamic Sharia'a, matures in 2013 and has a fixed profit rate of 4.31% per annum, to be paid on a quarterly basis in arrears. The reference share price (the relevant exchange price) for conversion, to which an exchange premium of 20.5% will apply, was taken as the closing price of the Parent Company's share as of 13 December 2008. This exchange premium was subsequently reduced to 16.8% due to the payment of dividend for the financial year 2008. This adjustment to the exchange price was made in accordance with the terms and conditions of the transaction documents.

In accordance with the terms of the subscription, each Trust Certificate may be redeemed at the option of the Certificate holder or the issuer as follows:

a) At the option of the Certificate holder through "Voluntary Early Redemption" at any time one year after the issue date subject to satisfying certain conditions. At the option of the issuer, either the shares will be issued at the relevant exchange price or cash will be paid. The cash amount to be paid will be based on the arithmetic average of the volume weighted average price of the shares on each trading day during the last 10 consecutive trading days, multiplied by the number of shares that would have been issued under the equity settlement.

b) At the option of the issuer at any time 3 years after the issue date through "Optional Partial Redemption" subject to satisfying certain conditions. In case of Optional Partial Redemption, either shares will be issued at the relevant exchange price or cash will be paid. The cash amount to be paid will be arrived similarly as in the case of Voluntary Early redemption.

At the time of final maturity, any remaining Trust Certificate will be redeemed in full by the issuer in cash at face value plus any unpaid profit amount.

21 FINANCING OBLIGATIONS (continued)

Convertible Sukuk (continued)

The Convertible Sukuk has been included under financing obligations in the statement of financial position as follows:

	2009 AED'000	*2008 AED'000*
Proceeds from issue of convertible sukuk	1,101,840	1,101,840
Less: Unamortised issuance costs	(7,279)	(11,526)
Net proceeds from convertible sukuk	1,094,561	1,090,314
Less: Equity component on initial recognition	(69,534)	(69,534)
Liability component	1,025,027	1,020,780
Add: Additional profit at effective rate	26,921	14,152
	1,051,948	1,034,932

22 SHARE CAPITAL

	2009 AED'000	*2008 AED'000*
Authorised, issued and paid up 1,000,000,000 ordinary shares of AED 1 each (31 December 2008: 1,000,000,000 ordinary shares of AED 1 each)	1,000,000	1,000,000

23 EMPLOYEES' BENEFIT PLAN

On 26 February 2006, the Group established an Employee benefit plan to recognise and retain good performing key employees. The Plan gives the employee the right to purchase the Company's shares at an exercise price.

In accordance with an agreement between the shareholders of Tamweel LLC and the Group, the shareholders of Tamweel LLC agreed to transfer 18,000 shares of AED 1,000 each (equivalent to 18,000,000 shares of AED 1 each after the share split on conversion of the LLC into a PJSC) of the Company owned by them for the benefit of the Group's employees under this plan. These shares are held by two trustee companies. The cost of acquisition of these shares was AED 18 million at the rate of AED 1,000 per share of a nominal value of AED 1,000 each.

Out of these 18 million shares, the Group granted 10,319,573 shares at AED 1.015 per share up to 31 December 2008. These shares vest over a period of three years.

During 2009, there have been no new grants to the employees (2008: 1,896,650 shares) and there has been no vesting of the shares previously granted as trading in company shares have been suspended (Note 1). However, the Group forfeited 1,541,950 (2008: Nil) shares on account of employees leaving the Group.

The remaining 9,222,377 shares (2008: 7,680,427 shares) of AED 1 each held under this scheme are held as plan shares by the trustees and will be granted in the future as and when the employees meet the pre-determined criteria. When granted to employees, the difference between the fair value of these shares on the grant date and amounts recovered from employees, if any, will be charged to the income statement. The fair value of these shares at 31 December 2009 is estimated at AED 9.2 million at the rate of AED 1 per share.

24 STATUTORY RESERVE

As required by the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital.

25 GENERAL RESERVE

As required by the Company's Articles of Association, 10% of the profit for the year is transferred to general reserve. As per the Articles of Association, deductions for the general reserve shall stop by resolution of an Ordinary General Assembly upon the recommendation of the Board of Directors or when this reserve reaches 50% of the paid up capital of the Company. This reserve shall be utilised for the purpose determined by the General Assembly at an ordinary meeting upon the recommendation of the Board of Directors.

26 SPECIAL RESERVE

The special reserve, which has been created in accordance with the recommendations of the UAE Central Bank, is not available for distribution.

27 COMMITMENTS

	2009 AED'000	*2008 AED'000*
Irrevocable commitments to extend credit	**2,329,672**	3,034,117

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.

28 CONTINGENCIES

a) The Group's bankers have provided a guarantee of AED 50 million (31 December 2008: AED 50 million) favouring the UAE Central Bank against the share capital.

b) The Group's bankers have also provided a guarantee of AED 5 million (31 December 2008: AED 5 million) to Economic Affairs Division of the Government of Dubai for establishing a subsidiary company.

29 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement, mitigation and monitoring subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and sustainability. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in its attempt to build stakeholder's value are outlined below.

29 RISK MANAGEMENT (continued)

Risk Management Structure
Ultimate responsibility and accountability for the Group's risk management rests with the Board of Directors. The level of risk that the Group accepts, together with the basis for managing those risks, is driven from the top down by those charged with overall responsibility for running the business. However, separate independent bodies are entrusted with delegated risk management responsibilities.

The Board of Directors is responsible for the overall risk management approach and for designing and deciding the risk strategies, policies, appetite parameters, and principles.

The Audit and Risk Management (ARM) Committee is responsible to the full Board for ensuring that the Group establishes and maintains an effective internal control system, reviewing the effectiveness of the internal audit function, and ensuring that appropriate controls are in place for monitoring compliance with laws, regulations, and supervisory requirements. ARM Committee supports the monitoring of the overall risk situation and the management's approaches to comprehensive risk identification and control. The Committee reviews the Group's risk profile to ensure that it is within the Board established risk policies and appetite parameters.

The Audit and Risk Management function, reporting to the Board, independently ensures that appropriate processes are in place for the identification, assessment, monitoring and mitigation of risks. Within the guidelines of the Board of Directors, it coordinates the development and implementation of the risk management framework and the execution of risk policies.

Management is responsible for executing the risk management strategy including the identification and evaluation on a continuous basis of all risks to the business and the implementation of appropriate mitigation strategies to contain them.

The Sharia'a Supervisory Board is responsible to review the operational, financing and investing activities of the Group ensuring their alignment and compliance with The Quran and The Sunna'h, the principles of Sharia'a. Being a supervisory board they are also required to audit the business activities undertaken and present an independent report to the shareholders with regard to the implementation of the principles of Sharia'a in the Group's overall activities.

The Credit Committee is entrusted with evaluating the Group's credit portfolio, approving financial commitments exceeding a defined limit on behalf of the Group, reviewing the delinquency provision policy in light of the credit risk embedded in the overall portfolio, assessing the Group's significant credit-based exposures and the steps management has taken to mitigate them, handling impaired assets, formulating credit policies and procedures, reporting exposures, and analyzing country and counterparty risks.

The Group has introduced a Risk Adjusted Pricing Model for financing following accredited Credit and Risk evaluation standards. The Credit Committee actively pursues the quality of the portfolio on a monthly basis using internationally acknowledged credit scoring system.

The Asset and Liability Committee (ALCO) is chiefly responsible for defining long-term strategic plans and short-term tactical initiatives for directing asset and liability allocations prudently for the achievement of the Group's strategic goals. ALCO monitors the Group's liquidity and market risks and the Group's risk profile in the context of economic developments and market fluctuations.

The Investment Committee oversees market risk embedded in all investment-related deals through its responsibility in setting an overall investment strategy and policy, reviewing and approving the investment proposals raised by the Investment Department, monitoring defined limits, and reviewing the performance of the Group's investments within the risk-return guidelines set by the Board.

The Product Committee is responsible to ensure compliance with directives issued by the Sharia'a Board including changes in financing contracts, product parameters, etc.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive and up-to-date information necessary for their proper management and monitoring of risks inherent in the activities.

29 RISK MANAGEMENT (continued)

Types of Risk the Group is subject to:

Concentration Risk
Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting a particular nationality, industry or geographical location.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to maintain a diversified portfolio. This is further enforced by the Credit Committee's oversight. Identified concentration of credit risks are controlled and managed accordingly.

Credit Risk
Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk stems mainly from day to day Islamic financing activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, credit standards and procedures.

The Group attempts to control credit risk by monitoring credit exposures, maintaining credit limits, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Group has built and maintains a sound credit portfolio within the guidelines of the Board approved credit policy. The Group has an established risk management process encompassing of credit approvals, control of exposures, credit policy direction to business units, well-designed credit appraisals, review of exposures both on an individual and a portfolio basis, and incorporation of robust problem credit management procedures. Special attention is directed towards the management of past-due financing assets through a dedicated Collection Team.

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

QUANTITATIVE INFORMATION

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	Gross maximum exposure 2009 AED'000	*Gross maximum exposure 2008 AED'000*
Bank balances (Note 13)	507,856	352,246
Advances, deposit and other receivables	85,846	214,933
Other investments (Note 17)	48,586	54,896
Islamic financing and investing assets (Note 18)	10,651,470	10,572,248
Total	11,293,758	11,194,323
Irrevocable commitments to extend credit (Note 27)	2,329,672	3,034,117

For more details on the maximum exposure to credit risk for each class of financial instrument, references should be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown below.

The Group's financial assets, before taking into account any collateral held or other credit enhancements are analysed by business segment in note 30.

29 RISK MANAGEMENT (continued)

Credit Risk (continued)

QUANTITATIVE INFORMATION (continued)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset, based on the Group's credit rating system.

At 31 December 2009

	Neither past due nor impaired				
	High grade AED '000	*Standard grade AED '000*	*Sub-standard grade AED '000*	*Past due but not individually impaired AED '000*	*Total AED '000*
Bank balances	507,856	-	-	-	507,856
Advances, deposits and other receivables	35,241	41,961	8,644	-	85,846
Other investments	47,666	-	920	-	48,586
Islamic financing and investing assets	1,271,698	9,042,282	-	337,490	10,651,470
Total	**1,862,461**	**9,084,243**	**9,564**	**337,490**	**11,293,758**

At 31 December 2008

	Neither past due nor impaired				
	High grade AED '000	*Standard grade AED '000*	*Sub-standard grade AED '000*	*Past due but not individually impaired AED '000*	*Total AED '000*
Bank balances	352,246	-	-	-	352,246
Advances, deposits and other receivables	94,060	70,626	50,247	-	214,933
Other investments	53,976	-	920	-	54,896
Islamic financing and investing assets	1,581,157	8,912,665	-	78,426	10,572,248
Total	2,081,439	8,983,291	51,167	78,426	11,194,323

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

Aging analysis of past due but not impaired financial assets

	31 December 2009				
	Less than 30 days AED '000	*31 to 60 days AED '000*	*60 to 90 days AED '000*	*More than 91 Days AED '000*	*Total AED '000*
Islamic financing and investing assets	**122,242**	**38,745**	**51,886**	**124,617**	**337,490**

29 RISK MANAGEMENT (continued)

Credit Risk (continued)

QUANTITATIVE INFORMATION (continued)

Aging analysis of past due but not impaired financial assets (continued)

	31 December 2008				
	Less than 30 days AED '000	*31 to 60 days AED '000*	*60 to 90 days AED '000*	*More than 91 Days AED '000*	*Total AED '000*
Islamic financing and investing assets	57,487	14,222	4,872	1,845	78,426

Collateral and other credit enhancements
The finance provided by the Group is asset backed in accordance with the principles of Sharia'a. Properties are funded based on "Group's Appraised Value". In the case of new properties, the appraised value is similar to the developers' per square footage rate further assessed by independent valuation and internal assessment. However, in some cases the Group might have lower rates than the developers based on the Group's view of the property. In case of older properties the appraised value is determined by the Credit Department. These valuations are based on the valuation report from valuers, whenever required, and the property prices witnessed in Tamweel's past funding transactions.

Property insurance is mandatory and the property is insured against all normal risks for the value stated in the sale agreement, or the valuation amount given by the surveyor, as the case maybe. The insured value is maintained at the original property value through the life of the finance.

Profit rate risk
Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. In the Group's financial statements, mainly two line items can lead to such exposure i.e. Islamic financing assets and financing obligations, as shown on the assets and liability sides respectively. The profit rate risk for the Group is minimal in the short term period.

The profit rate for financing assets is a composition of EIBOR and internal spread which cannot be expected to fluctuate frequently based on EIBOR movement. The Group reviews the profit rate on a monthly basis during its ALCO meeting and, if required, recommends rate change based on market conditions and competition.

The financing obligations, being short term, are contractually variable rate contracts as determined on contract initiation.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Group's income statement.

The sensitivity of the income statement is the effect of the assumed changes in profit rates on the net profit earned for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2009 and 31 December 2008.

	31 December 2009	
	Increase/ (decrease) in basis points	*Sensitivity of net returns Increase/ (decrease) AED 000's*
AED	**50bps**	**(4,594)**
AED	**(50bps)**	**4,594**

29 RISK MANAGEMENT (continued)

Profit rate risk (continued)

	31 December 2008	
	Increase/ (decrease) in basis points	*Sensitivity of net returns Increase/ (decrease) AED 000's*
AED	50bps	(9,211)
AED	(50bps)	9,211

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All assets and liabilities as on 31 December 2009 are denominated in the UAE Dirham and therefore the Group is not exposed to any significant currency risk except for the balances relating to foreign subsidiaries, which are not significant.

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The Group is not subject to any equity price risk as it has sold all its investments in equity shares during the year.

Early settlement risk
Early settlement risk is the risk that the Group will incur a financial loss because its counterparties settle earlier or later than expected.

The Group does not have any significant early settlement risk as the amount recovered in case of early settlement is more than the fair value of the asset on settlement date, by adding a margin, and to recover amount on time and to avoid any delays. The collection team, supervised by the Credit committee monitors the customer receivable position on a daily basis.

Operational risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

29 RISK MANAGEMENT (continued)

Liquidity Risk
Liquidity risk is the risk that the Group may be unable to meet its funding requirements. This can be caused by political uncertainty, market disruptions or deterioration in the Group's credit ratings.

Tamweel monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis.

The Company reviews the maturity gap analysis in its monthly ALCO meetings to identify potential liquidity risks in advance. The gap measures liquidity in nine time buckets for each type of asset and liability for each period, as well as cumulatively.

During 2008, the Company successfully completed three capital market transactions i.e. USD 300 million convertible sukuk in the form of Trust Certificates, Sukuk al Mudarabah, AED 1,100 million Trust Certicates/Sukuk al Musharaka and AED 865 million Islamic Syndication Mudaraba Facility included in Mudaraba in note 21 to diversify the funding sources and manage the maturity mismatch.

To meet the challenging market conditions and the possibility that financing obligations may not readily be rolled over on maturity, the Board of Directors along with the Steering Committee, set up by the Ministry of Finance, is evaluating various options to secure sustainable funding for the Group.

29 RISK MANAGEMENT (continued)

Maturity analysis of assets and liabilities
The maturity analysis of assets, liabilities and items off the statement of financial position analysed according to when they are expected to be recovered, settled or sold.

At 31 December 2009

	Within 1 month AED '000	*1 to 3 months AED '000*	*3 to 12 months AED '000*	*Subtotal less than 12 months AED '000*	*1-5 years AED '000*	*Over 5 years AED '000*	*Total AED '000*
ASSETS							
Bank balances and cash	507,886	-	-	507,886	-	-	507,886
Advances, prepayments and other receivables	1,857	6,704	41,407	49,968	48,781	-	98,749
Properties held for sale	-	-	6,487	6,487	523,215	-	529,702
Other investments	-	-	-	-	47,666	-	47,666
Islamic financing and investing assets	278,947	354,916	744,057	1,377,920	2,204,124	6,849,522	10,431,566
Property and equipment	-	-	633	633	14,327	-	14,960
Total assets	788,690	361,620	792,584	1,942,894	2,838,113	6,849,522	11,630,529
LIABILITIES							
Zakat payable	-	-	32,808	32,808	32,808	-	65,616
Accounts payable, accruals and other liabilities	69,679	86,979	206,810	363,468	489,102	5,286	857,856
Financing obligations	1,184,000	2,721,185	2,190,480	6,095,665	2,382,847	-	8,478,512
Total liabilities	1,253,679	2,808,164	2,430,098	6,491,941	2,904,757	5,286	9,401,984
Assets less liabilities	(464,989)	(2,446,544)	(1,637,514)	(4,549,047)	(66,644)	6,844,236	2,228,545
COMMITMENTS							
Irrevocable commitments to extend credit	38,134	108,023	470,871	617,028	1,712,644	-	2,329,672

29 RISK MANAGEMENT (continued)

Maturity analysis of assets and liabilities (continued)

At 31 December 2008

	Within 1 month AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*1-5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
ASSETS							
Bank balances and cash	352,304	-	-	352,304	-	-	352,304
Advances, prepayments and other receivables	13,546	7,363	148,782	169,691	13,821	19,396	202,908
Properties held for sale	-	-	507,459	507,459	165,243	-	672,702
Investment properties	-	-	-	-	39,610	-	39,610
Other investments	-	1,657	4,233	5,890	-	48,086	53,976
Islamic financing and investing assets	299,856	246,575	695,306	1,241,737	2,385,391	6,859,685	10,486,813
Property and equipment	-	4,908	45,877	50,785	8,502	5,781	65,068
Total assets	665,706	260,503	1,401,657	2,327,866	2,612,567	6,932,948	11,873,381
LIABILITIES							
Zakat payable	-	-	60,599	60,599	-	-	60,599
Accounts payable, accruals and other liabilities	343,933	271,914	163,403	779,250	147,237	4,965	931,452
Financing obligations	1,513,894	3,162,930	1,070,000	5,746,824	2,816,540	-	8,563,364
Total liabilities	1,857,827	3,434,844	1,294,002	6,586,673	2,963,777	4,965	9,555,415
Assets less liabilities	(1,192,121)	(3,174,341)	107,655	(4,258,807)	(351,210)	6,927,983	2,317,966
COMMITMENTS							
Irrevocable commitments to extend credit	454,716	517,126	1,235,205	2,207,047	827,070	-	3,034,117

29 RISK MANAGEMENT (continued)

Contractual undiscounted repayment obligations

The maturity profile of the Group's financial liabilities based on contractual undiscounted payment obligations is as follows:

	Within 1 month 2009 AED'000	*1 to 3 months 2009 AED'000*	*3 to 12 months 2009 AED'000*	*Subtotal less than 12 months 2009 AED'000*	*Over 1 year 2009 AED'000*	*Total 2009 AED'000*
At 31 December 2009						
Zakat payable	-	-	32,808	32,808	32,808	65,616
Accounts payable, accruals and other liabilities	69,679	86,979	206,810	363,468	494,388	857,856
Financing obligations	1,193,682	2,746,181	2,318,519	6,258,382	2,688,006	8,946,388
	1,263,361	2,833,160	2,558,137	6,654,658	3,215,202	9,869,860

	Within 1 month 2009 AED'000	*1 to 3 months 2009 AED'000*	*3 to 12 months 2009 AED'000*	*Subtotal less than 12 months 2009 AED'000*	*Over 1 year 2009 AED'000*	*Total 2009 AED'000*
At 31 December 2008						
Zakat payable	-	-	60,599	60,599	-	60,599
Accounts payable, accruals and other liabilities	343,933	271,914	163,403	779,250	152,202	931,452
Financing obligations	1,526,114	3,204,767	1,236,230	5,967,111	3,352,888	9,319,999
	1,870,047	3,476,681	1,460,232	6,806,960	3,505,090	10,312,050

30 SEGMENTAL 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 development and investment activities	Principally involved in the development, purchase and sale of properties and related activities including commissions.

These segments are the basis on which the Group reports its segments information. Segmental information for the years ended 31 December 2009 and 2008 was as follows:

	31 December 2009				*31 December 2008*			
	Islamic financing and investing activities AED'000	***Property development and investment activities AED'000***	***Others AED'000***	***Total AED'000***	*Islamic financing and investing activities AED'000*	*Property development and investment activities AED'000*	*Others AED'000*	*Total AED'000*
Gross income	**730,036**	**22,443**	**12,759**	**765,238**	747,378	479,760	13,761	1,240,899
Allocable expenses	**(529,376)**	**(33,581)**	**(12,951)**	**(575,908)**	(564,821)	(99,653)	(42,825)	(707,299)
Segment result	**200,660**	**(11,138)**	**(192)**	**189,330**	182,557	380,107	(29,064)	533,600
Provisions and other charges, net	**(116,088)**	**(127,700)**	**-**	**(243,788)**	(72,935)	-	-	(72,935)
Segment result after provision	**84,572**	**(138,838)**	**(192)**	**(54,458)**	109,622	380,107	(29,064)	460,665
Profit for the year				**(54,458)**				460,665
Segment assets	**10,536,024**	**541,293**	**553,212**	**11,630,529**	10,572,332	888,697	412,352	11,873,381
Segment liabilities	**8,356,535**	**488,674**	**556,775**	**9,401,984**	8,258,671	768,629	528,115	9,555,415
Depreciation	**-**	**-**	**5,255**	**5,255**	-	19	3,592	3,611
Capital expenditure	**-**	**-**	**14,248**	**14,248**	-	13,171	19,638	32,809

No secondary segment information has been provided as currently the operations of the Group are concentrated primarily in the United Arab Emirates.

31 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008. Capital comprises share capital, statutory reserve, general reserve, special reserve, cumulative changes in fair value, translation reserve, convertible sukuk equity component, shares held under employees' benefit plan and retained earnings and is measured at AED 2,228,545 thousands as at 31 December 2009 (31 December 2008: AED 2,317,966 thousands).

32 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated income statement are as follows:

	31 December 2009		*31 December 2008*	
	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	493	-	852	-
Depositors' share of profit	-	70,008	-	67,000
	493	70,008	852	67,000

Balances with related parties included in the consolidated statement of financial position are as follows:

	31 December 2009			*31 December 2008*		
	Key management personnel AED'000	*Major shareholders AED'000*	*Others AED'000*	*Key Management personnel AED'000*	*Major shareholders AED'000*	*Others AED'000*
Islamic financing and investing assets	6,556	-	-	16,387	-	-
Financing obligations	-	1,428,680	-	-	1,428,680	-
Depositors' share of profit payable	-	13,647	-	-	44,013	-
Takaful payable in respect of properties financed	-	-	16,315	-	-	2,460
Accounts payable, accruals and other liabilities	-	9,000	-	-	9,000	

32 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	2009 AED'000	*2008 AED'000*
Short term employee benefits	6,099	8,815
Termination and other benefits	1,637	1,049
	7,736	9,864

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets include bank balances and cash, receivables, Islamic financing and investing assets and other investments. Financial liabilities include zakat payable, accounts payable, accruals and other liabilities and financing obligations.

The fair values of financial instruments are not materially different from their carrying values.

At 31 December 2009

	Designated as trading or fair value through profit and loss AED'000	*Available for sale AED'000*	*Receivables AED'000*	*Amortised cost AED'000*	*Total AED'000*
Financial assets					
Other investments	-	1,030	-	46,636	47,666
Islamic financing and investing assets	-	-	10,431,566	-	10,431,566
Advances, deposits and other receivables	-	-	77,202	-	77,202
Bank balances and cash	-	-	-	507,886	507,886
Total	-	1,030	10,508,768	554,522	11,064,320
Financial liabilities					
Zakat payable	-	-	-	65,616	65,616
Accounts payable, accruals and other liabilities	-	-	-	857,856	857,856
Financing obligations	-	-	-	8,478,512	8,478,512
Total	-	-	-	9,401,984	9,401,984

33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2008

	Designated as trading or fair value through profit and loss AED'000	*Available for sale AED'000*	*Receivables AED'000*	*Amortised cost AED'000*	*Total AED'000*
Financial assets					
Other investments	4,233	1,657	-	48,086	53,976
Islamic financing and investing assets	-	-	10,486,813	-	10,486,813
Advances, deposits and other receivables	-	-	164,686	-	164,686
Bank balances and cash	-	-	-	352,304	352,304
Total	4,233	1,657	10,651,499	400,390	11,057,779
Financial liabilities					
Zakat payable	-	-	-	60,599	60,599
Accounts payable, accruals and other liabilities	-	-	-	931,452	931,452
Financing obligations	-	-	-	8,563,364	8,563,364
Total	-	-	-	9,555,415	9,555,415

34 DATE OF AUTHORISATION

These financial statements were approved for issue by the Board of Directors on 18 February 2010.