Tamweel PJSC and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

TAMWEEL

DIRECTORS' REPORT

The Board of Directors of Tamweel P.J.S.C. (the "Company") and subsidiaries (the "Group") has pleasure in submitting the consolidated statement of financial position of the Group as of 31 December 2010, and the related consolidated statements of income, cash flows and changes in equity for the year ended 31 December 2010.

Principal activities

The Company is licensed by the UAE 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 development and trading.

The Group has a license from the Real Estate Regulatory Authority, Dubai, United Arab Emirates to offer Escrow Management Services.

Significant events during the year

In November 2010, Dubai Islamic Bank PJSC ("DIB") acquired an additional 37.48% shares from certain other shareholders to increase its share holding in Tamweel PJSC to 58.25%.

In the Annual General Assembly meeting held on 10th November 2010, a new Board of Directors was elected that consisted of:

Directors

Abdulla Ali AlHamli	(Chairman)
Mohamed Abdulla Al Nahdi	(Vice Chairman)
Dr. Adnan Chilwan	(Director)
Mohammed Saeed AlSharif	(Director)
Hamad Essa Rashed Al Huraiz	(Director)
Saeed Ahmed Belhasa	(Director)
Yasser Abdulrahman Ahmad Zayed	(Director)

Organizational changes

Mr. Wasim Saifi resigned as the CEO of the Company in December 2010 and Mr. Varun Sood is now the Acting CEO of the company. The new Board of Directors has formed the following Board level committees to effectively monitor and control the business and the operations of the company:

- Board Audit Committee
- Board Credit & Risk Committee
- Board HR & Remuneration Committee

Tamweel PJSC P.O. Box 111555, Dubai, United Arab Emirates, Tel: (+9714) 294 4400, Fax: (+9714) 294 4331, Toll Free: 800-TAMWEEL
تمويل ش.م.ع ص.ب: ١١١٥٥٥، دبي، الإمارات العربية المتحدة، هاتف: ٤٤٠٠ ٢٩٤ (٩٧١٤+)، فاكس: ٤٣٣١ ٢٩٤ (٩٧١٤+)، الرقم المجاني: ٨٠٠ ٤٣٥٤

TAMWEEL

DIRECTORS' REPORT - continued

The Company drew the initial framework of the Corporate Governance whereby the Company set the guidelines of the framework as follows:

- Set the Authority Matrices
- Formed the Board Committees and the rules for functioning of Committees
- Established the role and responsibilities of the Board of Directors and the Chairman
- Laid out the role and key responsibilities of the Chief Executive Officer
- Defined the Chief Executive Officer's Authorities
- Determined the Chief Executive Performance Evaluation & Management Succession
- Established the role of the Management
- Proposed rules on Outside Board Memberships & Direct/Indirect Ownership in Subsidiaries or Suppliers

Outlook 2011

2010 was a positive year for Tamweel as the Company managed to record a net profit amid continued adverse market conditions, without the origination of new business, proving a successful business model in very challenging times. The additional stake from Dubai Islamic Bank which effectively makes Tamweel its subsidiary was welcoming news not just for the Company and its Shareholders, but to the industry as a whole.

It is worth noting that the support of the concerned authorities has contributed directly, efficiently and positively in improving the real estate market and had a positive impact on this sector.

The economic situation in the world has improved and we are witnessing signs of recovery in the UAE. Our business of home finance has a fundamental role to help fuel recovery of the UAE property market and Tamweel is pleased that with the backing of Dubai Islamic Bank it will support this recovery.

The reasonable property prices and competitive home finance rates will improve and increase demand and sentiment. We enter 2011 full of optimism with the key objectives of originating new quality business, managing our existing portfolio and continuing to improve our customer service standards. To conclude, we expect better growth than that of recent years and see a brighter outlook for the year ahead.

Financial results

The Group has recorded a net profit of AED 26,024 thousand in 2010 (2009: net loss of AED 54,458 thousand). Income from Islamic financing and investing assets in 2010 reduced to AED 553,208 thousand, a decrease of 22 per cent compared to AED 706,596 thousand in 2009.

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TAMWEEL

DIRECTORS' REPORT - continued

Islamic financing and investing assets in 2010 reduced to AED 9,157,806 thousand compared to AED 10,431,566 thousand in 2009.

In accordance with the Articles of Association of the Company and UAE Commercial Companies Law of 1984, an appropriation of AED 2,602 thousand is made to general reserve and AED 2,602 thousand to statutory reserve.

In view of the current financial and economic uncertainty, the Board of Directors have not recommended any dividend to the shareholders for the year 2010, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

Total equity as at 31 December 2010 amounts to AED 2,225,256 thousand (2009: AED 2,228,545 thousand).

Auditors

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2010. Ernst & Young are eligible for reappointment for 2011.

On behalf of the Board

Abdulla Ali AlHamli
Chairman
13 February 2011

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ERNST & YOUNG

P.O. Box 9267
28th Floor - Al Attar Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates
Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
www.ey.com/me

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TAMWEEL PJSC

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tamweel PJSC ("the Company") and its subsidiaries, (collectively "the Group") which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Tamweel PJSC and the UAE Commercial Companies Law of 1984 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Company; proper books of account have been kept by the Company and the contents of the report of the Board of Directors relating to these financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Ernst & Young

Signed by
Naushad Anwar
Partner
Registration No. 489

13 February 2011

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2010

	Notes	2010 AED'000	2009 AED'000
Income from Islamic financing and investing assets	6	**553,208**	706,596
Commission and other income	7	**91,442**	38,202
Income from sale of properties held for sale	8	**1,467**	20,440
OPERATING INCOME		**646,117**	765,238
General and administrative expenses	9	**(99,419)**	(129,708)
Impairment provisions, net	10	**(159,886)**	(243,788)
PROFIT BEFORE DEPOSITORS'/INVESTORS SHARE OF PROFIT AND RELATED COST		**386,812**	391,742
Depositors'/investors' share of profit and related cost	11	**(360,788)**	(446,200)
PROFIT (LOSS) FOR THE YEAR		**26,024**	(54,458)
Earnings per share:			
Basic earnings per share (AED)	12	**0.03**	(0.06)
Diluted earnings per share (AED)	12	**N.A.**	N.A.

The attached notes 1 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010 *AED'000*	*2009* *AED'000*
PROFIT (LOSS) FOR THE YEAR	**26,024**	(54,458)
Other comprehensive income		
Net unrealised losses on available for sale investments	-	(627)
Exchange difference on translation of foreign operations	-	692
Other comprehensive income for the year	-	65
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**26,024**	(54,393)

The attached notes 1 to 33 form part of these financial statements.

Tamweel PJSC and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 AED'000	2009 AED'000
ASSETS			
Bank balances and cash	13	**482,263**	507,886
Advances, prepayments and other receivables	14	**64,224**	98,749
Properties held for sale	15	**409,591**	529,702
Other investments	16	**46,927**	47,666
Islamic financing and investing assets	17	**9,157,806**	10,431,566
Property and equipment	18	**32,366**	14,960
TOTAL ASSETS		**10,193,177**	11,630,529
LIABILITIES AND EQUITY			
Liabilities			
Zakat payable		**85,803**	65,616
Accounts payable, accruals and other liabilities	19	**263,576**	857,856
Financing obligations	20	**7,618,542**	8,478,512
Total liabilities		**7,967,921**	9,401,984
Equity			
Share capital	21	**1,000,000**	1,000,000
Employees' benefit plan	22	**(10,646)**	(9,222)
Statutory reserve	23	**185,149**	182,547
General reserve	24	**528,793**	526,191
Special reserve	25	**102,951**	102,951
Retained earnings		**390,303**	383,465
Convertible sukuk equity component		**28,706**	42,613
Total equity		**2,225,256**	2,228,545
TOTAL LIABILITIES AND EQUITY		**10,193,177**	11,630,529

Acting Chief Executive Officer

13 February 2011

Chairman

13 February 2011

The attached notes 1 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	Notes	2010 AED'000	2009 AED'000
OPERATING ACTIVITIES			
Profit (loss) for the year		**26,024**	(54,458)
Adjustments for:			
Depreciation	18	**5,869**	5,255
Property and equipment written off		**5,012**	2,183
Amortisation of deferred cost	11	**11,339**	11,508
Provision for employees' end of service benefits		**2,099**	2,459
Impairment provisions, net		**157,396**	243,788
Provision for impairment of advances and receivables		**2,490**	-
Depositors' share of profit		**349,449**	434,692
Income on mudaraba deposits and wakala investments	7	**(20,983)**	(24,194)
		538,695	621,233
Working capital changes:			
Islamic financing and investing assets		**1,035,616**	173,770
Properties held for sale		**21,371**	70,390
Other investments		**739**	4,233
Advances, prepayments and other receivables		**24,046**	129,992
Financing obligations		**(863,320)**	(83,638)
Accounts payable, accruals and other liabilities		**(415,804)**	(254,008)
Cash from operations		**341,343**	661,972
Depositors'/investors' share of profit paid		**(367,295)**	(488,824)
Employees' end of service benefits paid		**(2,259)**	(2,138)
Zakat paid		**(11,887)**	(26,824)
Net cash (used in) from operating activities		**(40,098)**	144,186
INVESTING ACTIVITIES			
Additions to property and equipment	18	**(6,508)**	(14,248)
Held to maturity investments		**-**	1,450
Income received on mudaraba deposits and wakala investments		**20,983**	24,194
Net cash from investing activities		**14,475**	11,396
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(25,623)**	155,582
Cash and cash equivalents at 1 January		**507,886**	352,304
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**482,263**	507,886

The attached notes 1 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital AED'000	*Employees' benefit plan AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Special reserve AED'000*	*Cumulative changes in fair value AED'000*	*Retained earnings AED'000*	*Convertible sukuk equity component AED'000*	*Translation reserve AED'000*	*Total AED'000*
Balance at 1 January 2009	1,000,000	(7,680)	182,547	526,191	102,951	627	444,488	69,534	(692)	2,317,966
Total comprehensive loss for the year	-	-	-	-	-	(627)	(54,458)	-	692	(54,393)
Shares forfeited under employees' benefit plan	-	(1,542)	-	-	-	-	(23)	-	-	(1,565)
Cost of vested shares under employees' benefit plan	-	-	-	-	-	-	1,428	-	-	1,428
Directors' fees	-	-	-	-	-	-	(3,050)	-	-	(3,050)
Equity component of convertible sukuk	-	-	-	-	-	-	26,921	(26,921)	-	-
Zakat	-	-	-	-	-	-	(31,841)	-	-	(31,841)
Balance at 31 December 2009	1,000,000	(9,222)	182,547	526,191	102,951	-	383,465	42,613	-	2,228,545

The attached notes 1 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital AED'000	*Employees' benefit plan AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Special reserve AED'000*	*Cumulative changes in fair value AED'000*	*Retained earnings AED'000*	*Convertible sukuk equity component AED'000*	*Translation reserve AED'000*	*Total AED'000*
Balance at 1 January 2010	1,000,000	(9,222)	182,547	526,191	102,951	-	383,465	42,613	-	2,228,545
Total comprehensive income for the year	-	-	-	-	-	-	26,024	-	-	26,024
Shares forfeited under employees' benefit plan	-	(1,424)	-	-	-	-	(21)	-	-	(1,445)
Directors' fees appropriation reversed	-	-	-	-	-	-	4,206	-	-	4,206
Equity component of convertible sukuk	-	-	-	-	-	-	13,907	(13,907)	-	-
Transfer to statutory reserve (Note 23)	-	-	2,602	-	-	-	(2,602)	-	-	-
Transfer to general reserve (Note 24)	-	-	-	2,602	-	-	(2,602)	-	-	-
Zakat	-	-	-	-	-	-	(32,074)	-	-	(32,074)
Balance at 31 December 2010	**1,000,000**	**(10,646)**	**185,149**	**528,793**	**102,951**	**-**	**390,303**	**28,706**	**-**	**2,225,256**

The attached notes 1 to 33 form part of these financial statements.

1 THE COMPANY AND ITS OPERATIONS

Tamweel PJSC (the "Company") was registered on 3 June 2006 as a Public Joint Stock Company in accordance with UAE Federal Law No (8) of 1984, as amended. The share capital of the Company comprises 1,000,000,000 shares of AED 1 each. Previously, the Company was operating as Tamweel LLC with a paid up share capital of AED 450 million (450,000 shares of AED 1,000 each).

The Company is licensed by the UAE 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 development and trading.

The Group has a license from the Real Estate Regulatory Authority, Dubai, United Arab Emirates to offer Escrow Management Services.

The head office of the Group is located at Business Avenue Building, Emirate of Dubai, UAE. The Group has one branch each in the Emirates of Dubai and Abu Dhabi.

The Group consists of Tamweel PJSC (the Parent Company) and its subsidiaries registered up to 31 December 2010, as listed below:

Subsidiaries	*Beneficial ownership*		*Principal activity*	*Country of incorporation*
	31 December 2010	*31 December 2009*		
Tamweel Funding Limited	**100%**	100%	SPE for issuance of convertible sukuk	Jersey
Tamweel Sukuk Limited	**100%**	100%	SPE for issuance of sukuk	Cayman Islands
Tamweel ESOT Limited	**100%**	100%	SPE for employees' benefit plan	British Virgin Islands
Tamweel Properties & Investments LLC	**100%**	100%	Real estate development including construction, purchase, sale, rent, brokerage, agency and management services	UAE
Tahfeez Middle East Limited	**100%**	100%	General trading	JAFZA, Dubai, UAE
Liquidated during the year:				
Tahfeez Saudi Arabia Limited	-	100%	General trading	JAFZA, Dubai, UAE
Tamleek Saudi Arabia Limited	-	100%	General trading	JAFZA, Dubai, UAE
Esham Saudi Arabia Limited	-	100%	General trading	JAFZA, Dubai, UAE
Enjaz Saudi Arabia Limited	-	100%	General trading	JAFZA, Dubai, UAE

1 THE COMPANY AND ITS OPERATIONS (continued)

Trading in the Company's shares on the Dubai Financial Market has been suspended since November 2008.

In November 2010, Dubai Islamic Bank PJSC acquired an additional 37.47% shares from certain other shareholders to increase its share holding in Tamweel PJSC to 58.25%. The Company is, accordingly, a subsidiary of Dubai Islamic Bank PJSC.

2 BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Sharia'a rules and principles as determined by the Sharia'a Supervisory Board (the Sharia'a Board) of the Group and applicable requirements of United Arab Emirates laws.

Basis of consolidation
Subsidiary undertakings are those companies over which the Group exercises control.

The consolidated financial statements comprise the financial statements of Tamweel PJSC (the Company) and its subsidiaries listed in note 1 (collectively "the Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010.
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009
- IFRIC 18 Transfer of Assets from Customers effective for financial years beginning on or after 1 July 2009
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

The adoption of the above standards, amendments and interpretations resulted in the following changes to the accounting policies but did not have any impact on the financial position or performance of the Group:

- *IAS 7 Statement of Cash Flows:* States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

- *IAS 36 Impairment of Assets*: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other new and amended IFRS and IFRIC interpretations effective as of 1 January 2010 did not have any impact on the accounting policies, financial position or performance of the Group.

2 BASIS OF PREPARATION (continued)

Changes in accounting policy and disclosures (continued)

IASB Standards and Interpretations issued at 31 December 2010 but not yet effective
The Group has not early adopted the IASB standards issued but not yet effective up to the date of issuance of the Group's financial statements and are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group on initial application.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment and hedge accounting. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting IFRS 9. However, as the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is expected to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)
The IASB issued *Improvements to IFRSs*, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods beginning on or after either 1 July 2010 or 1 January 2011. The amendments are listed below.

- IFRS 3 *Business Combinations*
- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Presentation of Financial Statements*
- IAS 27 *Consolidated and Separate Financial Statements*
- IFRIC 13 *Customer Loyalty Programmes*

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

2 BASIS OF PREPARATION (continued)

Basis of measurement
The accompanying consolidated financial statements have been prepared under the 'historical cost convention' as modified by the measurement at fair value of available for sale investments.

The reporting currency of the Group is UAE Dirhams (AED) and these financial statements have been presented in thousands of AED.

3 SIGINIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which may have an effect on amounts recognised in the financial statements.

Transfer of equitable interest in properties
The Group has entered into a number of contracts with buyers for the sale of property units. Management has determined that equitable interest in such assets, and therefore risks and rewards of ownership, are transferred to the buyer once he has executed the purchase agreement, pursuant to which he is committed to make the payment of the purchase price. The commitment is evidenced by a signed contract for the purchase of the property and payments of sufficient progressive payments. The risk of the buyer being able to rescind the contract for the reasons stated in the contract is considered by management to be remote.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as held to maturity, carried at fair value through profit or loss or available-for-sale.

For those investments deemed held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Group has the intention and ability to hold these to maturity.

The Group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

All other investments are classified as available-for-sale.

Use of estimates
The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts as described below:

Impairment losses on Islamic financing and investing assets
The Group reviews its Islamic financing and investing assets on a regular basis to assess whether a provision for impairment should be recorded in the statement of comprehensive income in relation to any non-performing assets. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

Collective impairment provisions on Islamic financing and investing assets
In addition to specific provisions against individually significant Islamic financing and investing assets, the Group also makes collective impairment provisions against facilities which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for facilities within each grade and is adjusted to reflect current economic changes.

Valuation of properties held for sale
The Group hires the service of third party valuers for obtaining estimates of the valuation of properties held for sale.

4 DEFINITIONS OF SIGNIFICANT TERMS

The following terms are used in these financial statements with the meaning specified hereunder:

Sharia'a
Sharia'a is the body of Islamic law and is essentially derived from The Quran and The Sunna'h. The Group, being an Islamic Financial Institution, incorporates the principles of Sharia'a in its activities, as interpreted by its Sharia'a Supervisory Board.

Ijara
Ijara (Ijara Muntahia Bittamleek) is an agreement whereby the Group (in its capacity as a lessor,) leases an asset to the customer (as lessee), after buying/acquiring the specified asset according to the customer's request, against certain rental payments for specified lease term/periods. The duration of the lease term, as well as the basis for rental, are set and agreed in advance. The Group retains legal ownership of the asset throughout the arrangement. The arrangement could end by transferring the ownership of the asset to the lessee.

Istisna'a
Istisna'a is a sale contract whereby the Group undertakes to construct for the customer, a specific asset or property according to certain agreed upon specifications at a pre-determined price and for a fixed date of delivery. The work undertaken is not restricted to be accomplished by the Group alone and the whole or part of the construction can be undertaken by third parties under the Group's control and responsibility.

Murabaha
Murabaha is an agreement whereby the Group makes a sale to a customer of an asset that is acquired principally based on a promise received from the customer to buy the relevant asset according to the relevant specific terms and conditions. While making the sale, the Group expressly mentions the costs incurred on the asset that are sold and the profit thereon, to the customer.

Forward Ijara
Forward Ijara (Ijara Mausoofa Fiz Zimma) is an arrangement whereby the Group agrees to provide, on a specified future date, certain described property on lease to the customer upon its completion and delivery by the developer, from whom the Group has purchased the property. The lease rental under Forward Ijara commences only upon the customer having received possession of the property from the Group. The arrangement could end by transferring the ownership of the asset to the lessee.

Mudaraba
Mudaraba is an agreement in which the customer contributes capital and the Group applies its effort. The proportionate share of profit is determined by mutual agreement. The loss, if any, unless caused by negligence or violation of the terms of the agreement, is borne only by the owner of the capital in which case the Group gets nothing for its efforts. The fund provider is known as 'rab-al-mal' and the Group as 'mudareb'.

Wakala
An agreement whereby the Group provides a certain sum of money to an investment agent, who invests it according to specific conditions in return for a certain fee (a lump sum of money or percentage of the amount invested). The agent may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. The agent is obliged to return the invested amount in case of default, negligence or violation of the terms and conditions of the Wakala.

Sukuk
These comprise asset based, Sharia'a compliant trust certificates.

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial statements are as follows:

Revenue recognition
Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably revenue is recognised in the statement of comprehensive income as follows:

Ijara income
Ijara income is recognised on a time-apportioned basis over the lease term based on the fixed rental amount outstanding.

Murabaha income
Murabaha income is recognised on a time-apportioned basis over the period of the contract based on the net Murabaha amount outstanding.

Istisna'a income
Istisna'a associated profit margin (difference between the cash price of al-masnoo to the customer and the Group's total Istisna'a cost) is accounted for on a time- apportioned basis over the construction period.

Forward Ijara income
Forward Ijara income during the construction period of the properties is accounted for on a time-apportioned basis over the construction period on account of rentals. Upon completion of the properties, income is recognised on a time-apportioned basis over the period of the contract based on the fixed rental amount outstanding.

Sale of properties held for sale
Sale of properties held for sale is recognised on full accrual method as and when the risk and reward and the control is transferred to buyer.

Processing fees
Processing fees are recognised when applications for facilities are processed.

Other income
Income earned on mudaraba deposits and wakala Investments is recognised on a time proportion basis. All other income is recognised when the right to receive the income is established.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in 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.

Properties held for sale
Properties held for sale are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost comprises all costs of purchase and other directly attributable costs incurred in bringing each property to its location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred on disposal.

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Trading investments
These are initially recognised at cost and subsequently measured at fair value. All related realised and unrealised gains or losses are taken to the statement of comprehensive income. Profit earned or dividends received are included in other income.

Held to maturity
Securities which have fixed or determinable payments and are intended to be held to maturity, are carried at amortised cost using the effective profit method, less provision for impairment in value, if any.

Available -for-sale
Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "cumulative changes in fair value" within equity is included in the statement of comprehensive income for the year.

Property and equipment
Property and equipment is stated at cost less accumulated depreciation and impairment in value, if any. Capital work-in progress is stated at cost and is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets as follows:

Leasehold improvements	5 to 10 years
Buildings	20 years
Office equipment	5 years
Furniture and fixtures	4 to 5 years
Software licenses and computer equipment	3 to 8 years
Networks and servers	3 to 4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Financial instruments
The Group recognises financial assets or financial liabilities only when the Group becomes a party to the contractual provisions of a financial instrument. On initial recognition, the financial assets and financial liabilities are measured at fair value plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial measurement, the financial assets are measured at fair value except for finances and receivables and held to maturity investments which are measured at amortised cost. Financial liabilities, after initial recognition, are measured at amortised cost.

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

(a) the right to receive cash flows from the asset have expired; or

(b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

(c) either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Securitisation

The Group enters into securitisation transactions to finance specific Islamic finances to customers. Both the securities in issue and the finances and advances to customers remain on the Group's statement of financial position within the appropriate headings in the statement of financial position unless:

i) a fully proportionate share of all or of specifically identified cash flows have been transferred to the holders of the securities, in which case that proportion of the assets are derecognised;

ii) substantially all the risks and rewards associated with the assets have been transferred, in which case the assets are fully derecognised; or

iii) if a significant proportion of the risks and rewards have been transferred, the assets are recognised only to the extent of the Group's continuing involvement.

Zakat

Zakat is computed as per the Group's Articles and Memorandum of Association and is approved by the Group's Sharia'a Supervisory Board on the following basis:

- Zakat on shareholders' equity is computed at 2.5775% of the aggregate of general and legal reserves, retained earnings, other reserves and provision for staff gratuity.
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the by-law set by the Board.
- Zakat on the paid up capital is not included in the Zakat computations and is payable by the shareholders personally.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

5 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end-of-service benefits
For its national employees, the Group makes contributions to the pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are recognised in the statement of comprehensive income when due.

The Group provides end-of-service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the term of employment.

Employees' benefit plan shares
Employees' benefit plan shares consist of the Group's own shares that have been designated under Employee Stock Ownership Plan and not yet reissued or cancelled. These shares are accounted for using the cost method. Under the cost method, the average cost of the shares is shown as a deduction from total shareholders' equity.

Convertible Sukuk
Convertible Sukuk that can be settled at the option of the issuer are recorded as compound financial instruments. The equity component of the convertible sukuk is calculated as the excess of the issue proceeds over the present value of the future profit and principal payments, discounted at the market rate of profit applicable to similar liabilities that do not have a conversion option.

Share-based payments
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the awards are granted. The cost of equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Foreign currencies
Transactions in foreign currencies are recorded at rates of exchange prevailing at the dates of the transactions.

As at the reporting date, the assets and liabilities of the foreign subsidiaries are translated into Arab Emirates Dirhams at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive incomes are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular entity is recognised in the consolidated statement of comprehensive income.

Trade and settlement date accounting
All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Fair values
For investments actively traded in organised financial markets, fair value is determined by reference to quoted market prices at the close of business on the statement of financial position date. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted securities fair value is determined by reference to brokers' quotes, recent transaction(s), the market value of similar securities, or based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

For investments in properties, fair value is determined periodically on the basis of independent professional valuations.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

6 INCOME FROM ISLAMIC FINANCING AND INVESTING ASSETS

	2010 AED'000	*2009 AED'000*
Ijara and Forward Ijara (constructed and handed over properties)	**463,985**	499,762
Istisna'a and Forward Ijara (under construction properties)	**62,946**	163,608
Murabaha and Mudaraba	**9,610**	33,544
Processing fees, other fees and commission income	**16,667**	9,682
	553,208	706,596

7 COMMISSION AND OTHER INCOME

	2010 AED'000	*2009 AED'000*
Income on mudaraba deposits and wakala Investments	**20,983**	24,194
Gain on consolidation, reacquisition and foreclosure of properties	**35,368**	-
Reversal of provisions no longer required	**18,795**	-
Changes in fair value of investments held for trading	**-**	3,798
Gain on sale of investments held for trading	**-**	570
Others	**16,296**	9,640
	91,442	38,202

8 INCOME FROM SALE OF PROPERTIES HELD FOR SALE

	2010 AED'000	*2009 AED'000*
Revenue on properties sold	**7,369**	97,933
Cost of properties sold	**(5,902)**	(77,493)
	1,467	20,440

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2010 AED'000	*2009 AED'000*
Staff costs	**57,783**	75,159
Legal and professional charges	**13,212**	5,842
Office rent	**6,248**	16,517
Depreciation (Note 18)	**5,869**	5,255
Advertisement and sales promotion	**1,668**	600
Cost of vested shares under employees' benefit plan (Note 22)	**-**	1,428
Costs for closure of international operations and other non recurring costs	**-**	7,920
Other expenses	**14,639**	16,987
	99,419	129,708

10 IMPAIRMENT PROVISIONS, NET

	2010 AED'000	*2009 AED'000*
Provision for impairment - Islamic financing and investing assets	**110,750**	140,469
- Properties held for sale (Note 15)	**46,646**	188,700
Provision for impairment on other receivables	**2,490**	-
Reversal of other provisions and accruals no longer required	**-**	(85,381)
	159,886	243,788

11 DEPOSITORS'/INVESTORS' SHARE OF PROFIT AND RELATED COSTS

	2010 AED'000	*2009 AED'000*
Financing obligations	**345,813**	431,867
Amortization of deferred cost	**11,339**	11,508
Others	**3,636**	2,825
	360,788	446,200

12 EARNINGS PER SHARE – BASIC AND DILUTED

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

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

Basic earnings per share

	2010 AED'000	*2009 AED'000*
Profit (loss) for the year net of directors' remuneration	**30,230**	(57,508)
	Number of shares'000	
Weighted average number of shares outstanding during the year	**1,000,000**	1,000,000
Basic earnings per share (AED)	**0.03**	(0.06)

12 EARNINGS PER SHARE – BASIC AND DILUTED (continued)

Diluted earnings per share

	2010 AED'000	*2009 AED'000*
Profit (loss) for the year net of directors' remuneration	**30,231**	(57,508)
Add: Profit on convertible Sukuk	**47,509**	60,258
	77,740	2,750
	Number of shares'000	
Weighted average number of shares outstanding during the year	**1,136,338**	1,136,338
Diluted earnings per share (AED)	**N.A.**	N.A.

Diluted earnings per share for the year ended 31 December 2010 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 10,645,877 (2009: 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

	2010 AED'000	*2009 AED'000*
Bank balances	**482,238**	507,856
Cash in hand	**25**	30
	482,263	507,886

Almost all the bank balances are held with banks within the UAE, are profit generating and earn profit at an average profit rate of 3.3% (2009: 5.0%).

14 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2010 AED'000	*2009 AED'000*
Receivable on Notes (Note 16 (c))	**37,557**	28,942
Receivable from developers	**13,339**	21,095
Commission receivable	**8,642**	8,642
Deferred cost	**4,622**	12,379
Receivable under employees' benefit plan	**2,550**	3,989
Prepaid expenses	**1,025**	9,168
Receivable on sale of properties	**-**	10,699
Others	**7,623**	12,479
	75,358	107,393
Less: Provision for impairment on advances and other receivables	**(11,134)**	(8,644)
	64,224	98,749

15 PROPERTIES HELD FOR SALE

	2010 AED'000	*2009 AED'000*
Balance as at 1 January	**718,402**	672,702
Properties consolidated (see note (a) below)	**(239,883)**	-
Transferred to property and equipment (Note 18)	**(21,779)**	-
Properties acquired	**127,394**	26,665
Properties disposed off	**(5,902)**	(77,493)
Transferred from capital work in progress	**-**	56,918
Transferred from investment properties	**-**	39,610
	578,232	718,402
Impairment provision	**(168,641)**	(188,700)
	409,591	529,702

(a) In respect of certain properties held for sale, the Group has agreed to a consolidation with the property developer whereby the developer has agreed to cancel the sale of certain properties to the Group and adjust the amounts paid for such properties against payable to the property developer in respect of the other properties purchased. Accordingly, cost of such properties held for sale and its related payable have been reversed and the related impairment provision has been either reversed or written off.

(b) Properties held for sale are located within the UAE.

Impairment provision

Movements in the impairment provision were as follows:

	2010 AED'000	*2009 AED'000*
At 1 January	**188,700**	-
Provision made during the year	**46,646**	188,700
Write off of impairment provision upon consolidation (see note (a) above)	**(66,705)**	-
At 31 December	**168,641**	188,700

16 OTHER INVESTMENTS

	2010 AED'000	*2009 AED'000*
Available-for-sale: (within the UAE)		
Quoted - mutual fund units (a)	**1,030**	1,030
Others (b)	**920**	920
	1,950	1,950
Held to maturity: (outside the UAE)		
Investments in Notes (c)	**31,180**	34,646
Profit on Notes	**14,717**	11,990
	45,897	46,636
	47,847	48,586
Less: Provision for impairment	**(920)**	(920)
	46,927	47,666

16 OTHER INVESTMENTS (continued)

(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.

17 ISLAMIC FINANCING AND INVESTING ASSETS

	2010 AED'000	*2009 AED'000*
Ijara and Forward Ijara (constructed and handed over properties)	**6,151,664**	5,835,596
Gross Murabaha and Mudaraba receivables	**404,439**	583,685
Less: Deferred profit	**(12,616)**	(5,036)
Net Murabaha and Mudaraba receivables	**391,823**	578,649
Istisna'a and Forward Ijara (under construction properties)	**2,978,392**	4,237,225
	9,521,879	10,651,470
Less: Profit suspended	**(33,419)**	-
Less: Provision for impairment	**(330,654)**	(219,904)
	9,157,806	10,431,566

All the assets financed by the Group are within the UAE. Included in the Islamic financing and investing assets are profit accruals amounting to AED 343,885 thousand (2009: AED 401,100 thousand).

Provisions for impairment

Movements in the provision for impairment were as follows:

	2010 AED'000	*2009 AED'000*
At 1 January	**219,904**	85,435
Provision made during the year	**110,750**	140,469
Amounts written off	**-**	(6,000)
At 31 December	**330,654**	219,904

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.

18 PROPERTY AND EQUIPMENT

	Leasehold improvements AED'000	*Buildings AED'000*	*Office equipment, 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 2010	9,422	-	6,108	10,907	4,626	633	31,696
Additions	-	-	3,850	-	2,284	374	6,508
Transfers	-	-	-	692	-	(692)	-
Transferred from properties held for sale (Note 15)	-	21,779	-	-	-	-	21,779
Write offs	(6,999)	-	-	-	-	-	(6,999)
At 31 December 2010	**2,423**	**21,779**	**9,958**	**11,599**	**6,910**	**315**	**52,984**
Depreciation:							
At 1 January 2010	2,846	-	3,909	7,707	2,274	-	16,736
Charge for the year	715	1,468	728	1,802	1,156	-	5,869
Relating to write offs	(1,987)	-	-	-	-	-	(1,987)
At 31 December 2010	**1,574**	**1,468**	**4,637**	**9,509**	**3,430**	**-**	**20,618**
Net book value:							
At 31 December 2010	**849**	**20,311**	**5,321**	**2,090**	**3,480**	**315**	**32,366**

	Leasehold improvements AED'000	*Buildings AED'000*	*Office equipment, 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	-	4,774	10,257	3,648	50,785	76,612
Additions	1,309	-	810	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)
Write offs	(63)	-	(531)	(234)	(19)	(1,399)	(2,246)
At 31 December 2009	9,422	-	6,108	10,907	4,626	633	31,696
Depreciation:							
At 1 January 2009	1,367	-	3,056	5,769	1,352	-	11,544
Charge for the year	1,504	-	857	1,970	924	-	5,255
Relating to write offs	(25)	-	(4)	(32)	(2)	-	(63)
At 31 December 2009	2,846	-	3,909	7,707	2,274	-	16,736
Net book value:							
At 31 December 2009	6,576	-	2,199	3,200	2,352	633	14,960

19 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	2010 AED'000	*2009 AED'000*
Profit payable on financing obligations	**52,937**	70,782
Accounts payable	**51,256**	81,353
Property purchase payables	**40,605**	235,899
Developers' payables	**-**	295,186
Payable under Escrow accounts	**22,511**	71,657
Takaful payable (Note 31)	**19,196**	16,315
Dividends payable	**18,784**	19,059
Employees' end of service benefits	**5,126**	5,286
Commission payable on sale of properties	**2,761**	31,235
Advisory and management fee payable	**-**	11,000
Accrual and other liabilities	**50,400**	20,084
	263,576	857,856

20 FINANCING OBLIGATIONS

	2010 AED'000	*2009 AED'000*
Wakalas	**3,968,558**	4,405,185
Mudarabas	**1,481,043**	1,921,379
Sukuk	**1,100,000**	1,100,000
Convertible Sukuk	**1,068,941**	1,051,948
	7,618,542	8,478,512

Wakalas
Wakalas represent investment amounts received by the Group (Wakeel) from customers (Muwakkils) for investment purposes to generate profits for the Muwakkils. 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% (2009: 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 3.6% (2009: 4.3%). 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.

20 FINANCING OBLIGATIONS (continued)

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.

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

	2010 AED'000	*2009 AED'000*
Proceeds from issue of convertible sukuk	**1,101,840**	1,101,840
Less: Unamortised issuance costs	**(4,853)**	(7,279)
Net proceeds from convertible sukuk	**1,096,987**	1,094,561
Less: Equity component on initial recognition	**(69,534)**	(69,534)
Liability component	**1,027,453**	1,025,027
Add: Exchange difference	**660**	-
Add: Additional profit at effective rate	**40,828**	26,921
	1,068,941	1,051,948

21 SHARE CAPITAL

	2010 AED'000	*2009 AED'000*
Authorised, issued and paid up 1,000,000,000 ordinary shares of AED 1 each (31 December 2009: 1,000,000,000 ordinary shares of AED 1 each)	**1,000,000**	1,000,000

22 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.

During 2010, there have been no new grants to the employees (2009: NIL) 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 1,423,500 (2009: 1,541,950) shares on account of employees leaving the Group.

Out of these 18 million shares, the Group granted 7,354,123 shares (2009: 8,777,623 shares) at AED 1.015 per share up to 31 December 2010, net of forfeitures. These shares vest over a period of three years.

The remaining 10,645,877 shares (2009: 9,222,377 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 statement of comprehensive income. The fair value of these shares at 31 December 2010 is estimated at AED 10.6 million at the rate of AED 1 per share.

23 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. This reserve is not available for distribution except in the circumstances as stipulated by UAE Commercial Companies Law of 1984 (as amended).

24 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.

25 SPECIAL RESERVE

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

26 COMMITMENTS

	2010 *AED'000*	*2009* *AED'000*
Irrevocable commitments to extend credit	**1,776,731**	2,329,672

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.

27 CONTINGENCIES

a) The Group's bankers have provided a guarantee of AED 50 million (31 December 2009: 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 2009: AED 5 million) to Economic Affairs Division of the Government of Dubai for establishing a subsidiary company.

28 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.

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 principles of Islamic Sharia'a as interpreted by it. 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.

28 RISK MANAGEMENT (continued)

Risk Management Structure (continued)
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.

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.

28 RISK MANAGEMENT (continued)

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 2010 AED'000	*Gross maximum exposure 2009 AED'000*
Bank balances (Note 13)	**482,238**	507,856
Advances and other receivables	**69,711**	85,846
Other investments (Note 16)	**47,847**	48,586
Islamic financing and investing assets (Note 17)	**9,521,879**	10,651,470
Total	**10,121,675**	11,293,758
Irrevocable commitments to extend credit (Note 26)	**1,776,731**	2,329,672

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 29.

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 2010

	Neither past due nor impaired				
	Normal grade AED '000	*Watch list grade AED '000*	*Past due but not individually impaired AED '000*	*Past due and individually impaired AED '000*	*Total AED '000*
Bank balances	**482,238**	-	-	-	**482,238**
Advances and other receivables	**44,427**	**14,150**	-	**11,134**	**69,711**
Other investments	**46,927**	-	-	**920**	**47,847**
Islamic financing and investing assets	**7,653,660**	**764,313**	**463,903**	**640,003**	**9,521,879**
Total	**8,227,252**	**778,463**	**463,903**	**652,057**	**10,121,675**

28 RISK MANAGEMENT (continued)

Credit Risk (continued)

At 31 December 2009

	Neither past due nor impaired				
	Normal grade AED '000	*Watch list grade AED '000*	*Past due but not individually impaired AED '000*	*Past due and individually impaired AED '000*	*Total AED '000*
Bank balances	507,856	-	-	-	507,856
Advances and other receivables	35,241	41,961	-	8,644	85,846
Other investments	47,666	-	-	920	48,586
Islamic financing and investing assets	9,780,650	533,330	247,930	89,560	10,651,470
Total	10,371,413	575,291	247,930	99,124	11,293,758

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 individually impaired Islamic, financing and investing assets

	31 December 2010				
	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	**232,840**	**134,549**	**23,804**	**72,710**	**463,903**

	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	35,057	247,930

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.

28 RISK MANAGEMENT (continued)

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 statement of comprehensive income.

The sensitivity of the statement of comprehensive income 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 2010 and 31 December 2009.

	31 December 2010	
	Increase/ (decrease) in basis points	***Sensitivity of net returns increase/ (decrease) AED 000's***
AED	**50bps**	**24,924**
AED	**(50bps)**	**(24,924)**

	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

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 2010 are denominated in the UAE Dirhams or US Dollars. UAE Dirham is currently pegged to US Dollar 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 does not have any investment in equity shares.

28 RISK MANAGEMENT (continued)

Profit rate risk (continued)

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.

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.

The Group 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 Group 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.

28 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.

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

The maturity gap as of 31 December 2010 arises as a result of contractual maturities of assets and liabilities. The Group has agreed in principle with its corporate depositors for financing obligations to roll forward the financing obligations amounting to AED 4.9 billion for five years at a profit rate of 4%. Formal agreements have been signed for AED 3.6 billion of these deposits while others are in the process of being signed.

At 31 December 2010	*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	482,263	-	-	482,263	-	-	482,263
Advances, prepayments and other receivables	2,693	3,145	8,679	14,517	49,707	-	64,224
Properties held for sale	-	-	-	-	409,591	-	409,591
Other investments	-	-	-	-	46,927	-	46,927
Islamic financing and investing assets	255,512	159,578	762,729	1,177,819	1,765,980	6,214,007	9,157,806
Property and equipment	-	-	313	313	21,897	10,156	32,366
Total assets	**740,468**	**162,723**	**771,721**	**1,674,912**	**2,294,102**	**6,224,163**	**10,193,177**
LIABILITIES							
Zakat payable	5,000	10,000	38,729	53,729	32,074	-	85,803
Accounts payable, accruals and other liabilities	65,958	10,370	135,404	211,732	46,770	5,074	263,576
Financing obligations	-	341,128	231,043	572,171	7,046,371	-	7,618,542
Total liabilities	**70,958**	**361,498**	**405,176**	**837,632**	**7,125,215**	**5,074**	**7,967,921**
Assets less liabilities	**669,510**	**(198,775)**	**366,545**	**837,280**	**(4,831,113)**	**6,219,089**	**2,225,256**
COMMITMENTS							
Irrevocable commitments to extend credit	**202,593**	**446,449**	**445,485**	**1,094,527**	**682,204**	-	**1,776,731**

28 RISK MANAGEMENT (continued)

Maturity analysis of assets and liabilities (continued)

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

28 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 AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*Over 1 year AED'000*	*Total AED'000*
At 31 December 2010						
Zakat payable	5,000	10,000	38,729	53,729	32,074	85,803
Accounts payable, accruals and other liabilities	65,958	10,370	135,404	211,732	51,844	263,576
Financing obligations	-	348,956	445,852	794,808	7,977,398	8,772,206
	70,958	**369,326**	**619,985**	**1,060,269**	**8,061,316**	**9,121,585**

	Within 1 month AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*Over 1 year AED'000*	*Total 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

29 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 2010 and 2009 was as follows:

	31 December 2010				*31 December 2009*			
	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	**616,215**	**29,902**	**-**	**646,117**	730,036	22,443	12,759	765,238
Allocable expenses	**(434,226)**	**(25,981)**	**-**	**(460,207)**	(529,376)	(33,581)	(12,951)	(575,908)
Segment result	**181,989**	**3,921**	**-**	**185,910**	200,660	(11,138)	(192)	189,330
Impairment Provisions, net	**(113,240)**	**(46,646)**	**-**	**(159,886)**	(116,088)	(127,700)	-	(243,788)
Segment result after provision	**68,749**	**(42,725)**	**-**	**26,024**	84,572	(138,838)	(192)	(54,458)
Profit for the year				**26,024**				(54,458)
Segment assets	**9,260,458**	**410,635**	**522,084**	**10,193,177**	10,536,024	541,293	553,212	11,630,529
Segment liabilities	**7,183,097**	**338,454**	**446,370**	**7,967,921**	8,356,535	488,674	556,775	9,401,984
Depreciation	-	-	**5,869**	**5,869**	-	-	5,255	5,255
Capital expenditure	-	-	**6,508**	**6,508**	-	-	14,248	14,248

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

30 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 2010 and 31 December 2009. Capital comprises share capital, statutory reserve, general reserve, special reserve, convertible sukuk equity component, shares held under employees' benefit plan and retained earnings and is measured at AED 2,225,256 thousands as at 31 December 2010 (31 December 2009: AED 2,228,545 thousands).

31 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 statement of comprehensive income are as follows:

	Year ended 31 December 2010		*Year ended 31 December 2009*	
	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	**440**	-	493	-
Income on deposits and wakala placement	-	**6,457**	-	7,515
Depositors' share of profit	-	**50,079**	-	70,008
	440	**56,536**	493	77,523

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

	31 December 2010			*31 December 2009*		
	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	**9,315**	-	-	6,556	-	-
Bank balances and cash	-	**422,683**	-	-	488,520	-
Financing obligations	-	**1,250,000**	-	-	1,428,680	-
Depositors' share of profit payable	-	**139**	-	-	13,647	-
Takaful payable in respect of properties financed (Note 19)	-	-	**19,196**	-	-	16,315

31 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel is as follows:

	2010 AED'000	*2009 AED'000*
Short term employee benefits	**5,861**	6,099
Termination and other benefits	**880**	1,637
	6,741	7,736

32 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.

33 DATE OF AUTHORISATION

These financial statements were approved for issue by the Board of Directors on 13 February 2011.