Tamweel PJSC (formerly Tamweel LLC.)

FINANCIAL STATEMENTS

31 DECEMBER 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TAMWEEL PJSC (FORMERLY TAMWEEL LLC)

Report on the Financial Statements

We have audited the accompanying financial statements of Tamweel PJSC, which comprise the balance sheet as at 31 December 2006, and the income statement, cash flow statement and 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). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Tamweel PJSC as of 31 December 2006, 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 Tamweel PJSC; proper books of account have been kept by Tamweel PJSC 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 Tamweel PJSC have occurred during the year which would have had a material effect on the business of Tamweel PJSC or on its financial position.

Signed by
Naushad Anwar
Partner
Registration No. 489

30 January 2007

Dubai, United Arab Emirates

INCOME STATEMENT

Year ended 31 December 2006

	Notes	***2006 AED'000***	*2005 AED'000*
Income from Islamic financing and investing assets	6	**128,471**	46,241
Income from sale of development property, net	7	**45,616**	22,548
Fees and other income	8	**94,424**	31,175
OPERATING INCOME		**268,511**	99,964
General and administrative expenses	9	**(54,471)**	(35,642)
PROFIT BEFORE DEPOSITORS' SHARE OF PROFIT AND INCOME FROM IPO PROCEEDS		**214,040**	64,322
Depositors' share of profit	10	**(61,269)**	(22,120)
PROFIT BEFORE INCOME FROM IPO PROCEEDS		**152,771**	42,202
Income from IPO proceeds, net	11	**699,050**	-
PROFIT FOR THE YEAR		**851,821**	42,202
Attributable to:			
Shareholders of PJSC		**824,399**	-
Shareholders of LLC		**27,422**	42,202
		851,821	42,202
Earnings per share-basic and diluted (AED)	12	**1.11**	0.12

The attached notes 1 to 35 form part of these financial statements.

BALANCE SHEET

At 31 December 2006

	Notes	*2006* ***AED'000***	*2005* *AED'000*
ASSETS			
Bank balances and cash	13	**380,181**	162,011
Advances, prepayments and other receivables	14	**195,341**	107,271
Investment in properties	15	**60,768**	-
Other investments	16	**10,834**	1,030
Islamic financing and investing assets	17	**2,583,745**	1,302,839
Property and equipment	18	**31,480**	17,884
TOTAL ASSETS		**3,262,349**	1,591,035
LIABILITIES AND EQUITY			
Liabilities			
Zakat payable		**4,845**	1,734
Accounts payable, accruals and other liabilities	19	**207,165**	75,848
Financing obligations	20	**1,230,760**	1,005,000
Total liabilities		**1,442,770**	1,082,582
Equity			
Share capital	21	**1,000,000**	450,000
Employees' benefit plan	22	**(11,100)**	-
Statutory reserve	23	**91,305**	6,019
General reserve	24	**435,000**	-
Special reserve	25	**25,837**	-
Cumulative changes in fair value		**208**	-
Retained earnings		**78,329**	-
Proposed dividend	26	**200,000**	52,434
Total equity		**1,819,579**	508,453
TOTAL LIABILITIES AND EQUITY		**3,262,349**	1,591,035

Chief Executive Officer

Chairman

The attached notes 1 to 35 form part of these financial statements.

CASH FLOW STATEMENT

Year ended 31 December 2006

	Notes	***2006*** ***AED'000***	*2005* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**851,821**	42,202
Adjustments for:			
Depreciation	18	**2,572**	1,198
Provision for employees' end of service benefits, net		**2,278**	327
Provision for impairment of Islamic financing and investing assets		-	2,800
Changes in fair value of available-for-sale investments		-	(30)
Change in fair value of investment properties	8	**(9,432)**	-
Depositors' share of profit	10	**61,269**	22,120
		908,508	68,617
Working capital changes:			
Islamic financing and investing assets		**(1,278,106)**	(1,039,132)
Properties held for sale, net		**(17,706)**	-
Investments held for trading, net		**(6,472)**	-
Advances, prepayments and other receivables		**(83,453)**	(51,478)
Accounts payable, accruals and other liabilities		**118,964**	53,460
Cash used in operations		**(358,265)**	(968,533)
Depositors' share of profit paid		**(54,786)**	(22,120)
Zakat paid		**(510)**	-
Net cash used in operating activities		**(413,561)**	(990,653)
INVESTING ACTIVITIES			
Purchase of property and equipment	18	**(16,168)**	(13,989)
Purchase of available-for-sale-investments, net		**(3,124)**	(1,000)
Purchase of investment properties		**(33,630)**	-
Net cash used in investing activities		**(52,922)**	(14,989)
FINANCING ACTIVITIES			
Issue of shares		**550,000**	150,000
Financing obligations, net		**132,300**	930,000
Money received under the Employees' benefit plan		**2,353**	-
Net cash from financing activities		**684,653**	1,080,000
Increase in cash and cash equivalents		**218,170**	74,358
Cash and cash equivalents at 1 January		**162,011**	87,653
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**380,181**	162,011

The attached notes 1 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006

	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*	*Proposed dividends AED'000*	*Total AED'000*
Balance at 1 January 2005	300,000	-	1,799	-	-	-	16,186	-	317,985
Issue of shares	150,000		-	-	-	-	-	-	150,000
Profit for the year	-	-	-	-	-	-	42,202	-	42,202
Transfer to statutory reserve	-		4,220	-	-	-	(4,220)	-	-
Zakat	-	-	-	-	-	-	(1,734)	-	(1,734)
Proposed dividend	-	-	-	-	-	-	(52,434)	52,434	-
Balance at 1 January 2006	450,000	-	6,019	-	-	-	-	52,434	508,453
Issue of shares	550,000	-	-	-	-	-	-	-	550,000
Shares received under the Employees' benefit plan (note 22)	-	(18,000)	-	-	-	-	-	-	(18,000)
Shares granted under the Employees' benefit plan (note 22)	-	6,900	104	-	-	-	-	-	7,004
Profit for the period till 2 June 2006	-	-	-	-	-	-	27,422	-	27,422
Zakat, net of reversals till 2 June 2006	-	-	-	-	-	-	1,089	-	1,089
Dividends settled	-	-	-	-	-	-	-	(52,434)	(52,434)
Dividends relating to profit till 2 June 2006 settled	-	-	-	-	-	-	(23,027)	-	(23,027)
Balance at 2 June 2006 carried down	1,000,000	(11,100)	6,123	-	-	-	5,484	-	1,000,507

The attached notes 1 to 35 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - continued

Year ended 31 December 2006

	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*	*Proposed dividends AED'000*	*Total AED'000*
Balance at 2 June 2006 brought down	1,000,000	(11,100)	6,123	-	-	-	5,484	-	1,000,507
Gain on available-for-sale investment recognized directly in equity	-	-	-	-	-	208	-	-	208
Total income for the period recognised directly in equity	-	-	-	-	-	208	-	-	208
Profit for the period from 3 June to 31 December 2006	-	-	-	-	-	-	824,399	-	824,399
Total income for the period	-	-	-	-	-	208	824,399	-	824,607
Zakat for the period from 3 June to 31 December 2006	-	-	-	-	-	-	(4,710)	-	(4,710)
Transfer to statutory reserve (note 23)	-	-	85,182	-	-	-	(85,182)	-	-
Transfer to general reserve (note 24)	-	-	-	435,000	-	-	(435,000)	-	-
Transfer to special reserve	-	-	-	-	25,837	-	(25,837)	-	-
Directors' fees	-	-	-	-	-	-	(825)	-	(825)
Proposed dividend	-	-	-	-	-	-	(200,000)	200,000	-
Balance at 31 December 2006	**1,000,000**	**(11,100)**	**91,305**	**435,000**	**25,837**	**208**	**78,329**	**200,000**	**1,819,579**

The attached notes 1 to 35 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 are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. The Company is also engaged in the business of property development.

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

2 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 Board) of the Company and applicable requirements of United Arab Emirates laws.

The accounting policies are consistent with those used in the previous years except the Company has reconsidered the classification of its investments in the light of the new requirements in IAS 39 which became mandatory for financial years beginning on or after 1 January 2006 relating to classification of financial assets at fair value through profit or loss. Accordingly, investments are now carried at fair value through profit or loss only when permitted by paragraph 11A of IAS 39, or when doing so results in more relevant information. Consequently, "investments at fair value through profit or loss" have been re-designated as "available-for-sale investments" at 1 January 2006 and included under "Investments" at their fair value of AED 1,030,000.

Available-for-sale investments are carried at fair values, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. On de-recognition or impairment, the cumulative gain or loss previously reported in equity is included in the income statement for the period.

Had the policy not been changed, the current year profit would have been higher by AED 207,619.

3 BASIS OF MEASUREMENT

The accompanying financial statements have been prepared under the 'historical cost convention' as modified by the measurement at fair value of investment properties and other investments.

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

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 Company, being an Islamic Financial Institution, incorporates the essence of Sharia'a in its activities.

4 DEFINITIONS OF SIGNIFICANT TERMS - continued

Ijara
Ijara is an agreement whereby the Company as a lessor buys an asset according to the customer's request and then leases it to the customer as lessee for a specified rental over a specific period. The duration of the lease, as well as the basis for rental, are set and agreed in advance. The Company retains 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 an agreement whereby the Company undertakes to construct 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 Company alone and the whole or part of the construction can be undertaken by third parties under the Company's control and responsibility.

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

Mudaraba
Mudaraba is an agreement in which the customer contributes capital and the Company 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 Company gets nothing for its efforts. The financier is known as 'rab-al-mal' and the Company as 'mudareb'.

Wakala
An agreement whereby the Company provides a certain sum of money to an 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 is obliged to return the invested amount in case of default, negligence or violation of the terms and conditions of the Wakala.

5 SIGNIFICANT ACCOUNTING POLICIES

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

IASB Standards and Interpretations issued but not adopted
The following IASB Standards and Interpretations have been issued but are not yet mandatory, and have not yet been adopted by the Company:

IFRS 7 *Financial Instruments: Disclosures*
IFRIC Interpretation 8 *Scope of IFRS 2*

The application of IFRS 7, which will be effective for the year ending 31 December 2007 will result in amended and additional disclosures relating to financial instruments and associated risks. The application of IFRIC 8, which is also effective from 2007 is not expected to have a material impact on the financial statements of the Company.

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

5 SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Sale of development property

Revenue on sale of development property is recognised on the basis of percentage completion as and when all of the following conditions are met:

- A sale is consummated and contracts are signed;
- The buyer's investment, to the date of the financial statements, is adequate to demonstrate a commitment to pay for the property;
- Construction work has commenced, with engineering, design work and site clearance being completed;
- The buyer is committed. The buyer is not eligible for a refund except for non-delivery of the unit. Management believes that the likelihood of the Company being unable to fulfill its contractual obligations for these reasons is remote; and
- The aggregate sales proceeds and costs can be reasonably estimated.

Ijara income

Ijara income is recognised on a time-apportioned basis over the lease term based on the principal amounts outstanding.

Murabaha income

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

Istisna'a income

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

Processing fees

Processing fees are recognised when applications for facilities are received.

Cost of sale of development property

Cost of sale of development property includes the cost of land and development costs. Development costs include the cost of infrastructure and construction. The cost of sale in respect of individual properties is based on the estimated proportion of the development cost incurred to date to the estimated total development cost for the project.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks 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 rentals, murabaha sales receivables net of deferred profits and istisna'a costs incurred to date measured at cash equivalent value. Ijara and murabaha assets are stated at cost net of provisions for impairment, if any.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

5 SIGNIFICANT ACCOUNTING POLICIES - continued

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 the business less estimated costs necessary to be incurred on disposal.

Investments
Held for trading
These are initially recognised at cost and subsequently remeasured at fair value. All related realised and unrealised gains or losses are taken to the income statement. Profit earned or dividends received are included in other income.

Available -for-sale
These are initially recognised at cost, being the fair value of the consideration given including directly attributable transaction costs. After initial recognition, investments which are classified as "available-for-sale" are normally remeasured at fair value, unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes which are not part of an effective hedging relationship, are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported as "cumulative changes in fair value" within equity, is included in the income statement for the period.

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 balance sheet date. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted investments, a reasonable estimate of the fair value is determined by reference to the market value of a similar investment or is based on acceptable valuation techniques.

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

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

The carrying values of property and equipments 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.

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

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

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 income statement as the expense is incurred.

5 SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of financial instruments
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss, is recognised in the income statement.
Impairment is determined as follows:

(a) for assets carried at fair value, impairment is the difference between cost and fair value.
(b) for assets carried at cost, impairment is present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For available-for-sale equity investments, reversal of impairment losses are recorded as increases in cumulative changes in fair value through equity.

In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

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

- Zakat on shareholders' equity is computed as the aggregate of general and legal reserves, provision for doubtful debt, retained earnings and provision for staff gratuity as multiplied by 2.577%.
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the bye-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 Company 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.

Employees' end-of-service benefits
For its national employees, the Company makes contributions to the pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries

The Company's obligations are limited to these contributions, which are recognised in the income statement when due.

The Company 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 year of employment.

Foreign currencies
Transactions in foreign currencies are recorded at rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the exchange rates prevailing at that date. Any gain or loss arising from changes in exchange rates subsequent to the date of a transaction is recognized in the income statement in the period in which they arise.

5 SIGNIFICANT ACCOUNTING POLICIES - continued

Significant management judgements and estimates

Judgements
In the process of applying the Company'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 Company has entered into a number of contracts with buyers for the sale of apartment units. The Management has determined that equitable interest in such assets and therefore risks and rewards of the ownership are transferred to the buyer once he is committed to complete the payment for the purchase. 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 which are dependent on the enactment of pending legislation is considered by management to be remote.

Classification of investments
Management decides upon acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through income statement 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 Company has intention and ability to hold these to maturity.

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

All other investments are classified as a 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 and fair value for the year. 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 company reviews its Islamic financing and investing assets on a regular basis to assess whether a provision for impairment should be recorded in the income statement 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.

Cost to complete properties under development
The Company estimates the cost to complete properties under development in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure activities, potential claims by sub contractors and all costs of meeting other contractual obligations to the customers.

Valuation of investment properties
The Company hires the service of third party valuers for obtaining estimates of the valuation of investment properties.

6 INCOME FROM ISLAMIC FINANCING AND INVESTING ASSETS

	2006 ***AED'000***	*2005* *AED'000*
Ijara	**89,900**	28,163
Murabaha	**5,528**	2,832
Istisna'a	**33,043**	15,246
	128,471	46,241

7 INCOME FROM SALE OF DEVELOPMENT PROPERTY, NET

	2006 ***AED'000***	*2005* *AED'000*
Revenue from sale of development property	**97,038**	60,204
Cost of sale of development property	**(51,422)**	(37,656)
	45,616	22,548

8 FEES AND OTHER INCOME

	2006 ***AED'000***	*2005* *AED'000*
Processing and other fees	**27,348**	13,634
Income from sale of properties held for sale	**21,331**	-
Commission income	**16,430**	9,678
Income on deposits	**10,807**	-
Income arising on changes in fair value of investment properties (note 15)	**9,432**	-
Income on investments held for trading (net of loss of AED 1.3 million on changes in fair value)	**1,312**	-
Securitisation servicing income	**3,473**	4,734
Other income	**4,291**	3,129
	94,424	31,175

9 GENERAL AND ADMINISTRATIVE EXPENSES

	2006 ***AED'000***	*2005* *AED'000*
Staff costs	**30,925**	20,830
Advertisement and sales promotion	**10,757**	5,955
Legal and professional charges	**1,607**	740
Depreciation	**2,572**	1,198
Operating lease rentals	**3,445**	1,483
Other expenses	**5,165**	5,436
	54,471	35,642

10 DEPOSITORS' SHARE OF PROFIT

	2006 ***AED'000***	*2005* *AED'000*
Financing obligations	**61,166**	21,276
Others	**103**	844
	61,269	22,120

11 INCOME FROM IPO PROCEEDS, NET

This represents the income earned (net of related expenses) on investing the IPO subscriptions proceeds between the first day of public subscription (27 February 2006) and the date of incorporation of the Public Joint Stock Company (3 June 2006). This income is wholly attributable to the shareholders of Tamweel PJSC.

12 EARNINGS PER SHARE – BASIC AND DILUTED

	2006 ***AED'000***	*2005* *AED'000*
Profit for the year, net of directors' fees	**850,996**	42,202
	Number of shares	
Weighted average number of ordinary shares in issue during the year	**769,452,055**	339,863,014
Basic and diluted earnings per share (AED)	**1.11**	0.12

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year. Diluted earnings per share is the same as basic earnings per share as there are no potential ordinary shares outstanding which may have any dilutive effect.

13 BANK BALANCES AND CASH

Included in bank balances and cash are short term deposits of AED 304.73 million (2005: AED nil)

14 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2006 ***AED'000***	*2005* *AED'000*
Accrued profit on Islamic financing and investing assets	**47,163**	13,946
Receivables on sale of development property	**85,065**	44,333
Advances for purchase of properties	**30,217**	27,889
Prepaid expenses	**8,260**	5,302
Commission receivable	**5,538**	14,036
Others	**19,098**	1,765
	195,341	107,271

15 INVESTMENT IN PROPERTIES

	2006 ***AED'000***	*2005* *AED'000*
Investment properties		
Properties acquired	**33,630**	-
Changes in fair value (note 8)	**9,432**	-
	43,062	-
Properties held for sale		
Properties acquired	**102,210**	-
Cost of properties sold	**(84,504)**	-
	17,706	-
	60,768	-

Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards.

16 OTHER INVESTMENTS

	2006 ***AED'000***	*2005* *AED'000*
Trading:		
Quoted - equity	**6,472**	-
Available for sale:		
Quoted - mutual fund units (note - a)	**1,238**	1,030
Unquoted - equity (note - b)	**2,204**	-
Others (note - c)	**920**	-
	4,362	1,030
	10,834	1,030

(a) The fair value of investments in mutual fund units is based on the last bid as published by the fund manager.
(b) Unquoted equity investments are carried at cost due to the unpredictable nature of future cash flows and the lack of observable market values.
(c) Others represents advance against equity shares to be allotted.

17 ISLAMIC FINANCING AND INVESTING ASSETS

	2006 ***AED'000***	*2005* *AED'000*
Ijara	**1,596,898**	836,574
Murabaha	**23,366**	27,337
Istisna'a	**963,481**	441,728
	2,583,745	1,305,639
Provision for impairment	-	(2,800)
	2,583,745	1,302,839

All the assets financed by the Company are within the UAE.

18 PROPERTY AND EQUIPMENT

	Leasehold Improvements AED'000	*Office equipment AED'000*	*Furniture and fixtures AED'000*	*Software licenses and computer equipment AED'000*	*Network and servers AED'000*	*Capital work in progress AED'000*	*Total AED'000*
Cost:							
At 1 January 2006	778	636	2,092	5,178	858	10,604	20,146
Additions	1,091	255	110	593	404	13,715	16,168
Transfer	125	-	86	20	-	(231)	-
At 31 December 2006	**1,994**	**891**	**2,288**	**5,791**	**1,262**	**24,088**	**36,314**
Depreciation:							
At 1 January 2006	102	177	761	1,099	123	-	2,262
Charge for the year	262	152	431	1,442	285	-	2,572
At 31 December 2006	**364**	**329**	**1,192**	**2,541**	**408**	**-**	**4,834**
Net book value:							
At 31 December 2006	**1,630**	**562**	**1,096**	**3,250**	**854**	**24,088**	**31,480**
At 31 December 2005	676	459	1,331	4,079	735	10,604	17,884

19 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	2006 ***AED'000***	*2005* *AED'000*
Accounts payable	**27,674**	11,866
Depositors' share of profit	**27,236**	20,753
Developers' payables	**66,721**	16,987
Accrued expenditure	**50,784**	8,509
IPO advisory and management fee	**11,000**	-
Deferred commission income	**2,027**	4,758
Employees' end of service benefits	**2,752**	474
Other liabilities	**18,971**	12,501
	207,165	75,848

20 FINANCING OBLIGATIONS

	2006 ***AED'000***	*2005* *AED'000*
Mudaraba obligations	**1,037,300**	1,005,000
Wakala obligations	**100,000**	-
Others (note 31)	**93,460**	-
	1,230,760	1,005,000

Mudaraba obligations represent funds for investment in the Company's (Mudareb's) on-going real estate investment activities (the Projects) under which the Rab Al Mal agrees to reward the Mudareb for profits earned by it in excess of a minimum return based on EIBOR determined at inception as an incentive/bonus for profitable, efficient and safe deployment of the Rab Al Mal's capital. All of these obligations are short term.

Wakala obligations represent investment amount received by the Company acting as a Wakeel (agent) from a customer (Muwakkil) to invest in an investment transaction expected to generate profit for the Muwakkil based on EIBOR. Any profit exceeding the expected profit after deduction of wakeel fee is allowed to be kept by the Company as incentive.

21 SHARE CAPITAL

	2006 ***AED'000***	*2005* *AED'000*
Authorised, issued and paid up 1,000,000,000 ordinary shares of AED 1 each (2005: 450,000 shares of AED 1,000 each)	**1,000,000**	450,000

22 EMPLOYEES' BENEFIT PLAN

On 26 February 2006, the Company established an employees' benefit plan (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 Company, 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 LLC into PJSC) of the Company owned by them for the benefit of the Company's employees under this plan. These shares are held by two trustee companies on behalf of Tamweel PJSC. The cost of acquisition of these shares was AED 18 million at the rate of AED 1,000 per share of a nominal value of AED 1,000 each.

Out of the above shares, the Company granted certain employees the right to purchase 6,900 shares of AED 1,000 each (equivalent to 6,900,000 shares of AED 1 each after the share split on conversion of LLC into PJSC) during 2006 at AED 1,015 per share (AED 1.015 per share on split). This entitlement to ownership became effective on or before 26 February 2006. These shares carry full dividend and voting rights. The fair value of these shares at the grant date was estimated at AED 7,003,500 at AED 1,015 per share (AED 1.015 per share on split).

The remaining 11,100 shares of AED 1,000 each (equivalent to 11,100,000 shares of AED 1 each after the share split on conversion of LLC into PJSC) acquired under this scheme are held as plan shares by the trustees and will be granted in the future as and when the employees meet the pre-determined criteria. When granted to employees, the difference between the fair value of these shares on the grant date and amounts recovered from employees, if any, will be charged to the income statement. The fair value of these shares at 31 December 2006 is estimated at AED 45.399 million at the rate of AED 4.09 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 has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital. As per the Articles of Association, any amount in statutory reserve in excess of 50% of paid up capital can be distributed as dividends to the shareholders of the Company.

24 GENERAL RESERVE

In accordance with a resolution of the Board of Directors, an amount of AED 435 million has been transferred to the General Reserve. 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 recommendation of the Central Bank of the UAE, is not available for distribution.

26 PROPOSED DIVIDENDS

The Board of Directors has proposed a cash dividend of AED 0.20 per share totaling AED 200 million, which is subject to the approval of the shareholders at the Annual General Meeting.

27 COMMITMENTS

		2006 AED'000	*2005 AED'000*
Irrevocable commitments to extend credit	27.1	**1,415,780**	954,233
Purchase of properties	27.2	**671,083**	235,462
Contribution to share capital	27.3	**920**	-
Property development	27.4	**29,543**	-
		2,117,326	1,189,695

27.1 This represents contractual commitments to provide Islamic financing. Commitments generally have fixed expiration 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.

27.2 This represents commitments to property developers in respect of property purchases. Included in this is an amount of AED 180.14 million in respect of an underwriting agreement to purchase the properties of a real estate company. The amount is to be paid in scheduled installments against the purchase of certain properties on their successful completion.

27.3 This represents a commitment to subscribe to the share capital of a company.

27.4 This represents contracts for capital expenditure outstanding at the balance sheet date.

28 CONTINGENCIES

(a) The Company has entered into certain lease agreements amounting to AED 1,288 million (US$ 350 million) with customers of Nakheel L.L.C. ("Nakheel") which are recorded as off-balance sheet items in the books of the Company. The Company has also entered into securitisation and service agreements with Nakheel L.L.C. and Emirates National Securities Corporation (ENSeC) in connection with these lease agreements. The combined legal effect of these agreements is that the Company is acting on behalf of Nakheel in terms of its arrangements with Nakheel's customers. In return it receives a service fee. Any amounts received from lessees are passed by the Company to the Trustees on behalf of Nakheel.

Furthermore, as per the agreements, the Company is liable to ENSeC for any defaults by the credit customers. However, Nakheel has provided an irrevocable indemnity to the Company to make good any defaults by the customers and has also provided security in this regard. Accordingly, in the opinion of management the Company has minimal credit risk. The Company has obtained approval from the UAE Central Bank to account for the lease agreements as an off-balance item.

(b) The Company's bankers have provided a guarantee of AED 50 million (2005: AED 50 million) favouring the UAE Central Bank against the share capital.

29 RISK MANAGEMENT

Pricing risk
Pricing risk, comprising market and valuation risks, is managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

There are formal procedures to assess and monitor credit risk as part of the process of advancing finance. In addition, management regularly reviews the state of receivables and provision is made for any specific balances considered doubtful of recovery. The credit risk is reduced since all assets and finance receivables are considered to be fully secured by direct ownership or mortgage over the assets financed.

The Company's customers are mainly based in the United Arab Emirates. At 31 December 2006, there was no significant concentration of credit risk.

Liquidity risk
Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management have diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The table below summarises the maturity profile of the Company's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

29 RISK MANAGEMENT - continued

The maturity profile of the assets and liabilities at 31 December 2006 was as follows:

	Less than 3 months AED'000	*3 months to 1 year AED'000*	*Over 1 year AED'000*	*Total AED'000*
Assets				
Bank balances and cash	380,181	-	-	380,181
Advances, prepayments and other receivables	70,132	61,704	63,505	195,341
Properties held for sale	17,706	-	-	17,706
Investment properties	-	-	43,062	43,062
Other investments	6,472	-	4,362	10,834
Islamic financing and investing assets	96,072	512,307	1,975,366	2,583,745
	570,563	**574,011**	**2,086,295**	**3,230,869**
Property and equipment				**31,480**
				3,262,349
Liabilities and equity				
Zakat payable	4,845	-	-	4,845
Accounts payable, accruals and other liabilities	142,239	60,319	4,607	207,165
Financing obligations	617,300	520,000	93,460	1,230,760
	763,559	**580,319**	**98,067**	**1,442,770**
Equity				**1,819,579**
				3,262,349

The maturity profile of the assets and liabilities at 31 December 2005 was as follows:

	Less than 3 months AED'000	*3 months to 1 year AED'000*	*Over 1 year AED'000*	*Total AED'000*
Assets				
Bank balances and cash	162,011	-	-	162,011
Advances, prepayments and other receivables	4,078	49,731	53,462	107,271
Other investments	-	1,030	-	1,030
Islamic financing and investing assets	229,525	155,253	918,061	1,302,839
	395,614	206,014	971,523	1,573,151
Property and equipment				17,884
				1,591,035
Liabilities and equity				
Zakat payable	-	1,734	-	1,734
Accounts payable, accruals and other liabilities	40,764	30,224	4,860	75,848
Financing obligations	700,000	305,000	-	1,005,000
	740,764	336,958	4,860	1,082,582
Equity				508,453
				1,591,035

30 SEGMENTAL INFORMATION

For management purposes the company is organised into two major business segments:

Islamic financing and investing activity

Property development

These segments are the basis on which the Company reports its segments information. Segmental information for the year ended **31 December 2006** is as follows:

	Islamic financing and investing activities AED'000	***Property development AED'000***	***Others AED'000***	***Total AED'000***
Gross income	159,291	45,616	63,604	268,511
Allocable expenses	(50,078)	-	(6,432)	(56,510)
Segment result	**109,213**	**45,616**	**57,172**	**212,001**
Income from IPO proceeds, net				699,050
Unallocated expenses				(59,230)
Profit for the year				**851,821**

OTHER INFORMATION	***Islamic financing and investing activities AED'000***	***Property development AED'000***	***Others AED'000***	***Total AED'000***
Segment assets	2,583,745	85,065	468,669	3,137,479
Unallocated assets				124,870
Total assets				**3,262,349**
Segment liabilities	1,010,317	54,827	138,821	1,203,965
Unallocated liabilities				238,805
Total liabilities				**1,442,770**

Segmental information for the year ended 31 December 2005 as follows:

	Islamic financing and investing activities AED'000	*Property development AED'000*	*Others AED'000*	*Total AED'000*
Gross income	59,563	22,548	17,853	99,964
Allocable expenses	24,920	-	-	(24,920)
Segment result	34,643	22,548	17,853	75,044
Unallocated expenses				(32,842)
Profit for the year				42,202

30 SEGMENTAL INFORMATION - continued

	Islamic financing and investing activities AED'000	*Property development AED'000*	*Others AED'000*	*Total AED'000*
Segment assets	1,302,839	44,333	14,036	1,361,208
Unallocated assets				229,827
Total assets				1,591,035
Segment liabilities	1,047,797	16,128	4,758	1,068,683
Unallocated liabilities				13,899
Total liabilities				1,082,582

No secondary segmental information has been provided as the company operates only in the United Arab Emirates.

31 RELATED PARTY TRANSACTIONS

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

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

	2006		*2005*	
	Key management personnel AED'000	***Major shareholders AED'000***	*Key management personnel AED'000*	*Major shareholders AED'000*
Income from financing and investing activities	**153**	-	-	-
Depositors' share of profit	-	**37,722**	-	20,037
	153	**37,722**	-	20,037

Balances with related parties included in the balance sheet are as follows:

	2006		*2005*	
	Key management personnel AED'000	***Major shareholders AED'000***	*Key Management personnel AED'000*	*Major shareholders AED'000*
Islamic financing and investing assets	**10,873**	-	-	-
Financing obligations (note a)	-	**490,761**	-	700,000
Depositors' share of profit payable	-	**13,451**	-	11,866

31 RELATED PARTY TRANSACTIONS - continued

(a) Included in financing obligations is an amount of AED 93,461 thousand due (2005: Nil) to the shareholders of Tamweel LLC and represents as follows:

	31 December 2006 AED'000	*31 December 2005 AED'000*
Dividends for the year ended 31 December 2005	**52,434**	-
Profit for the period 1 January 2006 to 2 June 2006 (net of statutory and general reserves)	**23,027**	-
Shares transferred to the Company for the employee benefit plan (note 22)	**18,000**	-
	93,461	-

Compensation of the key management personnel is as follows:

	2006 AED'000	*2005 AED'000*
Short term benefits	**3,638**	2,389
Termination and other benefits	**2,855**	110
	6,493	2,499

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, properties held for sale and other investments. Financial liabilities include accounts payable, accruals and other liabilities and financing obligations.

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

33 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of Islamic financing and investing assets
An estimate of the collectible amount of Islamic financing and investing assets is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross Islamic financing and investing assets were AED 2,583.75 million (2005: AED 1,305.64 million) with nil (2005: 2.8 million) provision there against. Any difference between the amounts actually collected in future years and the amounts expected will be recognised in the income statement.

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary to improve the quality of information presented.

Payable to developers amounting to AED 16.99 million has been regrouped under "accounts payable, accruals and other liabilities". Previously this amount was netted off against "Islamic financing and investing assets".

35 DATE OF AUTHORISATION

These accounts were authorised for issue by the Board of Directors on 30 January 2007.