

AL SAFWA ISLAMIC FINANCIAL SERVICES (PJSC)
DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE NINE MONTHS PERIOD FROM JANUARY 1, 2008
TO SEPTEMBER 30, 2008

Al Safwa Islamic Financial Services (PJSC)
Dubai - United Arab Emirates

**Interim Condensed Financial Information
and Review Report
For the nine months Period from January 1, 2008 to September 30, 2008**

Table of Contents

	<u>Page</u>
Review Report	1
Interim Condensed Balance Sheet	2
Interim Condensed Income Statement	3
Interim Condensed Statement of Changes in Shareholders' Equity	4
Interim Condensed Cash Flow Statement	5
Notes to the Interim Condensed Financial Information	6 - 10

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Report on Review of Interim Condensed Financial Information

The Board of Directors
Al Safwa Islamic Financial Services (PJSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Al Safwa Islamic Financial Services (PJSC), Dubai, United Arab Emirates** (the "Company") as of September 30, 2008 and the related interim condensed statements of income, changes in shareholders' equity and cash flows for the nine months period from January 1, 2008 to September 30, 2008. Management of the Company is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 - 'Interim Financial Reporting ("IAS 34")'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

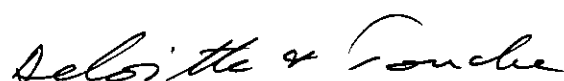
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The interim condensed financial information for the nine months period from January 1, 2007 to September 30, 2007 were reviewed by another firm of auditor who issued a qualified review report on October 28, 2007 due to a scope limitation. The balance sheet comparative figures as of December 31, 2007 were also audited by same auditors who issued a qualified opinion dated January 23, 2008 due to the same scope limitation. This scope limitation related to the profit recorded on the sale of an investment property in the prior year. We have relied on the previous auditor's reports in all other respects.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Dubai
October 27, 2008

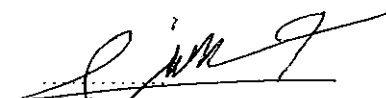


Interim Condensed Balance Sheet
As of September 30, 2008
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>September 30,</u> <u>2008</u> <u>(un-audited)</u>	<u>December 31,</u> <u>2007</u> <u>(audited)</u>
ASSETS			
Current assets			
Cash and cash equivalents		19,495,232	82,223,384
Held-for-trading investments	3	1,004,768	5,836,135
Available for sale investments		6,293,498	-
Trade and other receivables	4	<u>84,936,200</u>	<u>53,273,501</u>
Total current assets		<u>111,729,728</u>	<u>141,333,020</u>
Non-current assets			
Property and equipment	5	829,760	9,508,612
Investment properties	6	20,640,072	14,625,072
Properties under development		<u>17,289,053</u>	<u>8,406,618</u>
Total non-current assets		<u>38,758,885</u>	<u>32,540,302</u>
Total Assets		<u>150,488,613</u>	<u>173,873,322</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		<u>17,052,149</u>	<u>37,223,075</u>
Non-current liabilities			
Employees' end of service indemnity		<u>160,715</u>	<u>172,721</u>
Total Liabilities		<u>17,212,894</u>	<u>37,395,796</u>
Shareholders' Equity			
Share capital	5	129,841,748	129,841,748
Employees performance share program	6	(2,000,000)	(2,000,000)
Statutory reserve		1,565,935	1,565,935
General reserve		1,565,935	1,565,935
Retained earnings		<u>2,302,101</u>	<u>5,503,908</u>
Total Shareholders' Equity		<u>133,275,719</u>	<u>136,477,526</u>
Total Liabilities and Shareholders' Equity		<u>150,488,613</u>	<u>173,873,322</u>

The accompanying notes form an integral part of this interim condensed financial information.

The interim condensed financial information on pages 2 to 9 were approved by the Board of Directors and authorized for issue on 2008.


Chairman

Interim Condensed Income Statement
For the period from January 1, 2008 to September 30, 2008
(In Arab Emirates Dirhams)

	Nine-month period ended		Three-month period ended	
	September 30,		September 30,	
	2008	2007	2008	2007
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
Commission income	6,554,803	8,138,599	739,011	3,658,495
General and administrative expenses (Note 9)	(13,082,980)	(8,927,370)	(5,903,176)	(3,667,991)
Gross loss for the period	(6,528,177)	(788,771)	(3,164,165)	(9,496)
Other income	388,751	699,565	59,394	256,173
Changes in fair value of held for trading investments	(927,129)	467,692	(622,617)	311,679
Gain on sale of property	7,760,000	-	7,760,000	-
(Loss)/gain on sale of held for trading investments	-	(863,039)	-	324,024
Gain on sale of investment properties	-	4,848,817	-	377,817
Net profit for the period	693,445	4,364,264	2,032,612	1,260,197

The accompanying notes form an integral part of this interim condensed financial information.

Interim Condensed Statement of Changes in Shareholders' Equity
For the period from January 1, 2008 to September 30, 2008
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Retained earnings/ (accumulated losses)</u>	<u>Employees performance share program</u>	<u>Total</u>
Balance at December 31, 2006 (audited)	129,841,748	-	-	(7,023,569)	(2,000,000)	120,818,179
Net profit for the period from January 1, 2007 to September 30, 2007 (un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,364,264</u>	<u>-</u>	<u>4,364,264</u>
Balance at September 30, 2007 (un-audited)	<u>129,841,748</u>	<u>-</u>	<u>-</u>	<u>(2,659,305)</u>	<u>(2,000,000)</u>	<u>125,182,443</u>
Balance at December 31, 2007 (audited)	129,841,748	1,565,935	1,565,935	5,503,908	(2,000,000)	136,477,526
Net profit for the period from January 1, 2008 to September 30, 2008 (un-audited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,445</u>	<u>-</u>	<u>693,445</u>
Dividends paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,895,252)</u>	<u>-</u>	<u>(3,895,252)</u>
Balance at September 30, 2008 (un-audited)	<u>129,841,748</u>	<u>1,565,935</u>	<u>1,565,935</u>	<u>2,302,101</u>	<u>(2,000,000)</u>	<u>133,275,719</u>

The accompanying notes form an integral part of this interim condensed financial information.

Interim Condensed Cash Flow Statement
For the period from January 1, 2008 to September 30, 2008
(In Arab Emirates Dirhams)

	Period from January 1, 2008 to September 30, 2008 (un-audited)	Period from January 1, 2007 to September 30, 2007 (un-audited)
Cash flows from operating activities		
Net profit for the period	693,445	4,364,264
Adjustments for:		
Depreciation	640,320	653,182
Allowance for doubtful debts	2,835,786	-
Provision for employees' end of service indemnity	103,961	79,984
Changes in fair value of trading securities	927,129	(467,692)
Loss on sale of held for trading investments	-	863,039
Gain on sale of property and equipment*	(7,760,000)	-
Gain on sale of investment properties	-	(4,848,817)
Profit from Murabaha	(195,160)	(446,807)
Operating cash flows before changes in operating assets and liabilities	(2,754,519)	197,153
Increase in trade and other receivables*	(18,498,485)	(73,446,520)
(Decrease)/increase in trade and other payables	(20,170,926)	28,421,999
Cash used in operations	(41,423,930)	(44,827,368)
Employees' end of service indemnity paid	(115,967)	-
Net cash used in operating activities	(41,539,897)	(44,827,368)
Cash flow from investing activities		
Purchase of property and equipment	(201,468)	(45,749)
Purchase of investments property	(6,015,000)	(14,111,732)
Proceeds from sale of investment properties	-	53,372,068
Additions to properties under development	(8,882,435)	-
Purchase of held for trading investments	-	(1,182,166)
Proceeds from sale of held for trading investments	3,904,238	14,051,313
Purchase of available for sale investments	(6,293,498)	-
Profit from Murabaha	195,160	446,807
Net cash (used in)/from investing activities	(17,293,003)	52,530,541
Cash flow from financing activities		
Dividends paid	(3,895,252)	-
Net cash used in financing activities	(3,895,252)	-
Net (decrease)/increase in cash and cash equivalents	(62,728,152)	7,703,173
Cash and cash equivalents at beginning of the period	82,223,384	17,829,456
Cash and cash equivalents at end of the period	19,495,232	25,532,629
	=====	=====

The accompanying notes form an integral part of this interim condensed financial information.

* The proceeds from sale of property and equipment was not received upto September 30, 2008 and accordingly was not reflected as an increase in trade and other receivables for cash flow purposes (Note 5).

Notes to the Interim Condensed Financial Information
For the period from January 1, 2008 to September 30, 2008

1. Establishment and operations

Al Safwa Islamic Financial Services (PJSC) (the "Company"), a private joint stock, was incorporated on March 11, 2006 in accordance with the provisions of UAE Federal Companies Law No. 8 of 1984.

The address of the registered office of the Company is P.O. Box 185085, Dubai, United Arab Emirates.

The principal activity of the Company is brokerage services in local shares and bonds.

2. Significant accounting policies

Basis of preparation

The interim condensed financial information has been prepared on the historical cost basis, except for the measurement at fair value of investment property and certain financial instruments.

This interim condensed financial information is prepared in accordance with the International Accounting Standard No. 34 – Interim Financial Reporting issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of these interim condensed financial information are consistent with those used in the audited annual financial statements for the year ended December 31, 2007.

This interim condensed financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Company's annual audited financial statements as at and for the year ended December 31, 2007. In addition, results for the nine-month period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

(a) Estimates

The preparation of interim condensed financial information require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited financial statements as at and for the year ended December 31, 2007.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to September 30, 2008

2. Significant accounting policies (continued)

(b) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended December 31, 2007.

3. Held for trading investments

	September 30, 2008	December 31, 2007
	AED	AED
	(un-audited)	(audited)
Fair value, at the beginning of the period/year	5,836,135	20,335,020
Purchases during the period/year	-	1,227,782
Disposals during the period/year	(3,904,238)	(17,303,042)
(Decrease)/increase in fair value during the period/year	(927,129)	1,576,375
Fair value, at the end of the period/ year	1,004,768	5,836,135

4. Trade and other receivables

	September 30, 2008	December 31, 2007
	AED	AED
	(un-audited)	(audited)
Receivable from customers *	48,045,993	15,600,946
Less: Allowance for doubtful debts	(3,000,000)	(164,214)
	45,045,993	15,436,732
Other financial assets-margin deposits	15,000,000	15,000,000
Due from financial markets	-	12,800,758
Due from related parties *	6,963,389	7,224,870
Prepayments	1,676,534	682,802
Refundable deposits	20,000	20,000
Receivable from sale of property	16,000,000	-
Other receivables	230,284	2,108,339
	84,936,200	53,273,501

* These include amounts advanced to customers and related parties to execute trades in the stock markets.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to September 30, 2008

5. Property and equipment

During the period ended September 30, 2008, the Company disposed off an office building with a carrying amount of AED 8.2 million for proceeds of AED 16 million.

6. Investment properties

During the period ended September 30, 2008, the Company purchased offices for AED 6 million.

7. Share capital

	September 30, 2008	December 31, 2007
	AED	AED
	(un-audited)	(audited)
Share capital consists of 129,841,748 issued and fully paid shares of AED 1 each	129,841,748	129,841,748

8. Employees performance share program

During 2006, the Company established an Employee Performance Share Program (the "Program") to recognize and retain good performing staff. The program gives the employee the right to purchase the Company's shares at par value. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The Company issued share options to a number of employees. The options give the employees the right to purchase specific number of shares at par value of AED 1 per share. No interim assessment of fair value of the option was performed as of September 30, 2008.

A related party acquired 2,000,000 shares of the Company's shares on behalf of the Company for the purpose of Employee Performance Share Program. The related party has confirmed that it is holding these shares on behalf of the Company for this purpose.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to September 30, 2008

9. General and administrative expenses

	Period from January 1, 2008 to September 30, 2008	Period from January 1, 2007 to September 30, 2007
	AED	AED
	(un-audited)	(un-audited)
Employees' salaries and benefits	3,582,393	3,330,098
Market expenses	233,985	166,237
Bad debt expenses	3,000,000	164,214
Rent expenses	810,002	778,500
Business promotion expenses	1,454,199	1,328,051
Bonus	280,000	61,500
Professional fees	677,009	134,928
Advertisement expenses	28,001	334,673
Repair and maintenance	57,482	122,654
Printing and stationery	45,634	39,119
End of service expenses	103,961	79,984
Depreciation expenses	640,320	653,182
Utilities	27,818	18,426
Telephone and post expenses	341,412	596,686
Bank charges	256,677	194,190
Other expenses	<u>1,544,087</u>	<u>1,089,142</u>
	<u>13,082,980</u>	<u>9,091,584</u>

10. Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. Related parties comprise companies under common ownership and/or common management and control and key management personnel.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to September 30, 2008

10. Related party transactions (continued)

	Period from January 1, 2008 to September 30, 2008 AED (un-audited)	Period from January 1, 2007 to September 30, 2007 AED (un-audited)
a) Transactions with related parties		
Commission income	215,954	490,674
b) Compensation of key management personnel		
Short term benefits	790,000	571,691
Long term benefits	29,635	10,433
c) At the balance sheet date, due from/to related parties were as follows:		
	September 30, 2008 AED (Un-audited)	December 31, 2007 AED (Audited)
Due from related parties	6,963,389	7,224,869
Due to related parties	-	1,563,167

11. Comparative amounts

Certain amounts for the prior period were reclassified to conform to current period presentation.