

Al Safwa Islamic Financial Services (PJSC)

INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2007

REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL SAFWA ISLAMIC FINANCIAL SERVICES (PJSC)

Introduction

We have reviewed the accompanying interim balance sheet of Al Safwa Islamic Financial Services (PJSC) (the "Company") as of 31 March 2007, and the related interim statements of income, changes in equity and cash flow for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

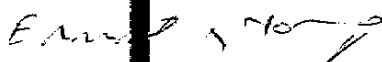
We conducted our review in accordance with the International Standard on Review Engagements 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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.

Scope limitation

We were not provided with supporting documents for the purchase and ownership of an investment property in Oman with a cost and carrying value of AED 2,923,251 as of 31 March 2007. In the absence of such supporting documents we were unable to satisfy ourselves with regard to the accuracy of the purchase price during 2006 and evidence of ownership. Our audit report for the period ended 31 December 2006 was qualified with regard to this matter.

Conclusion

Based on our review, except for the effect of such adjustments as might have been determined to be necessary as a result of the proceeding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



29 April 2007
Dubai

A Member of Ernst & Young Global

Al Safwa Islamic Financial Services (PJSC)

INTERIM INCOME STATEMENT

Period ended 31 March 2007 (Unaudited)

		<i>Three months ended 31 March</i>	
		<i>(Reviewed)</i>	<i>(Unaudited)</i>
		<i>2007</i>	<i>2006</i>
		<i>AED</i>	<i>AED</i>
Revenues			
Commission income		51,167	-
Costs			
Establishment costs	3	-	(6,552,650)
Murabaha expense		-	(28,000)
General and administrative expenses		(2,163,842)	(609,072)
Changes in fair value of trading securities		(1,784,785)	-
Other Income		323,685	1,238,460
LOSS FOR THE PERIOD		(3,573,775)	(5,951,262)

The attached notes 1 to 7 form part of these interim condensed financial statements.

Al Safwa Islamic Financial Services (PJSC)

INTERIM BALANCE SHEET

At 31 March 2007 (Unaudited)

	Note	(Reviewed) 31 March 2007 AED	(Audited) 31 December 2006 AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,852,254	2,038,062
Investment properties	5	80,647,794	66,637,805
		<u>82,500,048</u>	<u>68,675,867</u>
Current assets			
Trading securities	6	18,621,272	20,335,020
Accounts receivable and prepayments		19,805,942	16,824,119
Bank balances and cash		8,592,720	17,829,456
		<u>47,019,934</u>	<u>54,988,595</u>
TOTAL ASSETS		<u>129,519,982</u>	<u>123,664,462</u>
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital		129,841,748	129,841,748
Employee performance share program		(2,000,000)	(2,000,000)
Accumulated losses		(10,597,344)	(7,023,569)
Total shareholders' funds		<u>117,244,404</u>	<u>120,818,179</u>
Non-current liabilities			
Employees end of service benefits		55,728	43,330
Current liabilities			
Accounts payable and accruals		12,219,850	2,802,953
Total liabilities		<u>12,275,578</u>	<u>2,846,283</u>
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		<u>129,519,982</u>	<u>123,664,462</u>

The interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 29 April 2007.

Director

Director

The attached notes 1 to 7 form part of these interim condensed financial statements.

Al Safwa Islamic Financial Services (PJSC)

INTERIM CASH FLOW STATEMENT

Period ended 31 March 2007 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>(Reviewed)</i>	<i>(Unaudited)</i>
	<i>2007</i>	<i>2006</i>
	<i>AED</i>	<i>AED</i>
OPERATING ACTIVITIES		
Loss for the period	(3,573,775)	(5,951,262)
Adjustments for:		
Depreciation	208,684	-
Provision for employees' end of service benefits	12,398	-
Changes in fair value of trading securities	1,784,785	-
Profit from Murabaha	(154,422)	(1,238,460)
Murabaha expense	-	28,000
	(1,722,330)	(7,161,722)
Working capital changes:		
Accounts receivable and prepayments	(2,981,823)	(7,177,237)
Accounts payable and accruals	9,416,897	184,527
Cash from/(used in) operation	4,712,744	(14,154,432)
Murabaha expense	-	(28,000)
Net cash from/(used in) operating activities	4,712,744	(14,182,432)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,876)	-
Purchase of investments property	(14,009,989)	(18,450,000)
Purchase of trading securities	(71,037)	-
Profit from Murabaha	154,422	1,238,460
Net cash used in investing activities	(13,949,480)	(17,211,540)
FINANCING ACTIVITIES		
Paid up share capital	-	129,841,748
Employees' performance share program	-	(2,000,000)
Net cash (used in)/from financing activities	-	127,841,748
DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	(9,236,736)	96,447,776
Cash and cash equivalents at the beginning of the period	17,829,456	-
CASH AND CASH EQUIVALENTS AT THE END TO THE PERIOD	8,592,720	96,447,776

The attached notes 1 to 7 form part of these interim condensed financial statements.

Al Safwa Islamic Financial Services (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Period ended 31 March 2007 (Unaudited)

1 ACTIVITIES

Al Safwa Islamic Financial Services (PJSC) (the "Company") is a private joint stock Company registered in Dubai on 11 March 2006 under the U.A.E. Commercial Companies Law of 1984 (as amended). The Company provides brokerage services in financial instruments and commodities. The company started its operations on 5 August 2006 and its registered office is P O box 185085, Dubai, United Arab Emirates.

These statements represent the Company's interim condensed financial statements and cover its activities from 1 January to 31 March 2007.

The Company's activities are not cyclical. The results for the period ended 31 March 2007 are not necessarily indicative of the results that might be expected for the financial year ending 31 December 2007.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2006, except for the adoption of the new standards noted below:

IFRS 7 *Financial Instruments Disclosures*

The Company has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IAS 1 *Amendment - Presentation of Financial Statements*

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

Adoption of these standards did not have any effect on the financial position or performance of the Company.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2006.

3 ESTABLISHMENT COSTS

	(Reviewed) 31 March 2007 AED	(Unaudited) 31 March 2006 AED
Establishment costs	-	10,387,348
Share premium	-	(3,834,698)
	-	6,552,650

Establishment costs for the period ended 31 March 2006 were paid to a company related to a shareholder.

Al Safwa Islamic Financial Services (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Period ended 31 March 2007 (Unaudited)

6 TRADING SECURITIES

Trading securities comprise quoted and unquoted shares as follows:

	(Reviewed) 31 March 2007 AED	(Audited) 31 December 2006 AED
Quoted	14,918,407	16,166,925
Unquoted	3,702,865	4,168,095

Al Safwa Islamic Financial Services (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Period ended 31 March 2007 (Unaudited)

4 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures AED	Computers and software AED	Computer Total AED
Cost			
As at 31 December 2006	481,572	2,083,075	2,564,647
Additions during the period	4,272	18,604	22,876
As at 31 March 2007	485,844	2,101,679	2,587,523
Depreciation			
As at 31 December 2006	60,083	466,502	526,585
Depreciation charge for the period	39,185	169,499	208,684
As at 31 March 2007	99,268	636,001	735,269
Net Book Value			
As at 31 March 2007	386,576	1,465,678	1,852,254
As at 31 December 2006	421,489	1,616,573	2,038,062

The depreciation charge for the period has been allocated in the income statement to general and administrative expenses.

5 INVESTMENT PROPERTIES

Investment properties comprise undeveloped land and developed properties as follows:

	(Reviewed) 31 March 2007 AED	(Audited) 31 December 2006 AED
a) Undeveloped Land		
Properties in UAE	63,364,554	63,364,554
Lands in Oman	2,923,251	2,923,251
Lands in Jordan	350,000	350,000
	66,637,805	66,637,805
b) Developed Properties		
Properties in UAE	14,009,989	-
	14,009,989	-
	80,647,794	66,637,805

The plots of land in Oman are registered in the name of a shareholder. The land in Jordan is registered in the name of a third party.

Developed properties in the UAE comprise a number of commercial units acquired by the Company in a property under construction in Dubai.