The 2009-10 **annual report** summarises a year during which we remained **focus**ed on creating enduring value for our clients and **deliver**ing long-term performance for our shareholders.

Annual Report Fiscal Year Ending 31 March 2010

المستثمر الوطني
The National Investor

HH Sheikh
Zayed bin Sultan Al Nahyan

Late President
of the United Arab Emirates

HH Sheikh
Khalifa bin Zayed Al Nahyan

President
of the United Arab Emirates
and Ruler of Abu Dhabi

HH Sheikh
Mohammed bin Rashid Al Maktoum

Vice President
of the United Arab Emirates,
Prime Minister and Ruler of Dubai

HH General Sheikh
Mohamed bin Zayed Al Nahyan

Crown Prince of Abu Dhabi
and Deputy Supreme Commander
of the UAE Armed Forces

Contents

Chairman's Message

Dear Fellow Shareholders,

It gives me great pleasure to speak about The National Investor's (TNI) impressive financial performance during a challenging economic climate. 2009-10 was a year in which we focused on our strategy of building a robust and broad product offering to meet the evolving needs of our clients, who rely on us for independent advice and local perspective. Since inception, we have been driven by our conservative and cautious approach to growth. Nowhere has this been more clearly validated than our ability to weather the financial crisis so effectively through prudent fiscal management. TNI has emerged stronger from the economic downturn and we are determined to take advantage of the opportunities that exist in our markets today.

The strategic business review we conducted during 2008-09 coincided with the newly released Abu Dhabi Economic Vision 2030, which created a framework for the long-term economic growth and development of the emirate of Abu Dhabi. Our "Focus and Deliver" strategic initiative reflects the long-term vision articulated in the Abu Dhabi Economic Vision 2030. We aim to build a knowledge-based and highly transparent business, while ensuring adherence to our core values of integrity, prudence and client focus. As a premier Abu Dhabi-based investment management and advisory firm, we will continue to play our role in the economic development of the emirate and remain committed to preserving the integrity of our franchise by creating enduring value for our clients.

During a time when the financial services industry is viewed with skepticism, TNI's commitment to strong corporate governance and risk management, coupled with its core value of integrity, has helped the firm maintain a strong reputation among its peers. We have remained one of the market leaders in Abu Dhabi and have been the advisor of choice for clients seeking to work with a reliable partner. Furthermore, during 2009-10 we have worked consistently on enhancing our product offering across the buy-side; we have committed AED 100 million of seed capital to the MENA UCITS III Fund, our flagship listed equities fund, which we expect to launch imminently. We are also scaling up our private equity business and have announced the launch of a Shariah-compliant private equity fund in partnership with KIPCO Asset Management Co. (KAMCO). TNI and KAMCO will jointly seed the fund with AED 75 million. On the sell-side, investment banking remains our core business and we are gearing up for an upturn in IPO activity in the UAE. TNI led many of Abu Dhabi's landmark IPOs during the peak of capital markets activity in the UAE and we find ourselves ideally positioned to seize the opportunity to further strengthen our investment banking business.

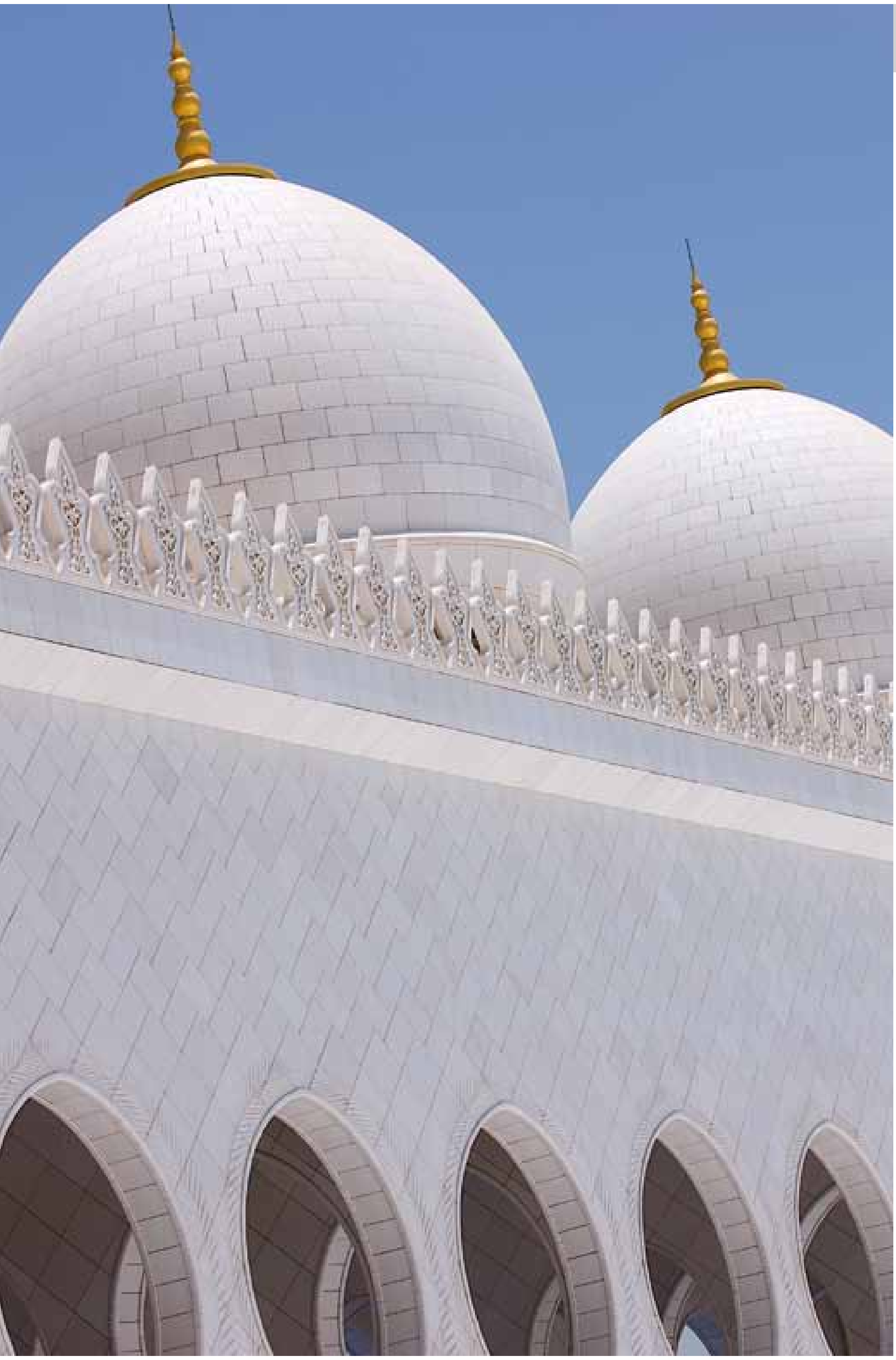
We are confident that 2010-11 will see a return to stability in the financial markets and there will be opportunities for growth as the regional economy recovers. We hope to continue building on our credentials, market reputation and experienced management team to create a balanced and diversified platform, and deliver impressive returns to our shareholders.

I would like to take this opportunity to express, on behalf of the board of directors, my profound gratitude to His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the United Arab Emirates and Ruler of Abu Dhabi, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister and Ruler of Dubai, and His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi for their leadership and support of the local business community.

I would also like to express my gratitude to our shareholders for their confidence in the board of directors and management team in these challenging times. Last but not least, I would like to thank our employees who have remained dedicated and committed to TNI.

A. Mazrui

Abdullah M. Mazrui
Chairman



Dear Fellow Shareholders,

I am pleased to announce yet another profitable year for TNI in an incredibly challenging environment characterised by uncertainty and turmoil in the financial services industry. Our net profit in 2009-10 increased five-fold to AED 30.8 million and our shareholders' equity grew to AED 820 million, representing an increase of 4.3% over the previous fiscal year. We are proud of the fact that we continue to deliver strong long-term performance and identify opportunities for growth even in an uncertain economic environment. We are one of the few financial services firms that maintained its profitability throughout this difficult period. Our balance sheet is untainted and we remain committed to supporting our clients, while at the same time delivering consistently superior returns to our shareholders. While we, and our clients, were not immune to the global economic downturn, we have successfully mitigated the risk to our shareholders' equity and clients' investments by adopting the highest standards of corporate governance and risk management. This has reinforced the confidence and trust our clients have shown in us over the years. The ability to create and preserve value for our clients, and prudently manage our balance sheet remains at the heart of our business.

We continue to build TNI on the solid foundation which has evolved and strengthened over the past 16 years since our inception. During 2009-10, we implemented several key initiatives of our "Focus and Deliver" strategy that was developed in 2008-09. Our vision is to create a balanced and diversified business model with sustainable revenue streams across both buy-side and sell-side businesses.

Our medium-term strategic objective is to consistently grow client-driven fee revenue as a proportion of total revenue. To this end, we have prioritised the growth of our asset

CEO's Message

management and private equity businesses by building on our existing capabilities that include a solid track record, experienced team, and deep local and regional market insights. Our goal is to build out prudently to achieve scale in these core businesses. We have completed the groundwork for launching our flagship listed equities fund, the MENA UCITS III Fund, which we will seed with AED 100 million. The launch of the fund is expected imminently. This offering will cater primarily to local and foreign institutional investors. Our asset management offering is supported by strong compliance and buy-side research capabilities to create credibility that sophisticated institutional investors seek in these uncertain times. We are confident that our investment in best-practice compliance and risk-management will pay dividends over the long-term.

In private equity, we developed a strategic alliance with KIPCO Asset Management Co. (KAMCO) in 2009-10 with a view to jointly launching a Shariah-compliant private equity fund. The fund will focus on liquidity constrained situations and opportunities in turnarounds, primary and secondary buyouts, recapitalisations, and other special situations. Our goal is to capitalise on attractive current market valuations and invest through the downturn to realise above average investment returns. TNI and KAMCO will jointly seed the fund with AED 75 million.

Crucial to the success of our asset management and private equity businesses is a centralised sales and distribution platform which was created during 2008-09, and is responsible for raising funds for existing and new fund offerings. Furthermore, this initiative has focused on strengthening relationships with our key clients and implementing best-practice in managing our relationships with board members and shareholders. However, the fundraising environment remains difficult and given the global slowdown, it was inevitable that fundraising activity would be adversely impacted. As we enter the new fiscal year we are witnessing some recovery in the fundraising environment, but it remains to be seen whether this will lead to a meaningful increase in funds raised in the short-term. In the meantime, we continue to actively develop and nurture relationships with local and foreign institutional investors in order to capture capital flows into the region as the markets recover.

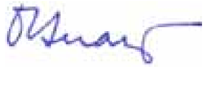
In investment banking, we remained focused on building a pipeline of middle-market advisory mandates in 2009-10 with particular emphasis on developing cross-border M&A opportunities in the UAE and the KSA. Our goal was to build out a credible middle-market corporate finance advisory business in the absence of any meaningful capital markets activity. As we move into the new fiscal year, there are some strong indications that appetite for IPOs is returning after three difficult years. We developed a strong equity capital markets franchise during the time when capital markets activity in the UAE was at its peak, and were the advisor of choice for clients contemplating an IPO. We are confident we can capitalise on our expertise and market reputation to benefit from an upturn in IPO activity.

In September 2009, we received official approval from the Capital Market Authority to commence operations in the KSA. We will leverage our existing capabilities to grow our business in the KSA with a particular focus on building out a middle-market corporate finance advisory platform to help our clients in the UAE expand into the KSA. Today, the KSA is the single largest market and opportunity in the region, and we are very confident and optimistic of the prospects there.

TNI is driven by its people, and we are proud of the fact that not only have we managed to retain key professionals in a difficult economic environment, but have attracted senior talent that will contribute intellectual strength and bandwidth to our existing management team. Over the past year, our employees have shown tremendous energy, initiative and passion; above all, they have remained committed to TNI. We actively nurture our talent and seek to ensure retention of top-performers, since the success of our business depends on these talented individuals. It is part of our strategy to continue to challenge, cultivate and reward employees who have outperformed, and demonstrated leadership potential, particularly in a stressful economic environment.

As we enter the new fiscal year, we hope that the economic climate will be more stable than it has been over the past two years. Although many of the challenges will persist, we expect stability to return to the financial markets and the broader economy, albeit slowly. We will continue to identify opportunities for growth and create long-term value for our stakeholders, while maintaining the highest standards of corporate governance, risk management and transparency. Furthermore, we will continue to offer the best strategic advice and execution capabilities to our clients.

I would like to take this opportunity to express my gratitude to our board members, shareholders and clients for the confidence they have shown in us. Your support is crucial to achieving our goals of delivering long-term performance and shareholder value creation.



Orhan Osmansoy
Chief Executive Officer

Board Members

Abdullah M. Mazrui
Chairman

Mohamad Abdulla Alqubaisi
Vice Chairman

Abdulmajeed Al Fahim
Member of the Board

Fatima Obeid Al Jaber
Member of the Board

Hamad Abdulla Al Shamsi
Member of the Board

Abdulla Nasser bin Huwaileel Al Mansouri
Member of the Board

Mohamad Fadhel Al Hamli
Member of the Board

Mohamad Rashid Al Naseri
Member of the Board

Omeir Saoud Al Dhahiri
Member of the Board

About Us

TNI was founded in 1994, as a privately-owned investment management and advisory company, registered in the emirate of Abu Dhabi and wholly-owned by UAE nationals. TNI commenced commercial operations with its proprietary portfolio, from which it made a number of successful venture capital investments, including Gulf Energy Systems and National Investor Property Management Company (Colliers). The firm has also led numerous public offerings, such as Aldar Properties PJSC, Abu Dhabi Ship Building PJSC, Abu Dhabi Islamic Bank, Oasis International Leasing Company PJSC, and National Central Cooling Company PJSC (Tabreed).

Today, TNI is built around four strategic business divisions which lie at the heart of the firm, namely asset management, private equity, investment banking and principal investments, which includes real estate. Since inception, TNI's paid-up capital has increased to AED 550 million through four capital injections.

As a regional organisation, TNI operates from Abu Dhabi and Dubai in the UAE, and Riyadh in the KSA. The firm provides a wide range of investment management and advisory services to a substantial client base that includes listed and privately owned companies, financial and government institutions, as well as high net-worth individuals. TNI also has an associate company, Gulf National Securities Centre (GNSC), which provides brokerage services as a registered member of the Abu Dhabi Securities Exchange and the Dubai Financial Market.

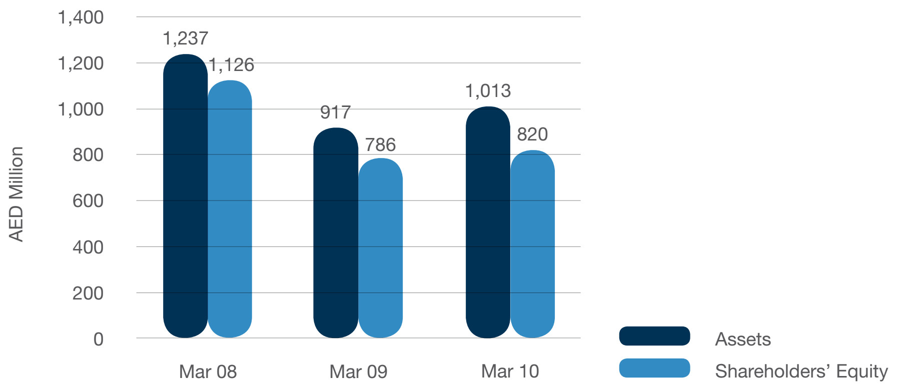
2006 saw TNI become the first UAE investment banking firm to be licensed in the Dubai International Financial Centre. TNI also obtained a license in 2008 from the Capital Market Authority to operate in the KSA, one of its core regional focuses.

Today, TNI's team of professionals differentiate themselves through their focus on delivering high-level client service. In addition to sharing a common entrepreneurial mindset with its clients, TNI has built a professional culture that thrives on a commitment to high ethical standards, a team approach to every client engagement and meritocracy in the workplace.

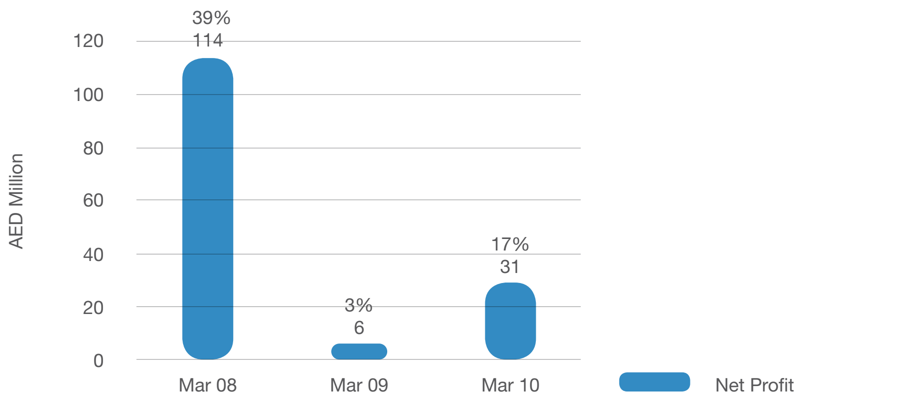
TNI has earned numerous awards in its history, including MENA Fund Manager Magazine naming TNI's UAE Blue Chip Fund the Best Fund in the UAE in 2009; and Banker Middle East announcing TNI as a finalist for the Best Private Equity House in the Middle East in 2009. The firm has also been awarded Best Equities House in the UAE by Euromoney magazine in 2005, 2006, and 2008, and has scooped awards for Best Private Equity House and Best Asset Management House from Banker Middle East in 2005, 2006 and 2008. As the financial environment evolves, both regionally and globally, TNI's goals of delivering consistently superior results and creating shareholder value remain unchanged.

Since its establishment, TNI has held a firm belief that integrity lies at the heart of any business, particularly those dealing with the management of third party capital. This commitment to integrity ensures that TNI's shareholders and clients remain protected.

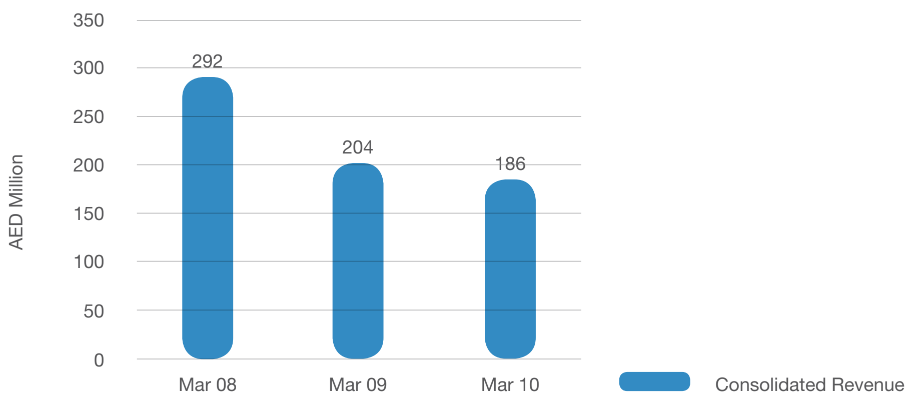
Highlights



1,400
1,200
1,000
800
600
400
200
0
AED Million
1,237
1,126
917
786
1,013
820
Mar 08
Mar 09
Mar 10
Assets
Shareholders' Equity



120
100
80
60
40
20
0
AED Million
39%
114
3%
6
17%
31
Mar 08
Mar 09
Mar 10
Net Profit



350
300
250
200
150
100
50
0
AED Million
292
204
186
Mar 08
Mar 09
Mar 10
Consolidated Revenue

16.7%

return on TNI UAE Blue Chip Fund

11.0%

return on TNI MENA Special Situations Fund

9.8%

return on TNI Dana Women Fund

9.7%

return on TNI MENA Real Estate Active Fund

Asset Management

Despite challenging market conditions, all of TNI's funds delivered growth in 2009-10. The newly launched Special Situations Fund established a strong track record during its first year, delivering returns of 11% in 2009-10. In addition, despite what turned out to be a difficult period for the real estate market globally, the TNI MENA Real Estate Active Fund returned 9.7% during 2009-10. Furthermore, the TNI UAE Blue Chip Fund and the TNI Dana Women Fund delivered returns of 16.7% and 9.8% respectively.

During 2009-10, TNI solidified its position as one of the best asset managers in the region with a convincing track record. The Special Situations Fund, launched at the end of 2008, set the precedent for an absolute return product in the MENA region. While the market events that occurred at the end of 2009 did adversely affect performance, our funds remained resilient due to a systematic approach and strict investment process. Mid-2009 saw a focus on growth equities and towards the end of 2009, TNI sought exposure to value stocks to reap high dividend yields while limiting the downside. During 2009-10, our funds had relatively low levels of redemption and this did not have any significant impact on assets under management.

TNI also saw 2009 as an opportunity to enhance its back-office and investment platforms. As part of this initiative, the TNI MENA Real Estate Active Fund was re-domiciled to Bermuda, in order to provide reassurance to institutional investors seeking exposure to the region. In addition, TNI changed the benchmark for the TNI UAE Blue Chip Fund from the MSCI UAE Index to the Standard and Poor's UAE Domestic Capital Index, which is a more diversified and accurate representation of the UAE market.

2009-10 also saw the establishment of TNI's buy-side research department which has empowered fund managers with greater insights into prospective sectors and companies. The team consistently identifies new investment opportunities by providing bottom-up recommendations and sector views. The buy-side research team is also actively involved in the firm's weekly Investment Committee meetings.

There were a number of achievements in the asset management division during 2009-10 including obtaining fund promoter and fund manager licenses that are required to launch the MENA UCITS III Fund. This new fund will be seeded with approximately USD 30 million of capital from TNI, demonstrating the firm's confidence in the viability and success of this offering. TNI sees a capacity for the fund in excess of USD 500 million.

39%

overall internal rate of return realised by TNI across all private equity investments since 2002

78%

aggregate realised internal rate of return on the exited portion of TNI GCF I, TNI's flagship private equity fund

1bn

the enterprise value in SAR of one of the first leveraged buyouts in the KSA, completed by TNI in 2009-10

150 mn

the fund size in USD of a new Shariah-compliant distressed private equity fund to be launched in 2010-11

Private Equity

TNI's private equity franchise is one of the most respected in the UAE, with a track record that spans 15 years. The division invests in attractive private equity opportunities through TNI Growth Capital Fund I (TNI GCF I), a growth and buyout fund. TNI has invested in more than 20 companies over the past 12 years, exited more than half, and generated an annual internal rate of return of 39% during the same period. Continuing its award winning track record, the TNI private equity division was named Best Private Equity Investor in Healthcare at the MENA Investor Summit Awards in Riyadh in 2009.

During 2009-10, TNI GCF I had three exits and delivered an aggregate internal rate of return of 78%, making it one of the top performing funds in this asset class. TNI GCF I is a growth and buyout fund targeting family businesses primarily based in the GCC, and has holdings in five portfolio companies. During this year, TNI also managed to complete one of the first leveraged buyouts in the KSA, with an enterprise value of SAR 1 billion. This was by far the largest of eleven non-real estate private equity transactions that were completed during 2009. This was an outstanding achievement in the context of a challenging economic environment.

TNI is also planning to launch a unique product during 2010-11, in the form of a USD 150 million Shariah-compliant distressed private equity fund. The fund will focus on liquidity constrained situations and opportunities in turnarounds and restructurings, primary and secondary buyouts, recapitalisations and other special situations. TNI has formed a strategic alliance with KIPCO Asset Management Company (KAMCO), one of the leading asset managers in the GCC, to co-manage this fund. TNI and KAMCO will jointly seed the fund with USD 20 million. The fund is the first of its kind in the region, and will offer a unique vehicle for GCC-based investors to invest in private companies. In the wake of slow equity capital markets activity and a lack of initial public offerings, this fund creates a viable secondary market for investment firms to realise exits.

Looking forward, the private equity division will seek to expand and enhance its product offering, and take advantage of distressed opportunities and attractive current market valuations to realise above average investment returns. Furthermore, valuations are currently very attractive, and TNI is one of the few investment firms that is in a position to benefit from attractive deal opportunities.

Investment Banking

The economic crisis has highlighted the importance of trust and confidence, and TNI's investment banking division has responded by reinforcing the rationale it was originally founded on: to be a trusted advisor to its shareholders and clients.

As with much of the investment banking community, the division experienced a drop in revenues as a result of the financial crisis. This began to change towards the end of the year as the economy started to significantly improve. The deal pipeline has begun to rapidly fill as the division benefits from TNI's market positioning in the middle-market segment. TNI's deal pipeline is largely driven by "friends and family", notably shareholders, who look to TNI to offer strong strategic advice and execution capability. Much of the work is private M&A transactions and capital raisings, many of which are growth opportunities or rationalisations as companies look to optimise their resources. In the public markets, TNI is currently working on a number of IPO mandates for 2010-11, building on its impressive equity capital markets credentials in the UAE.

The investment banking team at TNI is cautiously optimistic for 2010, as unlike many parts of the world, economic growth is driving the demand for capital in the Middle East and North Africa. We expect this trend for growth capital to become more pronounced in 2010-11.

Principal Investments

Our principal investments division has consistently sought to maximise the return on the firm's capital, and in 2009-10 the division continued to achieve this, despite challenging market conditions. The year saw continued growth in the portfolio of non-real estate related direct investments. Our investment properties recorded an unrealised loss from change in fair value at year end, while Mafraq Hotel continued to perform above expectations despite difficult conditions prevailing in the market.

TNI's principal investments division was the largest contributor to revenues during 2009-10, accounting for a significant portion of total revenue. The firm's trading portfolio performed well, with noteworthy disposals at optimum market prices. The refurbishment works on our flagship real estate project, Mafraq Hotel, are well-underway and the project is expected to be completed during the first half of 2011. The newly refurbished hotel will have double the capacity, and will benefit from Abu Dhabi's focus on tourism. Abu Dhabi has announced plans to increase the number of tourists visiting the emirate by 10% during 2010, as it continues to position itself as a cultural and tourist hub for the region.

2010-11 will see our principal investments division continue to invest in money market instruments, capital market securities, listed companies, and private equity. In addition, TNI will continue to seek and acquire stakes in late-stage, profitable, privately owned entities with a view to developing and growing these prior to an exit through a trade sale or an IPO, a strategy that has consistently proved to be successful.

1994

- Founding of The National Investor

1995

- Lead Manager for Abu Dhabi Ship Building IPO
- Established Gulf Energy Systems (GES)

1996

- Capital Increase to AED 35M
- Established NIPMC (Colliers)
- Appointed Financial Advisor to UAE Offsets Group

1997

- Joint Lead Manager for Abu Dhabi Islamic Bank IPO
- Established National Inspection Company
- Lead Manager for Oasis International Leasing Company IPO

1998

- Capital Increase to AED 77M
- Lead Manager for Tabreed IPO
- Lead Manager for Manasek IPO
- Lead Manager for Asmak IPO

1999

- Launch of strategy to become an Investment Company
- Advised on Acquisition of GES

2000–2001

- New Corporate Identity
- Established NAS
- Licensed by UAE Central Bank as Investment Company

2002

- Launch of "Emirates Real Estate Fund"
- Appointed Advisor for Tabreed on recapitalisation and future financing options

Milestones

2003

- Sole Advisor, Arranger and Lead Manager for Tabreed Islamic Sukuk
- Appointed Financial Advisor on private acqusition for Tabreed
- Joint Lead Manager for Finance House IPO

2004

- Capital Increase to AED 200M
- Joint Lead Manager for Aldar IPO
- Joint Lead Manager for Arab International Logistics (Aramex) IPO

2005

- Launch of “TNI Blue Chip Fund”
- Lead Manager and Book Runner for Aabar IPO
- Voted “Best Institution for Private Equity” by Banker Middle East
- Financial Advisor and Joint Lead Manager for Sorouh IPO
- Capital Increase to AED 500 million
- Voted “Best Equities House in the UAE” by Euromoney
- Launch of “TNI Dana Women Fund”
- Launch of “TNI MENA Real Estate Active Fund”

2006

- First UAE-based firm licensed in the DIFC
- Launch of “TNI Growth Capital Fund, L.P.”
- Financial Advisor and Lead Manager for DEPA United Group private placement
- Joint Lead Manager for Kingdom Hotel Investments IPO
- Financial Advisor, Lead Manager and Book Runner for Tamweel IPO
- Voted “Best Asset Management House” by Banker Middle East

2007

- Joint Lead Manager for Thuraya private placement
- Acquisition of Marfaq Hotel
- Won bid for two plots of land at Capital Centre
- Launch of Investment Research
- Launch of “TNI Real Estate Development Fund”
- Voted “Best Investment House in the UAE” in Real Estate by ICG
- First Close of the “TNI Growth Capital Fund”
- Voted “Best Equities House in the UAE” by Euromoney

2008

- Development of Capital Centre projects
- CMA Licensing for TNI KSA
- Voted “Best Asset Management House” by Banker Middle East
- Joint lead manager for DEPA United Group IPO

2009

- Launch of “TNI Special Situations Fund”
- BCF awarded “A” rating by S&P
- MENA REAF awarded “A” rating by S&P
- Launch of MSCI/TNI MENA Real Estate Index in cooperation with MSCI
- Investment in L’Azurde Company for Jewellery

2010

- BCF named “Best Fund in the UAE” by MENA Fund Manager Magazine
- TNI voted “Best Private Equity House in the Middle East” by Banker Middle East
- Expansion of Mafraq Hotel
- BCF “A” rating by S&P reaffirmed
- MENA REAF “A” rating by S&P reaffirmed
- Strategic alliance with KAMCO for launch of a Shariah-compliant distressed private equity fund

Financial Statements

The National Investor Private Joint Stock Company

Consolidated financial statements **31 March 2010**

Contents

Independent auditors' report

The Shareholders
The National Investor Private Joint Stock Company

We have audited the accompanying consolidated financial statements of The National Investor Private Joint Stock Company (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 March 2010, the consolidated statements of comprehensive income (comprising of consolidated statement of comprehensive income and a separate consolidated income statement), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Articles of Association of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been maintained by the Group and the contents of the Chairman's report which relate to these consolidated financial statements are in agreement with the Group's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 March 2010, which may have had a material adverse effect on the business of the Group or its financial position.

KPMG

Munther Dajani
Registration No. 268

26 May 2010

Consolidated income statement

For the year ended 31 March 2010

	NOTE	2010 AED'000	2009 AED'000
Income			
Fee and service income	7	116,652	146,571
Net loss from financial assets at fair value through profit or loss	8	(9,795)	(25,155)
Income from available-for-sale financial assets	9	83,660	22,551
Income from investment in equity accounted investees	14	1,233	37,030
Unrealised valuation (loss) / gain on investment properties	15	(19,400)	14,322
Interest income		10,493	8,162
Other income		3,229	405
Total income		186,072	203,886
Expenses			
Operating expenses	10	(124,734)	(151,604)
Depreciation	17	(7,523)	(7,195)
Amortisation of intangible assets	16	(1,700)	(1,700)
Interest expense		(1,423)	(5,409)
Impairment losses on financial assets	5(b), 13, 18	(10,386)	(27,403)
Total expenses		(145,766)	(193,311)
Profit for the year		40,306	10,575
Attributable to:			
Equity holders of the Company		30,847	5,955
Non controlling interest		9,459	4,620
Profit for the year		40,306	10,575

The notes 1 to 29 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 25.

Consolidated statement of comprehensive income

For the year ended 31 March

	2010 AED'000	2009 AED'000
Profit for the year	40,306	10,575
Other comprehensive income / (expense)		
Unrealised gain / (loss) on fair valuation of available for sale financial assetss	33,663	(259,357)
Realised gains transferred to the income statement	(31,400)	(25,896)
Other comprehensive income / (expenses)	2,263	(285,253)
Total comprehensive income / (expenses) for the year	42,569	(274,678)
Attributable to:		
Equity holders of the Company	33,110	(279,298)
Non controlling interest	9,459	4,620
Total comprehensive income / (expenses) for the year	42,569	(274,678)

The notes 1 to 29 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 25.

Consolidated statement of financial position

As at 31 March

	NOTE	2010 AED'000	2009 AED'000
Assets			
Cash and balances with banks	11	359,242	221,741
Financial assets at fair value through profit or loss	12	56,023	83,797
Amounts due from related parties	24	31,559	9,415
Available-for-sale financial assets	13	219,558	188,880
Investment held to maturity			3,000
Investment in equity accounted investees	14	18,114	72,340
Investment properties	15	152,640	172,040
Intangible assets	16	5,599	2,832
Premises and equipment	17	109,959	94,097
Other assets	18	60,038	68,675
Total assets		1,012,732	916,817
Equity			
Share capital	19	550,000	550,000
Legal reserve	20	48,023	39,934
Statutory reserve	21	40,252	36,769
Fair value reserve		54,124	51,861
Share based benefits	22	2,194	1,514
Retained earnings		124,930	105,655
Total equity attributable to equity holders		819,523	785,733
Non controlling interest		80,858	67,506
Total equity		900,381	853,239
Liabilities			
Term loans	23	27,341	10,000
Amounts due to related parties	24	11,710	97
Other liabilities	25	73,300	53,481
Total liabilities		112,351	63,578
Total equity and liabilities		1,012,732	916,817

A. Mazrui

Abdullah Mazrui
Chairman

Orhan Osmansoy
Chief Executive Officer

The notes 1 to 29 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 25.

Consolidated statement of changes in equity

For the year ended 31 March

	SHARE CAPITAL AED'000	LEGAL RESERVE AED'000	STATUTORY RESERVE AED'000
As at 1 April 2008	550,000	38,688	36,769
Profit for the yeawr	-	-	-
Unrealised losses on available for sale financial assets	-	-	-
Realised gains transferred to the income statement	-	-	-
Total comprehensive expenses for the year	-	-	-
Dividend paid during the year (note 19)	-	-	-
Directors' remuneration paid	-	-	-
Non controlling interest introduced	-	-	-
Transferred to reserves (note 20)	-	1,246	-
Total contributions by and distributions to owners	-	1,246	-
As at 31 March 2009	**550,000**	**39,934**	**36,769**
As at 1 April 2009	550,000	39,934	36,769
Profit for the year	-	-	-
Unrealised gains on available for sale financial assets	-	-	-
Realised gains transferred to the income statement	-	-	-
Total comprehensive income for the year	-	-	-
Share based benefits	-	-	-
Non controlling interest introduced	-	-	-
Transferred to reserves (notes 20 and 21)	-	8,089	3,483
Total contributions by and distributions to owners	-	8,089	3,483
As at 31 March 2010	**550,000**	**48,023**	**40,252**

The notes 1 to 29 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 25.

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

FAIR VALUE RESERVE AED'000	SHARE BASED BENEFITS AED'000	RETAINED EARNINGS AED'000	TOTAL EQUITY AED'000	NON-CONTROLLING INTEREST AED'000	TOTAL EQUITY AED'000
337,114	1,514	161,486	1,125,571	12,758	1,138,329
-	-	5,955	5,955	4,620	10,575
(259,357)	-	-	(259,357)	-	(259,357)
(25,896)	-	-	(25,896)	-	(25,896)
(285,253)	-	5,955	(279,298)	4,620	(274,678)
-	-	(55,000)	(55,000)	-	(55,000)
-	-	(5,540)	(5,540)	-	(5,540)
-	-	-	-	50,128	50,128
-	-	(1,246)	-	-	-
-	-	(61,786)	(60,540)	50,128	(10,412)
51,861	**1,514**	**105,655**	**785,733**	**67,506**	**853,239**
51,861	1,514	105,655	785,733	67,506	853,239
-	-	30,847	30,847	9,459	40,306
33,663	-	-	33,663	-	33,663
(31,400)	-	-	(31,400)	-	(31,400)
2,263	-	30,847	33,110	9,459	42,569
-	680	-	680	-	680
-	-	-	-	3,893	3,893
-	-	(11,572)	-	-	-
-	680	(11,572)	680	3,893	4,573
54,124	**2,194**	**124,930**	**819,523**	**80,858**	**900,381**

Consolidated statement of cash flows

For the year ended 31 March

	2010 AED'000	2009 AED'000
Operating activities		
Profit for the year	40,306	10,575
Adjustments for:		
Impairment losses on financial assets	10,386	27,403
Unrealised valuation loss / (gain) on investment properties	19,400	(14,322)
Amortisation of intangible assets	1,700	1,700
Income from investment in equity accounted investees	(1,233)	-
Depreciation	7,523	7,195
Change in share based benefits	680	-
	78,762	32,551
Change in financial assets at fair value through profit or loss	27,774	21,512
Proceeds from held to maturity investment	3,000	-
Change in amounts due from related parties	(22,144)	8,433
Change in other assets	2,191	29,673
Change in amounts due to related parties	11,613	(38,619)
Change in other liabilities	19,819	(6,611)
Changes in available for sale financial assets	(32,355)	(27,855)
Change in investment in equity accounted investees	55,459	(14,215)
Net cash from operating activities	144,119	4,869
Investing activities		
Other changes in premises and equipment	(23,385)	(12,383)
Other changes in intangible assets	(4,467)	-
Addition to investment properties	-	(2,118)
Net cash used in investing activities	(27,852)	(14,501)
Financing activities		
Proceeds from term loan	17,341	10,000
Dividends and remuneration paid	-	(60,540)
Non controlling interest introduced	3,893	50,128
Net cash from / (used in) financing activities	21,234	(412)
Increase / (decrease) in cash and cash equivalents	137,501	(10,044)
Cash and cash equivalents at 1 April	221,741	231,785
Cash and cash equivalents at 31 March (note 11)	**359,242**	**221,741**

The notes 1 to 29 are an integral part of these consolidated financial statements.
The independent auditors' report is set out on page 25.

Notes to the consolidated financial statements

1. Legal status and principal activities

The National Investor Private Joint Stock Company (the "Company") was established in the emirate of Abu Dhabi in 1994 and is registered as a Private Joint Stock Company in accordance with the United Arab Emirates Federal Law No.8 of 1984 (as amended). These consolidated financial statements comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates and jointly controlled entities. The principal activities of the Group are investment banking, asset management and provision of consultancy and administrative services. Its register office address is P.O. Box 47435, Abu Dhabi, United Arab Emirates.

During the year ended 31 March 2001, the Company received approval from the Central Bank of the UAE to conduct financial investment business as an investment company in accordance with the Central Bank's Board of Directors' Resolution No. 164/8/94 dated 18 April 1995 regarding the regulations for investment companies and banking and investment consultation companies.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of the UAE Federal Law No. 8 of 1984 (as amended).

The consolidated financial statements were authorised for issue by the Board of Directors on 26 May 2010.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial assets at fair value through profit or loss are measured at fair value.
- available for sale financial assets are measured at fair value.
- investment properties are measured at fair value.

The methods used to measure the fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional currency. Except where otherwise indicated, financial information presented in AED has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 29.

(e) Changes in accounting policies

Effective 1 January 2009, the Group has changed its accounting policies in the following areas:

Presentation of financial statements

The Group applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported results or financial position.

Borrowing Costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This amendment had no impact on the Group.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. Comparative figures have been reclassified to conform with the presentation for the current year.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Special purpose entities

The Group has established a number of special purpose entities (SPE's) for trading and investment purposes. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE's controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving all of the benefits related to the SPEs' operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments.

(c) Income

(i) Fee and service income

Fee and income from services provided by the Group during the year are recognised on an accrual basis when the services are rendered and no significant uncertainties remain regarding the recovery of consideration due. Fees that are earned on the execution of a significant act are recognised as revenue when the significant act has been completed.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(iii) Government grants

Unconditional government grants related to non-monetary assets are measured at fair value and recognised in the consolidated income statement when the grant becomes receivable.

(iv) Interest income and expenses

Interest income comprises income on call and deposit accounts and is recognised in profit or loss as it accrues using the effective interest method. Interest expense is comprised of borrowings costs on loans and recognised in profit or loss using the effective interest method. Borrowing costs on qualifying assets are capitalised in the cost of qualifying asset.

(d) Financial instruments

(i) Non-derivative financial instrument

The Group initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the cost of financial asset as incurred. Financial assets at fair value through profit or loss are subsequently measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Accounts receivable

Accounts receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Accounts receivable comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(i)(i)) and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(ii) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at fair value with any change therein recognised in profit or loss.

(f) Premises and equipment

Items of premises and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment. Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net in profit or loss.

Subsequent costs

The cost of replacing part of an item of premises and equipment is recognised in the carrying amount of the related asset if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of premises and equipment are recognised in the consolidated income statement as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of premises and equipment. Depreciation is not recognised on land. The estimated useful lives for the current and comparative periods are as follows:

	Years
Buildings	20
Leasehold improvements	3 to 4
Furniture and fixtures	3 to 4
Office equipment	2 to 4
Motor vehicles	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Capital work in progress

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of the assets. The costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and amortised over their useful economic lives from the date of such completion and commissioning.

(h) Intangible assets

Recognition and measurement

Intangible assets comprise computer software which is not considered as an integral part of the related hardware. Intangible assets acquired by the Group and which have finite useful lives are measured at cost less accumulated amortisation and impairment losses, if any.

Amortisation

Amortisation is recognised in the profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use.

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific and collective levels. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the same time every year.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

(j) Staff terminal benefits

The provision for staff terminal benefits included in other payables is made in accordance with the UAE Federal Labour Law and is determined as the liability that would arise if the employment of all staff were terminated at the reporting date.

An actuarial valuation is not performed on staff terminal benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

(k) Share based benefits

The grant date fair value of options and performance shares granted to employees is recognised as a staff cost, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options and performance shares. The amount recognised as an expense is adjusted to reflect the actual number of shares/options that vest.

(l) Lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(m) Amendment to accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2010, and have not been applied in preparing these consolidated financial statements:

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application. The Group is currently in the process of evaluating the potential effect of this amendment.

IFRS 9 Financial Instruments – published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39, deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The Group is currently in the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods described below. Where applicable, further information about assumptions made in determining fair values are disclosed in the notes specific to those assets or liabilities.

(i) Premises and equipment

The fair value of premises and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The market value of items of premises and equipment is based on the quoted market prices for similar items.

(ii) Investment properties

The National Investor Property Management Company LLC, a group entity having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, is utilised to determine the values of the Group's investment properties at each reporting date. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants in occupation, responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

(iii) Investment in equity securities and investment funds

The fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are determined by reference to their quoted bid price at the reporting date. Investments in unlisted investment funds are recorded at the net asset value per unit as reported by the managers of each fund. The fair value of held-to-maturity investments is determined for disclosure purpose.

(iv) Receivables

The fair value of receivables is estimated as the present value of estimated future cash flows, discounted at the market rate of interest at the reporting date.

(v) Loans and other liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(vi) Share-based benefits

The fair value of employee stock options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, historic volatility in share price, weighted average expected life of the instruments, expected dividends and risk-free rate of interest. Service and non-market performance conditions attached to the transaction are not taken into account in determining fair value.

5 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010 AED'000	2009 AED'000
Balances with banks	359,242	221,741
Available-for-sale financial assets	8,962	7,750
Investment held to maturity	-	3,000
Amounts due from related parties	31,559	9,415
Other assets (net of provision)	15,127	24,836
	414,890	266,742

Balances with banks

The Group places its cash with commercial banks of good standing.

Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Credit risk by geographical location for receivables at the reporting date was mainly concentrated in the UAE. The ageing of receivables at the reporting date was:

	Gross 2010 AED'000	Allowance for impairment 2010 AED'000	Gross 2009 AED'000	Allowance for impairment 2009 AED'000
Not past due	3,344	-	9,542	-
Up to 90 days	6,528	-	9,027	-
More than 90 days	22,290	19,802	15,329	13,558
	32,162	19,802	33,898	13,558

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individual exposures. The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2010 AED'000	2009 AED'000
At 1 April	13,558	10,916
Charge during the year	6,446	3,081
Reversal during the year	(202)	(439)
At 31 March	19,802	13,558

As at the reporting date, amount due from related parties is due for a period less than 1 year. The Group has no bad debts from related parties.

Other assets further include advances amounting to AED 204 thousand (2009: AED 31 thousand) which are considered fully recoverable.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

Following are the undiscounted contractual maturities of financial liabilities including estimated interest payment, if any:

	Total AED'000	Up to 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000
31 March 2010				
Liabilities				
Amounts due to related parties	11,710	7,116	3,327	1,267
Payables	37,584	18,592	14,496	4,496
Term loan	47,879	-	-	47,879
Total liabilities	97,173	25,708	17,823	53,642
31 March 2009				
Liabilities				
Amounts due to related parties	97	97	-	-
Payables	23,491	-	23,491	-
Term loan	11,217	-	-	11,217
Total liabilities	34,805	97	23,491	11,217

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return or risk.

Currency risk

The Group is exposed to currency risk primarily on financial assets at fair value through profit or loss and available-for-sale financial assets that are denominated in a currency other than the respective functional currencies of Group entities, primarily the AED, but also US Dollars.

The Group's investment in subsidiaries is not hedged as those currency positions are considered to be long-term in nature.

The Group's exposure to foreign currency risk is limited as a significant proportion of the transactions, monetary assets and liabilities are denominated in AED or in USD and the exchange rate for conversion to the AED to USD is pegged since 1980.

Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates might adversely affect the value of the financial instruments and the related income or expense.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amounts 2010 AED'000	2009 AED'000
Assets		
Cash and balances with banks	327,205	193,456
Financial assets at fair value through profit or loss	6,338	17,841
Available-for-sale financial assets	8,962	7,750
	342,505	219,047
Liabilities		
Term Loan	27,341	10,000

Other market price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Group's financial instruments are carried at fair value with fair value changes recognised in the income statement and / or equity, all changes in market conditions will directly affect investment income recognised in the income statement and other comprehensive income.

Price risk is managed by constructing a diversified portfolio of instruments, in different industry sectors and traded on different markets. Under normal circumstances the Group invests in the trading instruments in accordance with the investment guidelines.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's process, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Group's operations and is faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the head of each department with overall oversight from the Board.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to shareholders.

In accordance with Federal Law No. 8 of 1984, the Company is required to have a minimum capital of AED 2 million. The Company was in compliance with the law throughout the year. There were no changes in the Group's approach to capital management during the year.

Further, in accordance with Central Bank of the UAE resolution number 164/8/94, the Company is required to have a minimum capital of AED 25 million.

6 Group entities

These consolidated financial statements include the financial position and results of operations as at and for the year ended 31 March 2010 of the entities set out below:

	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Operating entities			
NAS United Healthcare Services LLC[1]	UAE	46%	46%
The Regional Investor (TNI KSA)[2]	Saudi Arabia	60%	60%
Mainland Management LLC[3]	UAE	67%	67%
Falcon Investments LLC[4]	UAE	100%	100%
Uptown Management LLC[5]	UAE	100%	100%
Uptown Investment LLC[5]	UAE	100%	100%
Mainland Investment LLC[5]	UAE	100%	100%
TNI (Dubai) Limited[6]	UAE	100%	100%
Special purpose entities[7]			
United Capital LLC	UAE	100%	100%
Falcon Capital LLC	UAE	100%	100%
Fidelity Invest LLC	UAE	100%	100%
Fidelity Trust LLC	UAE	100%	100%
Blue Chip Capital LLC	UAE	100%	100%
Al Dhafra Capital LLC	UAE	100%	100%
Al Dana Trust LLC	UAE	100%	40%
TNI Real Estate Investments Company LLC	UAE	100%	100%
TNI Real Estate Development Fund Co. B.S.C	Bahrain	100%	100%
TNI Capital Partners Limited	Cayman Islands	100%	100%
TNI General Partners Limited	Cayman Islands	100%	100%
TNIH General Partner S.a.r.l	Luxembourg	100%	100%
Alliance Investment LLC	UAE	100%	-
Dormant entities[8]			
Nextcare Global FZ LLC	UAE	51%	51%
National Science and Technology LLC	UAE	60%	60%
TNI Real Estate Development Fund	Bahrain	100%	100%
Panamax I Limited	Cayman Islands	100%	100%
TNI Consolidator Limited	Cayman Islands	100%	100%

(1) NAS United Healthcare Services LLC is a limited liability company registered in the Emirate of Abu Dhabi. Its principal activities and that of its subsidiaries are establishing, developing and investing in healthcare projects and provision of healthcare administration services.

(2) The Regional Investor ("TNI KSA") was established on 9 February 2009 in Kingdom of Saudi Arabia. The company's principal activities are investment banking and advisory services.

(3) Mainland Management LLC is registered in the Emirate of Abu Dhabi as a limited liability Company. The Company was incorporated and commenced operations on 8 February 2007. The principal activities of the Company are investment in commercial projects and owning and managing investments in real estate and buildings.

(4) Falcon Investments LLC was incorporated as a limited liability company registered in the Emirate of Abu Dhabi. Its principal activities and that of its subsidiaries are marketing, promoting and selling residential and non residential properties and delivering property management, advisory and brokerage services.

(5) The principal activities of these companies are to invest, develop, establish and manage the commercial, industrial and real estate projects and to invest in public joint stock companies.

(6) TNI (Dubai) Limited was established on 3 January 2006 as a limited liability company registered in Dubai International Financial Centre. The company's principal activities are to arrange credit or investment deals and advising on financial product or credit.

(7) These special purpose entities ("SPEs") are set up to manage assets under trust for Funds launched by the Company.

(8) These dormant companies will be liquidated upon the resolution of certain outstanding legal issues with the initial promoters.

7 Fee and service income

	2010 AED'000	2009 AED'000
Consultancy and other service income(1)	92,123	95,515
Asset management fees(2)	15,745	17,087
Leasing and brokerage income(3)	8,142	25,297
Investment banking fees(4)	642	8,410
Development fees	-	262
	116,652	146,571

(1) Consultancy and other services income include real estate consultancy and healthcare administration services. Further, it also includes revenue from the Group's hotel business.

(2) Asset management fees relate to fees earned by the Group on trust and fiduciary activities where the Group holds or invests assets on behalf of its internally managed funds. The Directors believe that such arrangement does not expose the Group to the fund's liabilities.

(3) Leasing and brokerage income relates to real estate agency commission earned by a subsidiary.

(4) Investment banking fees include those earned by the investment banking division, the real estate – investment banking division, and TNI (Dubai) Ltd.

8 Net loss from investments at fair value through profit or loss

	2010 AED'000	2009 AED'000
Realised gain / (loss)	508	(128)
Unrealised loss	(10,461)	(26,966)
Dividend and interest income	158	1,939
	(9,795)	(25,155)

9 Income from available-for-sale financial assets

	2010 AED'000	2009 AED'000
Realised gain	79,479	6,527
Dividend income	3,775	16,024
Other income	406	-
	83,660	22,551

The realised gain from available for sale financial assets represents the difference between the transaction price, and its sale/settlement price.

10 Operating expenses

Operating expenses include staff costs of AED 75,279 thousand (2009: AED 66,646 thousand).

11 Cash and balances with banks

	2010 AED'000	2009 AED'000
Cash in hand	192	145
Call and current accounts	31,845	28,140
Temp deposits	327,205	193,456
	359,242	221,741

Term deposits comprise short term deposits placed with commercial banks bearing an interest rates ranging from 2.35% per annum to 6.0% per annum (2009: from 0.8% per annum to 7.0% per annum).

Balances with banks include balances with Finance House PJSC, a related party (note 24).

12 Financial assets at fair value through profit or loss

	2010 AED'000	2009 AED'000
Equity and Hedge Funds	49,685	59,356
Capital protected coupon paying notes	-	17,841
Listed equity securities	6,338	6,600
	56,023	83,797

13 Available-for-sale financial assets

	2010 AED'000	2009 AED'000
Founder Shares	73,896	97,269
Equity funds	109,663	97,569
Private equity investments	14,689	15,047
Investment in Islamic Sukuk	8,962	7,750
Listed equity securities	44,684	-
	251,894	217,635
Less: impairment losses	(32,336)	(28,755)
	219,558	188,880

The movement in the allowance for impairment losses in respect of available-for-sale investments during the year was as follows:

	2010 AED'000	2009 AED'000
At 1 April	28,755	4,433
Charge during the year	3,940	24,322
Reversals during the year	(359)	-
At 31 March	32,336	28,755

14 Investment in equity accounted investees

These consolidated financial statements include the results of operations as at and for the year ended 31 March 2010 of the following entities through equity method:

	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Gulf National Securities Centre (GNSC)	UAE	35%	35%
National Entertainment LLC (Tarfeeh))	UAE	40%	40%
Depa United Group PJSC (DEPA)	UAE	-	2.7%
UAE Mall LLC (UAE Mall)	UAE	35%	35%
Gulf National Securities Centre International (GNSCI)	UAE	-	35%
Al Dana Trust LLC (Al Dana)	UAE	-	40%

Focus and Deliver

Movement of investment in equity accounted investees are as follows:

	2010 AED'000	2009 AED'000
Opening balance	72,340	58,125
Share of operating results	(664)	19,087
Share of profit from discontinued associates	2,724	21,264
Disposal/reclassifications to other categories	(56,286)	(26,136)
Closing balance	18,114	72,340

The income from investment in equity accounted investees is comprised of the following:

	2010 AED'000	2009 AED'000
Share in earnings of associates results	(664)	19,087
Share of profit from a reclassified associate	2,724	21,264
Loss on disposal/reclassifications	(827)	(3,321)
Income from investment in equity accounted investees	1,233	37,030

14 Investment in equity accounted investees

	2010	2010	2010	2010
	GNSC 35% AED'000	Tarfeeh 40% AED'000	UAE Mall 35% AED'000	Total AED'000
Current assets	99,118	617	471	100,206
Non-current assets	1,616	22,094	175	23,885
Total assets	100,734	22,711	646	124,091
Current Liabilities	54,372	6,388	341	61,101
Non-current liabilities	477	11,321	150	11,948
Total liabilities	54,849	17,709	491	73,049
Net assets	45,885	5,002	155	51,042
Share of net assets	16,060	2,000	54	18,114
Revenue	9,572	6,209	-	15,781
Expenses	(15,090)	(3,038)	-	(18,128)
Net profit	(5,519)	3,171	-	(2,348)
Share of net profit	(1,932)	1,268	-	(664)

(1) Gulf National Securities Centre was established on 24 August 2004 as a Limited Liability Company and engaged in brokerage services.

(2) National Entertainment LLC was established on 25 September 2005 as a Limited Liability Company and operates entertainment centres, hotels and resorts and to provide different tourist and entertainment services. The financial reporting period of the associate is from 1 January to 31 December. Since the reporting date of the Group and the associate is different, management accounts of the associate for the period 1 April 2009 to 31 March 2010 have been considered for applying the equity method of accounting.

(3) Depa United Group PJSC investment has been reclassified during the year as available for sale investment (note 13).

2009	2009	2009	2009	2009	2009	2009
GNSC	Tarfeeh	DEPA	UAE Mall	GNSCI	Al Dana	
35%	40%	2.7%	35%	35%	40%	Total
AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
93,976	4,223	2,350,200	471	18,395	150	2,467,415
1,609	22,623	944,500	175	-	-	968,907
95,585	26,846	3,294,700	646	18,395	150	3,436,322
43,848	8,894	1,265,137	341	-	-	1,318,220
335	16,122	285,162	150	-	-	301,769
44,183	25,016	1,550,299	491	-	-	1,619,989
51,402	1,830	1,744,401	155	18,395	150	1,816,333
17,991	732	47,065	54	6,438	60	72,340
15,083	5,166	1,765,970	-	-	-	1,786,219
(17,859)	(1,703)	(1,073,860)	-	-	-	(1,093,422)
(2,776)	3,463	692,110	-	-	-	692,797
(972)	1,385	18,674	-	-	-	19,087

15 Investment properties

	2010 AED'000	2009 AED'000
Balance at 1 April	172,040	155,600
Additions	-	2,118
Change in fair value	(19,400)	14,322
Balance at 31 March	152,640	172,040

The Group owns three plots of land, for which the Group has intention to construct investment properties, therefore these plots of land have been classified as investment properties. On 31 March 2010, The National Investor Property Management Company LLC (2009: The National Investor Property Management Company LLC), a consolidated entity, and a registered appraiser, had carried a valuation for these plots of land. The fair value was determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

Investment properties include a plot of land located in Abu Dhabi, received in 2007 as an unconditional grant from the Government of Abu Dhabi, with no consideration.

16 Intangible assets

	2010 AED'000	2009 AED'000
Balance at 1 April	2,832	4,532
Acquisitions	4,467	-
Amortisation for the year	(1,700)	(1,700)
Balance at 31 March	5,599	2,832

17 Premises and equipment

	Leasehold improvements AED'000	Furniture and fixtures AED'000
Cost		
At 1 April 2008	4,571	2,429
Additions / transfer in	1,953	2,747
Disposals / transfer out	(528)	(307)
At 31 March 2009	**5,996**	**4,869**
At 1 April 2009	5,996	4,869
Additions / transfer in	325	354
Additions on acquisition	-	247
Disposals / transfer out	-	(51)
At 31 March 2010	**6,321**	**5,419**
Accumulated depreciation		
At 1 April 2008	3,309	1,523
Charge for the year	1,071	964
Disposals	(60)	(190)
At 31 March 2009	**4,320**	**2,297**
At 1 April 2009	4,320	2,297
Charge for the year	769	1,153
Additions on acquisition	-	94
Disposals	-	(15)
At 31 March 2010	**5,089**	**3,529**
Net carrying amount		
At 31 March 2009	1,676	2,572
At 31 March 2010	**1,232**	**1,890**

Office equipments AED'000	Motor vehicles AED'000	Land AED'000	Buildings AED'000	Capital work in progress AED'000	Total AED'000
10,061	840	61,506	19,550	3,411	102,368
3,324	275	-	-	4,907	13,206
(721)	(200)	-	-	(104)	(1,860)
12,664	**915**	**61,506**	**19,550**	**8,214**	**113,714**
12,664	915	61,506	19,550	8,214	113,714
2,483	247	-	-	17,928	21,337
3,579	50	-	-	-	3,876
(91)	(58)	-	-	-	(200)
18,635	**1,154**	**61,506**	**19,550**	**26,142**	**138,727**
6,143	396	-	2,088	-	13,459
2,832	238	-	2,090	-	7,195
(579)	(208)	-	-	-	(1,037)
8,396	**426**	**-**	**4,178**	**-**	**19,617**
8,396	426	-	4,178	-	19,617
3,277	234	-	2,090	-	7,523
1,661	9	-	-	-	1,764
(90)	(31)	-	-	-	(136)
13,244	**638**	**-**	**6,268**	**-**	**28,768**
4,268	489	61,506	15,372	8,214	94,097
5,391	**516**	**61,506**	**13,282**	**26,142**	**109,959**

17 Premises and equipment (continued)

Capital work in progress mainly includes the cost incurred on the refurbishment of the Mafraq Hotel owned by Mainland Investment LLC ("Mainland"), a consolidated entity.

During May 2009, Mainland obtained a facility from a local bank in the amount of AED 105,000 thousand to finance 65% of the refurbishment costs. Draw downs up to year end amounted to AED 16,870 thousand and the net interest capitalised amounted to AED 365 thousand. The facility was secured by a first degree mortgage amounted to AED 140,000 thousand over the land and building of Mafraq Hotel and a Corporate Guarantee of the Group (note 23).

Moreover, Mainland signed a contract with Benyan Development Company LLC, a related party, to develop and refurbish Mafraq Hotel for AED 119,000 thousand. Total work completed, billed and approved at year end amounted to AED 12,674 thousands (note 24).

18 Other assets

	2010 AED'000	2009 AED'000
Advances	204	31
Receivables (note 5(b))	32,162	33,898
Deferred project cost	19,903	18,764
Prepaid expenses	15,218	8,216
Due from employees	2,563	4,463
Accrued income	4,294	-
Others	5,496	16,861
	79,840	82,233
Less: impairment losses (note 5(b))	(19,802)	(13,558)
	60,038	68,675

19 Share capital

	2010 AED'000	2009 AED'000
Authorised, issued and paid up 55,000,000 shares of AED 10 each (2009: 55,000,000 shares of AED 10 each)	550,000	550,000

No cash dividend was paid by the Group during the year ended 31 March 2010 (2009: AED 55,000 thousands).

20 Legal reserve

As required by the UAE Commercial Company Law of 1984 (as amended) and the Articles of Association of the Company and its subsidiaries, 10% of the profit for the year, on individual basis, must be transferred to legal reserve. The Company and its subsidiaries may resolve to discontinue such transfers when the reserve equals 50% of the share capital. The legal reserve is not available for distribution.

21 Statutory reserve

In accordance with the Company's Articles of Association, 10% of the profit for the year shall be transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the statutory reserve equals 50% of the share capital or in accordance with a resolution taken to this effect by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors. This reserve may only be used for the purposes recommended by the Board of Directors and approved by the shareholders.

22 Share based benefits

During the year, subsequent to approval of the Ministry of Economy, the Group agreed to simultaneously issue convertible bonds and a loan of equivalent nominal values to Alliance Investment LLC, a consolidated entity, to facilitate the conversion of options by eligible employees. The effects of the issuance of the convertible bonds and the loan have been fully eliminated upon consolidation.

The Company introduced in 2008 a share based employee benefit scheme which is designed to reward eligible employees by aligning their interests with the interests of the shareholders by providing a long-term incentive for those eligible employees.

Grant date	Type	Number of instruments
24 May 2007	Options	741,610
22 May 2008	Options	426,660
24 May 2009	Options	378,380
24 May 2007	Performance shares	35,980
22 May 2008	Performance shares	767,970
24 May 2009	Performance shares	681,080

At the reporting date, performance criteria for performance shares were not met. Option vesting criteria is limited to service period.

23 Term loans

A consolidated entity entered into a bridge loan agreement with Finance House PJSC, a related party, on 26 March 2007, for a revolving loan facility amounting to AED 10 million. Interest is charged at the rate of 12% per annum. The loan was rolled over in 2010 to 28 March 2011.

Mainland Investment, a consolidated entity, obtained a loan amounting to AED 105 million from a commercial bank on 7 May 2009, to finance the development and refurbishment Mafraq Hotel. The loan carries interest at EBOR plus 200 basis points, minimum of 6.5% per annum. Total drawdowns amounted to AED 17 million, as of 31 March 2010. Interest of AED 365 thousand has been capitalised during the year. The facility was secured by a first degree mortgage amounted to AED 140 million over the land and building of Mafraq Hotel and a Corporate Guarantee of the Group. Once the loan is fully drawn down, it will be repayable over thirty five quarterly installments.

24 Related parties

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24. The Company has a related party relationship with its subsidiaries, associates, joint ventures, directors and executive officers including business entities over which they can exercise control or significant influence or which can exercise significant influence over the Company.

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to key management personnel and executive officers.

	2010 AED'000	2009 AED'000
Short term employment benefits	13,534	15,921
Post employment benefits	2,242	1,788
Board of directors' remuneration paid	-	5,231
	15,776	22,940

Balances

During the year, the Group had the following balances with its related parties:

	2010 AED'000	2009 AED'000
Amounts due from related parties		
Associates	4,550	6,578
Jointly controlled entity	8,955	-
Funds under management	3,047	1,908
Others (entities under common control)	15,007	929
	31,559	9,415

	2010 AED'000	2009 AED'000
Amounts due to related parties		
Jointly controlled entity	-	97
Others (entities under common control)	11,710	-
	11,710	97

Balances with related parties are non-interest bearing and do not carry any specific maturities.

Mainland Investment, a consolidated entity, signed a contract with Benyan Development Company LLC, a related party, to develop and refurbish Mafraq Hotel for AED 119,000 thousand. Total work completed, billed and approved, at year end was AED 12,674 thousand (note 17). Balances with Benyan Development Company LLC at the reporting date were as follow:

	2010 AED'000	2009 AED'000
Advances	10,632	-
Outstanding progress billing	(3,239)	-
Retention (10% of progress billing)	(1,267)	-

The balances with Finance House PJSC are as follow:

	2010 AED'000	2009 AED'000
Call and current accounts	1,244	1,274
Labour Guarantee	162	162
Time deposits	19,383	25,627
Financial guarantee	30,000	25,000
Term loan (note 23)	10,000	10,000

Transactions

During the year, the Group had the following transactions with its related parties:

	2010 AED'000	2009 AED'000
Fees earned from related parties	13,182	20,290
Guarantees issued on behalf of the Company	31,873	25,000
Progress billing during the year	12,674	-

25 Other liabilities

	2010 AED'000	2009 AED'000
Payables	37,584	23,491
Accrued expenses	22,887	21,453
Provision for end of service benefits	12,829	8,537
	73,300	53,481

The movement in the provision for end of service benefits is as follows:

	2010 AED'000	2009 AED'000
At 1 April	8,537	6,546
Add: charges for the year	5,521	3,201
Less: payments made during the year	(1,229)	(1,210)
At 31 March	12,829	8,537

26 Fiduciary activities

The Company acts as a trustee to manage assets amounting to AED 682,876 thousand (2009: AED 799,765 thousand).

As at the date of the consolidated statement of financial position, the Company held under trust the following assets:

	2010 AED'000	2009 AED'000
Shares (at market value)	95,077	151,614
Cash in Islamic deposits	-	8,967

The above assets have not been reflected in these consolidated financial statements.

27 Investments in assets under management

As at the reporting date, the Company had the following investments in funds under its management:

	2010 thousand units	2009 thousand units	NAV 2010 AED'000	NAV 2009 AED'000
TNI Real Estate Investment Fund of Funds L.P	100	100	17,302	24,980
TNI Emirates Real Estate Fund	50	50	641	1,153
TNI Dana Women Fund	500	500	4,389	3,991
TNI MENA Real Estate Fund	8	8	28,231	25,437
Blue Chip Fund	6,702	6,702	37,276	31,618
TNI MENA Special Situation Fund	5	5	21,100	17,893
TNI Capital Growth Fund L.P	100	100	24,490	22,090

28 Commitments and contingencies

	2010 AED'000	2009 AED'000
Bank guarantees	5,000	5,000
Corporate guarantee	166,266	47,587
Capital commitment	106,326	-

The Group has provisionally committed to subscribe in a fund under formation in the amount of AED 150,000 thousand (2009: AED 5,000 thousand).

During the previous year, a non-monetary claim was made by a property developer against one of the subsidiaries with regards to an alleged breach of the sales agency contract. This contract relates to the sale of units in a project under development as at the reporting date.

Based on external legal advice obtained by the subsidiary, management has not created an allowance against the claim as it is unlikely that an outflow of resources embodying economic benefits will be required to settle the claim, nor can the amount of any potential claim be accurately measured as at the reporting date.

Mainland entered into agreements with contractors and consultants for the development and refurbishment of Mafraq Hotel, budgeted at AED 177 million. At the reporting date, the subsidiary had committed an aggregated amount of AED 146 million, of which AED 102 million was outstanding. At the reporting date, the subsidiary had an unutilized loan facility of AED 88 million.

29 Accounting estimates and judgements

In the process of applying the Group's accounting policies, which are described in note 3, management has used estimates and made the following judgements which have a significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Fair values of financial instruments

Many of the Group's financial instruments are measured at fair value. It is usually possible to determine their fair values within a reasonable range of estimates. For the majority of the Group's financial instruments, quoted market prices are readily available. However, certain financial instruments, such as over-the-counter securities or unquoted securities, are fair valued using valuation techniques, including reference to current fair values of other instruments that are substantially the same (subject to appropriate adjustments). Fair value estimates are made at a specific point in time and are, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, can not be determined with precision.

(b) Useful lives of premises and equipment

Management assigns useful lives and residual values to items of premises and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management has reviewed the residual values and useful lives of the major items of premises and equipment and has determined that no adjustment is necessary.

(c) Fair value of investment property

Critical estimates and judgements in arriving at the fair value of investment property are discussed in note 4.

(d) Impairment losses on receivables

The Group reviews its receivables to assess impairment at least once a year. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of estimated future the cash flows.

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Dear Fellow-Shareholders,

It gives me great pleasure to be able to speak about the robust performance of TNI over what has continued to be a challenging period. 2009/10 was a year in which we focused on our strategy and forward planning, while continuing to deliver on our existing products. We achieved an almost five-fold increase in net profit, which reached AED 30.8 million, quite an achievement given the prevailing market conditions.

During a time when the financial industry is viewed with skepticism, TNI's commitment to strong corporate governance, combined with the Firm's core levels of integrity, has helped the Firm maintain a strong reputation among its peers. It is our responsibility to mitigate the levels of risk our businesses are exposed to, and in 2009/10 the Firm enhanced its risk management platform, to help support the policies and efforts already in place to further reduce risk for our Firm and investors alike.

Throughout 2009/10, TNI was recognised for quality in the marketplace. The Firm's UAE Blue Chip Fund was also named Best Fund in the UAE by MENA Fund Manager Magazine, and we were named Best Private Equity Investor in Healthcare by MENA Investor Summit Awards. TNI was also named as a finalist for the Best Private Equity Company in the Middle East by Banker Middle East magazine.

In 2009/10, TNI also received an upgraded investment company license in the Dubai International Financial Center to category three (fund management). This license upgrade has significant implications for both private equity and asset management businesses of TNI, as it allows TNI to manage its funds from what is deemed to be a highly regulated jurisdiction. DFSA regulation is closely modelled after FSA regulation in the UK, and we expect having the fund manager be located in a jurisdiction with familiar rules to provide significant comfort to international investors looking to participate in TNI funds.

In the new year, 2010/11, we intend to maintain the strong levels of performance that the Firm has delivered to date and to continue to refine our focus to areas that will deliver the greatest value to our shareholders.

I would like to take this opportunity to thank the continued commitment our shareholders have shown, and I would also like to thank the management team and indeed the whole team at TNI for their unrelenting hard work and the results they continue to achieve.

A. Mazrui

Abdullah M. Mazrui
Chairman

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