DIRECTORS' REPORT

The Board of Directors of Tamweel P.J.S.C. (the "Company") and subsidiaries (the "Group") has pleasure in submitting the consolidated balance sheet of the Group as of 31 December 2008, and the related consolidated statement of income, cash flows and changes in equity for the year ended 31 December 2008.

Principal activities

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in Islamic Sharia'a compliant financing and investment activities such as Ijara, Murabaha, Istisna'a etc. The activities of the Company and its Subsidiaries (together the "Group") are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. The Group is also engaged in the business of property development and trading.

During the year, the Group obtained a license from the Real Estate Regulatory Authority, Dubai, United Arab Emirates to start Escrow Management Service operations and consequently, the Group started those operations during the current year.

Financial results

The Group has recorded a net profit of AED 460,665 thousand in 2008 (2007: AED 451,239 thousand), 2% higher than the previous year. Income from Islamic financing and investing assets in 2008 grew to AED 743,112 thousand, an increase of 118 per cent compared to AED 340,208 thousand in 2007.

Islamic financing and investing assets in 2008 grew to AED 10,486,813 thousand, an increase of 97 per cent compared to AED 5,323,547 thousand in 2007.

In accordance with the Articles of Association of the Company and UAE Commercial Companies Law of 1984, an appropriation of AED 46,067 thousand is made to general reserve and AED 46,067 thousand to statutory reserve.

In accordance with the recommendations of the UAE Central Bank, an appropriation of AED 50,661 thousand is made to special reserve which is not available for distribution.

In view of the current financial and economic uncertainty, the Board of Directors have not recommended any dividend to the shareholders for the year 2008, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

Total equity as at 31 December 2008 amounts to AED 2,317,966 thousand (2007: AED 2,045,968 thousand).

Outlook for 2009

During 2008, the Company originated business as per its budget and successfully completed three capital market transactions to diversify the funding sources and manage the maturity mismatch. However, the last quarter of 2008 was marked by the negative impact of the global economic situation which adversely affected the real estate sector and financial services sector in general, thereby impacting on the Company's operations and liquidity.

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Tamweel PJSC P.O. Box 111555, Dubai, United Arab Emirates Tel: (+9714) 294 4400 Fax: (+9714) 294 4331 Toll Free: 800 4354

Outlook for 2009 - continued

Sustaining a profitable mortgage finance business requires a steady demand for housing as well as availability of funding at a reasonable cost. Economic conditions around the world have negatively impacted on this business and environment for mortgages is expected to remain challenging through 2009. Governments around the world have undertaken numerous initiatives/intervention to stabilize and improve market conditions and similar actions have been taken by the Government in UAE.

Recognizing the strategic nature of Tamweel as a leading mortgage provider in the UAE, the Federal Government has intervened in a timely manner and formed a Steering Committee to review, assess, liaise and make recommendations to the Minister of Economy for appropriate actions. One of the key objectives of this Committee is to look at the potential ways of reviving the mortgage and real estate market in UAE and the Committee is closely working with Tamweel's Board of Directors to implement some of those measures. The Board of Directors, along with the Steering Committee is evaluating various options to secure sustainable funding in order to enable the company fund its ongoing operations.

To conclude, year 2009 is likely to be the year of consolidation. Though market conditions for liquidity and for real estate are extremely challenging, the Board and the management team is actively working with the relevant Government authorities to jointly address such issues and to ensure a viable business model for growth.

Directors

Sheikh Khaled Bin Zayed Bin Saqr Al Nehayan	(Chairman)
Khaled Al Kamda	(Vice Chairman)
Ahmed Butti Al Muhairi	(Director)
Ahmed Sultan Bin Sulayem	(Director)
Fahad Bin Fahad Al Muhairi	(Director)
Wasim Saifi	(Director)

Auditors

Ernst & Young were appointed as external auditors of the Group for the year ended 31 December 2008. Ernst & Young are eligible for reappointment for 2009.

On behalf of the Board

Sheikh Khaled Bin Zayed Bin Saqr Al Nehayan
Chairman
22 February 2009

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