Tamweel PJSC and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2008 (UNAUDITED)

ERNST & YOUNG

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF TAMWEEL PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Tamweel PJSC (the 'Company') and its subsidiaries (the "Group") as at 30 June 2008 comprising of the interim consolidated balance sheet as at 30 June 2008, the related interim consolidated statements of income for three month and six month periods then ended, the related statements of changes in equity and cash flows for the six month then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with IAS 34.

Ernst & Young

Signed by
Naushad Anwar
Partner
Registration No. 489

21 July 2008

Dubai, United Arab Emirates

INTERIM CONSOLIDATED INCOME STATEMENT

Period ended 30 June 2008 (Unaudited)

	Note	*Three months ended 30 June*		*Six months ended 30 June*	
		2008 AED'000	*2007 AED'000*	*2008 AED'000*	*2007 AED'000*
Income from Islamic financing and investing assets		**210,770**	78,491	**350,283**	139,723
Fees, commission and other income		**17,789**	36,504	**47,390**	44,703
Income from sale of properties held for sale		**134,159**	5,963	**290,025**	23,541
Income from sale of development property, net		-	2,575	**736**	7,141
OPERATING INCOME		**362,718**	123,533	**688,434**	215,108
General and administrative expenses		**(63,623)**	(30,538)	**(122,847)**	(50,138)
PROFIT BEFORE DEPOSITORS' SHARE OF PROFIT		**299,095**	92,995	**565,587**	164,970
Depositors' share of profit		**(88,144)**	(35,436)	**(178,289)**	(56,942)
PROFIT FOR THE PERIOD		**210,951**	57,559	**387,298**	108,028
Earnings per share:					
Basic earnings per share (AED)	3	**0.210**	0.057	0.386	0.108
Diluted earnings per share (AED)	3	**0.199**	0.057	0.369	0.108

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Tamweel PJSC and its subsidiaries

INTERIM CONSOLIDATED BALANCE SHEET

At 30 June 2008

	30 June 2008 AED'000 (Unaudited)	*31 December 2007 AED'000 (Audited)*
ASSETS		
Bank balances and cash	**445,738**	189,761
Advances, prepayments and other receivables	**702,323**	647,055
Properties held for sale	**755,851**	2,308,694
Investment properties	**45,301**	45,301
Other investments	**66,731**	70,338
Islamic financing and investing assets	**8,743,608**	5,216,539
Property and equipment	**52,251**	36,040
TOTAL ASSETS	**10,811,803**	8,513,728
LIABILITIES AND EQUITY		
Liabilities		
Zakat payable	**31,481**	27,682
Accounts payable, accruals and other liabilities	**844,440**	808,749
Financing obligations	**7,659,155**	5,631,329
Total liabilities	**8,535,076**	6,467,760
Equity		
Share capital	**1,000,000**	1,000,000
Employees' benefit plan	**(9,577)**	(9,577)
Statutory reserve	**136,452**	136,452
General reserve	**480,124**	480,124
Special reserve	**52,290**	52,290
Cumulative changes in fair value	**455**	365
Convertible bonds equity component	**69,534**	-
Retained earnings	**547,655**	168,314
Translation reserve	**(206)**	-
Proposed dividend	**-**	218,000
Total equity	**2,276,727**	2,045,968
TOTAL LIABILITIES AND EQUITY	**10,811,803**	8,513,728

Chairman
21 July 2008

Chief Executive Officer
21 July 2008

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Period ended 30 June 2008 (Unaudited)

	Six months ended	
	30 June 2008 AED'000	*30 June 2007 AED'000*
OPERATING ACTIVITIES		
Profit for the period	**387,298**	108,028
Adjustments for:		
Depreciation	**1,640**	1,493
Amortisation of deferred cost	**4,178**	-
Provision for employees' end of service benefits	**1,747**	460
Provision against Islamic financing and investing assets	**12,500**	-
Changes in fair value of investment properties	-	(2,239)
Depositors' share of profit	**178,289**	56,942
	585,652	164,684
Working capital changes:		
Islamic financing and investing assets	**(3,539,569)**	(887,504)
Financing obligations	**1,007,046**	925,796
Properties held for sale	**1,552,843**	-
Other investments	**3,697**	(11,293)
Advances, prepayments and other receivables	**(59,446)**	(241,945)
Accounts payable, accruals and other liabilities	**37,108**	93,276
Net cash (used in) from operation	**(412,669)**	43,014
Zakat paid	**(3,322)**	(255)
Employees' end of service benefits paid	**(463)**	-
Depositors' share of profit paid	**(181,076)**	38,008
Net cash (used in) from operating activities	**(597,530)**	80,767
INVESTING ACTIVITIES		
Purchase of property and equipment	**(17,851)**	(4,281)
Purchase of investment properties	-	(140,880)
Net cash used in investing activities	**(17,851)**	(145,161)
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	**1,090,314**	-
Dividend settled	**(218,000)**	(200,000)
Directors' fee paid	**(750)**	-
Net cash from (used in) financing activities	**871,564**	(200,000)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**256,183**	(264,394)
Net foreign exchange difference	**(206)**	-
Cash and cash equivalents at 1 January	**189,761**	380,181
CASH AND CASH EQUIVALENTS AT 30 JUNE	**445,738**	115,787

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2008 (Unaudited)

	Share capital AED'000	*Employees' benefit plan AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Special reserve AED'000*	*Cumulative changes in fair value AED'000*	*Convertible bonds equity component AED'000*	*Retained earnings AED'000*	*Translation reserve AED'000*	*Proposed dividends AED'000*	*Total AED'000*
Balance at 1 January 2007	1,000,000	(11,100)	91,305	435,000	25,837	208	-	78,329	-	200,000	1,819,579
Gain on available-for-sale investments recognised directly in equity	-	-	-	-	-	68	-	-	-	-	68
Total income for the period recognised directly in equity	-	-	-	-	-	68	-	-		-	68
Profit for the period	-	-	-	-	-	-	-	108,028	-	-	108,028
Total income for the period		-	-	-	-	68	-	108,028	-	-	108,096
Transfer to special reserve	-	-	-	-	8,875	-	-	(8,875)	-	-	-
Dividends settled	-	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Directors' fees	-	-	-	-	-	-	-	(750)	-	-	(750)
Balance at 30 June 2007	1,000,000	(11,100)	91,305	435,000	34,712	276	-	176,732	-	-	1,726,925
Balance at 1 January 2008	1,000,000	(9,577)	136,452	480,124	52,290	365	-	168,314	-	218,000	2,045,968
Gain on available-for-sale investments recognised directly in equity	-	-	-	-	-	90	-	-	-	-	90
Total income for the period recognised directly in equity	-	-	-	-	-	90	-	-	-	-	90
Profit for the period	-	-	-	-	-	-	-	387,298	-	-	387,298
Total income for the period		-	-	-	-	90	-	387,298	-	-	397,388
Cost for vested shares under employees' benefit plan	-	-	-	-	-	-	-	714	-	-	714
Dividends settled	-	-	-	-	-	-	-	-	-	(218,000)	(218,000)
Equity component of convertible bonds	-	-	-	-	-	-	69,534	-	-	-	69,534
Translation reserve	-	-	-	-	-	-	-	-	(206)	-	(206)
Zakat provision	-	-	-	-	-	-	-	(7,121)	-	-	(7,121)
Directors' fees	-	-	-	-	-	-	-	(1,550)	-	-	(1,550)
Balance at 30 June 2008	**1,000,000**	**(9,577)**	**136,452**	**480,124**	**52,290**	**455**	**69,534**	**547,655**	**(206)**	**-**	**2,276,727**

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

1 THE COMPANY AND ITS OPERATIONS

Tamweel PJSC (the "Company") was registered on 3 June 2006 as a Public Joint Stock Company in accordance with UAE Federal Law No (8) of 1984, as amended. The share capital of the Company comprises 1,000,000,000 shares of AED 1 each. Previously, the Company was operating as Tamweel LLC with a paid up share capital of AED 450 million (450,000 shares of AED 1,000 each).

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in Islamic Sharia'a compliant financing and investment activities such as Ijara, Murabaha, Istisna'a etc. The activities of the Company 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.

During the period, 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 period.

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

The Group consists of Tamweel PJSC (the Parent Company) and its subsidiaries registered up to 30 June 2008.

Subsidiaries	*Beneficial ownership*	*Principal activity*	*Country of incorporation*
Tamweel Properties & Investments LLC	100%	Real estate development including construction, purchase, sale, rent, brokerage, agency and management services	UAE
Tamweel Egypt for Real Estate Finance S.A.E.	100%	Sharia compliant financing and investing activities	Egypt
Tamleek Egypt Limited	100%	General trading	JAFZA, Dubai, UAE
Tahfeez Egypt Limited	100%	General trading	JAFZA, Dubai, UAE
Tahfeez Saudi Arabia Limited	100%	General trading	JAFZA, Dubai, UAE
Tahfeez Middle East Limited	100%	General trading	JAFZA, Dubai, UAE
Tamleek Saudi Arabia Limited	100%	General trading	JAFZA, Dubai, UAE
Esham Saudi Arabia Limited	100%	General trading	JAFZA, Dubai, UAE
Enjaz Saudi Arabia Limited	100%	General trading	JAFZA, Dubai, UAE

The above subsidiaries have yet to commence commercial operations.

2 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007 except for the following new policies which were adopted by the Group on consolidation of the subsidiaries and issuance of convertible Sukuk bonds during the period:

Consolidation
The consolidated financial statements comprise the financial statements of Tamweel PJSC (the Company) and its Subsidiaries (together the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Convertible Sukuk bonds
Convertible Sukuk bonds that can be settled at the option of the issuer are recorded as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of the issue proceeds over the present value of the future profit and principal payments, discounted at the market rate of profit applicable to similar liabilities that do not have a conversion option.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007. In addition, results for the six months ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

On 3 July 2008 International Accounting Standard Board issued IFRIC interpretation 15 "Agreement for the Construction of Real Estate" (IFRIC 15) which is applicable for annual periods beginning on or after 1 January 2009. IFRIC 15 classifies when and how revenue and related costs from the sale of real estate should recognized in the case of pre-completion rules. The management is currently accessing the impact of the IFRIC 15 on the Group. The Interpretation will be applied retrospectively.

3 EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

Basic earnings per share

	Three months ended 30 June		*Six months ended 30 June*	
	2008 AED'000	***2007 AED'000***	***2008 AED'000***	***2007 AED'000***
Profit for the period	**210,951**	57,559	**387,298**	108,028
Less: Directors remuneration	**(800)**	(375)	**(1,550)**	(750)
Profit for the period net of directors remuneration	**210,151**	57,184	**385,748**	107,278

3 EARNINGS PER SHARE – BASIC AND DILUTED (continued)

Basic earnings per share (continued)

	Number of shares		*Number of shares*	
Weighted average number of shares outstanding during the period (in thousands)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Basic earnings per share (AED)	**0.210**	0.057	**0.386**	0.108

Diluted earnings per share

	Three months ended 30 June		*Six months ended 30 June*	
	2008 AED'000	*2007 AED'000*	***2008 AED'000***	*2007 AED'000*
Profit for the period net of directors remuneration	**210,151**	57,184	**385,748**	107,278
Add: Profit on convertible bonds	**15,635**	-	**27,318**	-
	225,786	57,184	**413,066**	107,278
	Number of shares		*Number of shares*	
Weighted average number of shares outstanding during the period (in thousands)	**1,136,338**	1,000,000	**1,119,857**	1,000,000
Diluted earnings per share (AED)	**0.199**	0.057	**0.369**	0.108

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financials statements for issuance.

4 CONVERTIBLE SUKUK BONDS

In January 2008, the Group issued convertible bonds in the form of Trust Certificates / Sukuk-al-Mudarabah ("the Sukuk") for a total value of USD 300 million. The Sukuk, which is structured to conform to the principles of Islamic Shariah, was approved by the Group's shareholders at an Extraordinary General Meeting held in April 2007. The Sukuk matures in year 2013 and has a fixed profit rate of 4.31% to be paid on a quarterly basis in arrear. The reference share price for conversion, to which an exchange premium of 20.5% will apply, was taken as the closing price of the Parent Company's share as of 13 December 2007. The Sukuk is secured by the Parent Company's Islamic financing and investing assets in accordance with the principles of Islamic Shariah.

Each Trust Certificate may be redeemed at the option of the issuer at any time one year after the maturity date, as governed under the terms of the subscription. On exercise of option, at the option of the Group, either shares will be issued at the reference share price or an equivalent sum of cash will be paid based on the arithmetic average of the volume weighted average price of the shares on each trading day during the last 10 consecutive days into the number of shares that would have been issued under equity settlement. The Group may also voluntarily redeem the Trust Certificates under certain conditions.

4 CONVERTIBLE SUKUK BONDS (continued)

Convertible Sukuk has been included under financing obligations in the balance sheet as follows:

	30 June 2008 AED'000
Proceeds from issue of convertible bonds	**1,101,840**
Less: Issuance costs	**(11,526)**
Net proceeds from issuance of convertible bonds	**1,090,314**
Less: Equity component on initial recognition	**(69,534)**
Liability component on initial recognition	**1,020,780**
Add: Profit accrued up to period end	**27,318**
	1,048,098
Less: Profit paid or transferred to accrued expenses	**(20,974)**
	1,027,124

5 SEGMENTAL INFORMATION

Primary segment information
For management purposes the Group is organised into two major business segments:

- Islamic financing and investing activities
- Property development and investments

These segments are the basis on which the Group reports its segment information.

Segmental information for the three months ended 30 June was as follows:

	2008				*2007*			
	Islamic financing and investing activities AED'000	***Property development and investments AED'000***	***Others AED'000***	***Total AED'000***	*Islamic financing and investing activities AED'000*	*Property development and investments AED'000*	*Others AED'000*	*Total AED'000*
Gross income	**210,770**	**134,159**	**17,789**	**362,718**	78,491	26,115	18,927	123,533
Allocable expenses	**(122,148)**	**(11,811)**	**(102)**	**(134,061)**	(38,927)	(1,986)	-	(40,913)
Segment result	**88,622**	**122,348**	**17,687**	**228,657**	39,564	24,129	18,927	82,620
Provision for impairment	**(6,245)**	**-**	**-**	**(6,245)**	-	-	-	-
Segment result after provision	**82,377**	**122,348**	**17,687**	**222,412**	39,564	24,129	18,927	82,620
Unallocated expenses				**(11,461)**				(25,061)
Profit for the period				**210,951**				57,559

5 SEGMENTAL INFORMATION (continued)

Segmental information for the six months ended 30 June was as follows:

	2008				2007			
	Islamic financing and investing activities AED'000	*Property development and investments AED'000*	*Others AED'000*	*Total AED'000*	*Islamic financing and investing activities AED'000*	*Property development and investments AED'000*	*Others AED'000*	*Total AED'000*
Gross income	350,283	290,761	47,390	688,434	139,723	30,682	44,703	215,108
Allocable expenses	(167,888)	(44,621)	(520)	(213,029)	(55,911)	(4,224)	-	(60,135)
Segment result	182,395	246,140	46,870	475,405	83,812	26,458	44,703	154,973
Provision for impairment	(12,500)	-	-	(12,500)	-	-	-	-
Segment result after provision	169,895	246,140	46,870	462,905	83,812	26,458	44,703	154,973
Unallocated expenses				(75,607)				(46,945)
Profit for the period				387,298				108,028

OTHER INFORMATION

				Total AED'000 30 June 2008				*Total AED'000 31December 2007*
Segment assets	8,945,388	1,262,742	105,684	10,313,814	5,173,148	3,093,903	54,144	8,321,195
Unallocated assets	-	-	-	497,989				192,533
Total assets				10,811,803				8,513,728
Segment liabilities	5,595,502	1,726,639	63,344	7,385,485	2,821,309	2,702,087	18,553	5,541,949
Unallocated liabilities				1,149,591				925,811
Total liabilities				8,535,076				6,467,760

No secondary segment information has been provided as currently the operations of the Group are concentrated in the United Arab Emirates.

6 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

		30 June 2008 AED'000	*31 December 2007 AED'000*
Irrevocable commitments to extend credit	6.1	**4,425,478**	3,423,021
Purchase of properties	6.2	**1,159,521**	81,888
Contribution to share capital	6.3	**393,933**	429,769
Property development	6.4	**25,005**	10,581
		6,003,937	3,945,259

6.1 This represents contractual commitments to provide Islamic financing. Commitments generally have fixed expiry dates, or other termination clauses, and normally require the payment of a fee. Since these may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

6.2 This represents commitments to property developers in respect of property purchases.

6.3 This represents commitment to subscribe to the share capital of its subsidiaries.

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

Contingencies

There have been no significant changes in contingent liabilities since 31 December 2007.