

EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009

EMIRATES INTERNATIONAL SECURITIES LLC

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

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Report on review of condensed interim financial information

The Shareholders
Emirates International Securities LLC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Emirates International Securities LLC ("the Company") as at 30 September 2009 and the condensed interim statement of comprehensive income (comprising a condensed interim income statement and a condensed statement of other comprehensive income), condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine-month period then ended (the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the nine-month period ended 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration number: 48 B

25 OCT 2009


EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2009

	Note	Unaudited 30 September 2009 AED '000	Audited 31 December 2008 AED '000
Assets			
Non-current assets			
Plant and equipment		3,058	3,064
Investment securities	6	9,006	4,824
Total non current assets		12,064	7,888
Current assets			
Investment securities	6	5,402	3,923
Trade and other debtors	7	205,212	283,929
Other receivables		1,501	699
Due from holding company	8	96,561	16,964
Cash and cash equivalents		7,345	5,726
Total current assets		316,021	311,241
Current liabilities			
Other payables		5,855	3,417
Total current liabilities		5,855	3,417
Net current assets		310,166	307,824
Net assets		322,230	315,712
Represented by			
Share capital		30,000	30,000
Statutory reserve		12,133	12,133
Fair value reserve		4,996	814
Retained earnings		275,101	272,765
Total equity holders' funds		322,230	315,712

The notes set out on pages 7 to 11 are an integral part of these condensed interim financial statements.

The independent report on review of condensed interim financial information is set out on page 1.


Chairman


General Manager

EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Note	Three months period ended 30 Sep 2009 AED '000	30 Sep 2008 AED '000	Nine months period ended 30 Sep 2009 AED '000	30 Sep 2008 AED '000
		-----	-----	-----	-----
Commission income		4,814	8,210	15,386	41,052
Administration and general expenses		(6,005)	(8,881)	(20,026)	(26,168)
		-----	-----	-----	-----
Operating (loss) / profit		(1,191)	(671)	(4,640)	14,884
Other income	9	3,970	8,483	11,583	16,994
(Allowance) / Reversal of impairment losses		(201)	-	(3,357)	60
Interest (paid) to Holding Company	8	-	-	-	(8)
		-----	-----	-----	-----
Profit for the period		2,578	7,812	3,586	31,930
		=====	=====	=====	=====

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EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Note	Unaudited 30 September 2009 AED '000	Unaudited 30 September 2008 AED '000
Profit for the period		<u>3,586</u>	<u>31,930</u>
Other comprehensive Income:			
Net change in fair value of AFS investments	6	<u>4,182</u>	<u>(10,400)</u>
Total comprehensive income		<u><u>7,768</u></u>	<u><u>21,530</u></u>

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EMIRATES INTERNATIONAL SECURITIES LLC

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008 (UNAUDITED)**

	Share capital AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Total AED'000
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Balance at 1 January 2008	30,000	9,500	19,134	249,076	307,710
Total comprehensive income	-	-	(10,400)	31,930	21,530
Balance at 30 September 2008	<u>30,000</u>	<u>9,500</u>	<u>8,734</u>	<u>281,006</u>	<u>329,240</u>

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Share capital AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Total AED'000
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Balance at 1 January 2009	30,000	12,133	814	272,765	315,712
Director's fees	-	-	-	(1,250)	(1,250)
Total comprehensive income	-	-	4,182	3,586	7,768
Balance at 30 September 2009	<u>30,000</u>	<u>12,133</u>	<u>4,996</u>	<u>275,101</u>	<u>322,230</u>

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EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	30 September 2009 AED '000	30 September 2008 AED '000
	-----	-----
Cash flows from operating activities		
Profit for the period	3,586	31,930
Adjustments:		
Change in fair value of current investments	(1,479)	2,450
Allowance / (Reversal) for impairment losses	3,357	(60)
Depreciation charge	637	2,623
	-----	-----
	6,101	36,943
Change in investment securities	-	(1,371)
Change in unsettled trade debtors	75,360	(603,749)
Change in other receivables	(802)	1,574
Change in due from Holding Company	(79,597)	559,433
Change in unsettled trade creditors	-	8,392
Change in other payables	2,438	1,718
	-----	-----
Net cash flows from operating activities	3,500	2,940
	-----	-----
Cash flows from investing activity		
Acquisition of plant and equipment	(631)	(1,974)
	-----	-----
Cash used in investing activity	(631)	(1,974)
	-----	-----
Cash flow from Financing activity		
Directors' Fees	(1,250)	-
	-----	-----
Cash flows from financing activity	(1,250)	-
	-----	-----
Net movement in cash and cash equivalents	1,619	966
Cash and cash equivalents at the beginning of the period	5,726	4,369
	-----	-----
Cash and cash equivalents at the end of the period	7,345	5,335
	=====	=====

The notes set out on pages 7 to 11 are an integral part of these condensed interim financial statements.

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EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

1 Legal status and principal activities

Emirates International Securities LLC ("the Company") is a limited liability company incorporated in the Emirate of Dubai on 10 November 2001 under the Federal Law No 8 of 1984 (as amended) applicable to commercial companies.

The share holding pattern in the Company is as follows:

Name of shareholders	Shareholding (%)
Emirates Bank International PJSC ("the Holding Company")	99%
Emirates Financial Services PSC	1%

Following the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC during 2007, the company's ultimate holding company is Emirates NBD PJSC.

The principal activity of the Company is to act as an intermediary in dealings in shares, stocks, debentures and securities. The Company also trades on its own account.

The registered address of the Company is P.O. Box 2923, Dubai, United Arab Emirates.

2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 "Interim financial reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements as at and for the year ended 31 December 2008.

3 Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2008 other than as set out below:

The Company has adopted IAS 1 'Presentation of financial statements' (Revised 2007) in preparing these condensed interim financial statements. The revised IAS 1, which became applicable for annual periods beginning on or after 1 January 2009, affects the presentation and disclosure of these condensed interim financial statements and does not affect the Company's reported profit or loss or equity.

IAS 1 – Presentation of financial statements (Revised 2007)

The revised IAS introduces the term 'total comprehensive income' which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The Company has applied the revised IAS 1 retrospectively and has adopted a two statement approach to present comprehensive income i.e. an income statement and a separate statement of comprehensive income. Further the revised IAS 1 has also changed the title of 'balance sheet' to 'statement of financial position'.

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

3 Significant accounting policies (continued)

Change in accounting estimate of fixed assets:

The policy for depreciation of property, plant and equipment remains the same as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2008. In order to align the useful lives of the property, plant and equipment of EBI and NBD, the estimated useful lives have been revised in the current period as below:

Leasehold improvements	7 years
Office equipment	5 years
Furniture & Fixtures	5 years
Computers	4 years

A change in the estimate of the useful life of property, plant and equipment is accounted for prospectively as a change in estimate by adjusting depreciation in the current and future period.

4 Estimates

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

5 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2008.

6 Investment securities

These comprise of the following:

	UNAUDITED 30 September 2009 AED '000	AUDITED 31 December 2008 AED '000
Equity securities :		
Non-Current:		
Available-for-sale (refer note below)	9,006	4,824
Current:		
Held for trading	5,402	3,923
	-----	-----
	14,408	8,747
	=====	=====

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

6 Investment securities (continued)

Included in available-for-sale are:

- a) AED 8,808,422 (31 December 2008: AED 4,626,273) representing 3,701,018 shares in Dubai Financial Market ("DFM"). The Company in 2006 acquired the shares relating to DFM's IPO as per the allocation set by DFM for brokerage companies. On 16th April 2009, the restrictions over sale or trading of the shares were lifted in accordance with the original conditions of allocation.
- b) AED 198,000 (31 December 2008: AED 198,000) representing 1% equity interest in Egyptian Company for Electronic System Development ("NPC"). The remaining 99% equity interest in NPC is collectively owned by Network International LLC and Emirates Financial Services PSC, who are fellow subsidiaries of the Company.

7 Trade and other debtors

Trade debtors include the following:

- The net balance of trades which have been executed with the market but have yet to be settled. Settlement periods for the Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) are T+2. Execution only customer trades are settled through their respective investment accounts that exist with Emirates Bank International PJSC.
- Customer receivables are arising due to exposures on account of margin trading (MT). The Securities and Commodities Authority (SCA) has decided to postpone the implementation of the draft MT resolution. The Company has assessed its current practices against the proposed regulation and, once the final SCA rules are promulgated, will develop an action plan to address any gaps in compliance.

	UNAUDITED 30 September 2009 AED '000	AUDITED 31 December 2008 AED '000
	<hr/>	<hr/>
Customer receivables	220,717	296,197
Less: allowance for impairment loss	(15,505)	(12,268)
	<hr/>	<hr/>
	205,212	283,929
	<hr/>	<hr/>

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

8 Related party transactions

The Company, in the normal course of business, carries out transactions with entities that fall within the definition of a related party contained in International Accounting Standard 24. The transactions and balances with the related parties, other than those already disclosed elsewhere in the financial statements, are as follows:

	UNAUDITED 30 September 2009 AED '000	AUDITED 31 December 2008 AED '000
Due from Holding Company	96,561	16,964
Due from key management personnel (included in unsettled trade debtors)	2,315	26,050
	=====	=====
	UNAUDITED 30 September 2009 AED '000	UNAUDITED 30 September 2008 AED '000
Insurance premium paid to associate of Holding Company	157	370
Net interest paid to Holding Company	-	(8)
Call center charges paid to a fellow subsidiary of the Holding company	-	72
	=====	=====

9 Other Income

	UNAUDITED Three months period ended 30 September 2009 AED '000	UNAUDITED Three months period ended 30 September 2008 AED '000	UNAUDITED Nine months period ended 30 September 2009 AED '000	UNAUDITED Nine months period ended 30 September 2008 AED '000
Dividend income	209	-	633	123
Change in fair value of FVTPL investments	680	(2,826)	1,479	(2,450)
Interest income (net)	3,081	11,309	9,471	19,321
	=====	=====	=====	=====
	3,970	8,483	11,583	16,994
	=====	=====	=====	=====

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

10 Contingent liabilities

	UNAUDITED 30 September 2009 AED '000	AUDITED 31 December 2008 AED '000
	-----	-----
Letters of guarantee (Issued by the Holding Company in favour of DFM and ADX)	450,000 =====	700,000 =====

11 Capital commitments

There are no capital commitments outstanding as at 30 September 2009. (2008: AED 36,750).

12 Comparative figures

Certain comparative figures have been reclassified and restated where appropriate to conform to the presentation and accounting policies adopted in these condensed interim financial statements.