

**EMIRATES INTERNATIONAL SECURITIES LLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007**

# **EMIRATES INTERNATIONAL SECURITIES LLC**

## **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007**

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## **Independent report on review of condensed interim financial information to the shareholders of Emirates International Securities LLC**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Emirates International Securities LLC ("the Company") as at 30 June 2007, and the related condensed interim statements of income, cash flows and changes in equity for the six months then ended ("the interim financial information"). Management is responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist 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 Standard 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 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG  
Vijendra Nath Malhotra  
Registration No. 48B

30 JUL 2007

EMIRATES INTERNATIONAL SECURITIES LLC			
CONDENSED INTERIM BALANCE SHEET			
AS AT 30 JUNE 2007			
	Note	UNAUDITED 30 June 2007 AED '000	AUDITED 31 December 2006 AED '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		5,644	6,539
<b>Current assets</b>			
Trading securities	3	23,731	13,046
Unsettled trade debtors	4	44,029	45,862
Other receivables		1,003	1,753
Due from holding company	5	197,038	180,543
Cash in hand and at bank		96	96
<b>Total current assets</b>		<b>265,897</b>	<b>241,300</b>
<b>Current liabilities</b>			
Unsettled trade creditors	4	8	5
Other payables		2,481	2,816
		<b>2,489</b>	<b>2,821</b>
<b>Net current assets</b>		<b>263,408</b>	<b>238,479</b>
<b>Total assets</b>		<b>269,052</b>	<b>245,018</b>
<b>Represented by</b>			
Share capital		30,000	10,000
Statutory reserve		5,000	5,000
Cumulative changes in fair value		7,846	-
Retained earnings		226,206	230,018
<b>Total equity holders' funds</b>		<b>269,052</b>	<b>245,018</b>

The notes set out on pages 6 to 9 form part of these condensed interim financial statements.

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

Chairman

30 JUL 2007

General Manager

**EMIRATES INTERNATIONAL SECURITIES LLC**
**CONDENSED INTERIM INCOME STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007 (UNAUDITED)**

		<b>Three months period ended</b>		<b>Six months period ended</b>	
	<b>Note</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2007</b>	<b>30 June 2006</b>
		<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
Commission income		<b>11,574</b>	24,832	<b>18,341</b>	49,916
Administration and general expenses		<b>(7,096)</b>	(6,451)	<b>(13,241)</b>	(11,811)
<b>Operating profit</b>		<b>4,478</b>	18,381	<b>5,100</b>	38,105
Other income / (loss)	6	<b>3,679</b>	(2,549)	<b>4,817</b>	(3,009)
Reversal / (Allowance) for impairment losses		<b>836</b>	(237)	<b>836</b>	57
Interest received/(paid) to holding company (net)		<b>3,011</b>	1,672	<b>5,435</b>	2,664
<b>Profit for the period</b>		<b>12,004</b>	17,267	<b>16,188</b>	37,817
		<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

The notes set out on pages 6 to 9 form part of these condensed interim financial statements.

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EMIRATES INTERNATIONAL SECURITIES LLC					
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006 (UNAUDITED)					
	Share Capital	Statutory reserve	Retained earnings	Cumulative changes in fair value	Total
	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2006	10,000	5,000	184,169	-	199,169
Profit for six months ended 30 June 2006	-	-	37,817	-	37,817
Balance at 30 June 2006	10,000	5,000	221,986	-	236,986
	=====	=====	=====	=====	=====
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007					
	Share capital	Statutory reserve	Retained earnings	Cumulative changes in fair value	Total
	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2007	10,000	5,000	230,018	-	245,018
Issue of bonus shares	20,000	-	(20,000)	-	-
Profit for six months ended 30 June 2007	-	-	16,188	-	16,188
Net movement in cumulative changes in fair value	-	-	-	7,846	7,846
Balance at 30 June 2007	30,000	5,000	226,206	7,846	269,052
	=====	=====	=====	=====	=====

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<b>EMIRATES INTERNATIONAL SECURITIES LLC</b>		
<b>CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007 (UNAUDITED)</b>		
	<b>30 June 2007 AED '000</b>	<b>30 June 2006 AED '000</b>
<b>Operating activities</b>		
Profit for the period	16,188	37,817
Adjustments:		
Unrealized (gain) / loss on revaluation	(2,839)	(1,125)
Provision for bad & doubtful debts	(836)	(57)
Depreciation	1,550	215
Operating profit before working capital changes	14,063	36,850
Change in trading securities	-	6,693
Change in unsettled trade debtors	2,669	45,435
Change in other receivables	750	(3,062)
Change in due from holding company	(16,495)	(83,475)
Change in unsettled trade creditors	3	(364)
Change in other payables	(335)	(1,325)
Cash flows from operating activities	655	752
<b>Investing activities</b>		
Acquisition of property and equipment	(655)	(754)
Net cash used in investing activities	(655)	(754)
<b>Net movement in cash and cash equivalents</b>	-	(2)
<b>Cash and cash equivalents at the beginning of the period</b>	96	99
<b>Cash and cash equivalents at the end of the period</b>	96	97

The notes set out on pages 6 to 9 form part of these condensed interim financial statements.

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

## EMIRATES INTERNATIONAL SECURITIES LLC

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007

#### 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 Company changed its name from Emirates International Brokerage LLC on 07 March 2006.

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%

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 Significant accounting policies

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

##### (a) Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim financial reporting".

The accounting policies and methods of computation have been consistently applied by the Company in preparation of these condensed interim financial statements as compared to the most recent annual financial statements for the year ended 31 December 2006.

These condensed interim financial statements 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 2006.



**EMIRATES INTERNATIONAL SECURITIES LLC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2007**
**2 Significant accounting policies (continued)**
**(b) Basis of accounting**

These financial statements are presented in UAE Dirhams ("AED") rounded to the nearest thousand, and have been prepared under the historical cost convention, except for equity securities designated as held for trading or available for sale.

**3 Trading securities**

These comprise of the following:

	<b>UNAUDITED</b> <b>30 June 2007</b> <b>AED '000</b>	<b>AUDITED</b> <b>31 December 2006</b> <b>AED '000</b>
	-----	-----
Held for trading	12,073	9,234
Available for sale	11,658	3,812
	=====	=====
	23,731	13,046
	=====	=====

In the previous year, the Company acquired 3,701,018 shares in Dubai Financial Market. At 30 June 2007 these were valued at AED 11,658,207 (31 December 2006: AED 3,812,049). As per the terms of allocation, the Company cannot dispose off these shares for a period of two years effective from 15 November 2006.

**4 Unsettled trade debtors and creditors**

These represent trades which have been executed with the market but have yet to settle. Settlement periods for the Dubai Financial Market (DFM) and Abu Dhabi Securities Market (ADSM) are T+2.

**EMIRATES INTERNATIONAL SECURITIES LLC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2007**
**5 Related party transactions**

The Company, in the normal course of business, deals with other business enterprises including the Holding Company and Directors of Emirates Bank Group companies that fall within the definition of a related party as set out in International Accounting Standard No.24. The transactions and balances with holding company and Directors of Emirates Bank Group, other than those already disclosed elsewhere in the financial statements are as follows:

	<b>UNAUDITED 30 June 2007 AED '000</b>	<b>AUDITED 31 December 2006 AED '000</b>
	-----	-----
Due from holding company	197,038	180,543
	=====	=====
Due from related parties (included in unsettled trade debtors)	955	10,937
	=====	=====
Due to related parties (included in unsettled trade creditors)	5	5
	=====	=====

**6 Other income**

	<b>Three months period ended 30 June 2007 AED '000</b>	<b>30 June 2006 AED '000</b>	<b>Six months period ended 30 June 2007 AED '000</b>	<b>30 June 2006 AED '000</b>
	-----	-----	-----	-----
Realised (loss) / profit on disposal of trading securities	-	(18)	-	(1,908)
Dividend income	291	-	291	60
Unrealised (loss) / profit on trading securities	2,685	(4,466)	2,839	(5,216)
Interest income (net)	703	1,935	1,687	4,055
	-----	-----	-----	-----
	3,679	(2,549)	4,817	(3,009)
	=====	=====	=====	=====

**EMIRATES INTERNATIONAL SECURITIES LLC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2007**
**7 Contingent liabilities**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>30 June 2007</b>	<b>31 December 2006</b>
	<b>AED '000</b>	<b>AED '000</b>
	-----	-----
Letters of guarantee (Issued by the Holding Company in favour of DFM and ADSM)	700,000	700,000
	=====	=====

**8 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.