

EMIRATES INTERNATIONAL SECURITIES LLC

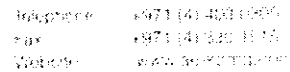
CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

EMIRATES INTERNATIONAL SECURITIES LLC

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008**

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$$Z = \frac{1}{\sqrt{2}} \begin{pmatrix} 1 & 1 \\ 1 & -1 \end{pmatrix}, \quad \mathbf{z} = \frac{1}{\sqrt{2}} \begin{pmatrix} 1 & 1 \\ 1 & -1 \end{pmatrix}^T, \quad \mathbf{z}^T \mathbf{z} = \frac{1}{2} \begin{pmatrix} 1 & 1 \\ 1 & -1 \end{pmatrix} \begin{pmatrix} 1 & 1 \\ 1 & -1 \end{pmatrix}^T = \mathbf{I} \quad (10)$$

EMIRATES INTERNATIONAL SECURITIES LLC
 CONDENSED INTERIM BALANCE SHEET
 AS AT 30 JUNE 2008

	Note	Unaudited 30 June 2008 AED '000	Audited 31 December 2007 AED '000
Assets			
Non-current assets			
Plant and equipment		4,044	4,100
Investment securities	6	19,036	23,144
Total non current assets		23,080	27,244
Current assets			
Investment securities	6	13,720	11,973
Trade and other debtors	7	789,576	245,923
Other receivables		2,620	3,434
Due from holding company	8	-	17,185
Cash and cash equivalents		5,382	4,369
Total current assets		811,298	282,884
Current liabilities			
Unsettled trade creditors	8	-	5
Other payables		4,133	2,413
Due to holding company	8	502,525	-
Total current liabilities		506,658	2,418
Net current assets		304,640	280,466
Net assets		327,720	307,710
Represented by			
Share capital		30,000	30,000
Statutory reserve		9,500	9,500
Fair value reserve		15,026	19,134
Retained earnings		273,194	249,076
Total equity holders' funds		327,720	307,710

The notes set out on pages 6 to 9 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

Director

17 JUL 2008

EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Note	Three months period ended 30 June 2008 AED '000	30 June 2007 AED '000	Six months period ended 30 June 2008 AED '000	30 June 2007 AED '000
Commission income		13,999	11,574	32,842	18,341
Administration and general expenses		(9,428)	(7,096)	(17,287)	(13,241)
Operating profit		4,571	4,478	15,555	5,100
Other income	9	5,103	3,679	8,512	4,817
Reversal of impairment losses		60	836	60	836
Interest (paid) / received from Holding Company (net)	8	(9)	3,011	(9)	5,435
Profit for the period		9,725	12,004	24,118	16,188

The notes set out on pages 6 to 9 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.

EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007 (UNAUDITED)

	Share capital AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Total AED'000
Balance at 1 January 2007	10,000	5,000	-	230,018	245,018
Profit for the period	-	-	-	16,188	16,188
Change in fair value of available-for-sale financial assets	-	-	7,846	-	7,846
Total recognised gains and losses for the period	-	-	7,846	16,188	24,034
Issue of bonus shares	20,000	-	-	(20,000)	-
Balance at 30 June 2007	30,000	5,000	7,846	226,206	269,052

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Share capital AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Total AED'000
Balance at 1 January 2008	30,000	9,500	19,134	249,076	307,710
Profit for the period	-	-	-	24,118	24,118
Change in fair value of available-for-sale financial assets	-	-	(4,108)	-	(4,108)
Total recognised gains and losses for the period	-	-	(4,108)	24,118	20,010
Balance at 30 June 2008	30,000	9,500	15,026	273,194	327,720

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

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EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	30 June 2008 AED '000	30 June 2007 AED '000
Cash flows from operating activities		
Profit for the period	24,118	16,188
Adjustments:		
Change in fair value of current investments	(376)	(2,839)
Reversal for impairment losses	(60)	(836)
Depreciation	1,794	1,550
	<u>25,476</u>	<u>14,063</u>
Change in trade and other debtors	(543,593)	2,669
Change in other receivables	814	750
Change in due from Holding Company	519,710	(16,495)
Change in unsettled trade creditors	(5)	3
Change in other payables	1,720	(335)
Net cash flows from operating activities	<u>4,122</u>	<u>655</u>
Cash flows from investing activity		
Acquisition of plant and equipment	(1,738)	(655)
Acquisition of investment securities	(1,371)	-
Cash used in investing activity	<u>(3,109)</u>	<u>(655)</u>
Net movement in cash and cash equivalents	<u>1,013</u>	<u>-</u>
Cash and cash equivalents at the beginning of the period	<u>4,369</u>	<u>96</u>
Cash and cash equivalents at the end of the period	<u><u>5,382</u></u>	<u><u>96</u></u>

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EMIRATES INTERNATIONAL SECURITIES LLC
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

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 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 2007.

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 2007.

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 that disclosed in the financial statements as at and for the year ended 31 December 2007.

EMIRATES INTERNATIONAL SECURITIES LLC
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

6 Investment securities

These comprise of the following:

	UNAUDITED 30 June 2008 AED '000	AUDITED 31 December 2007 AED '000
	<u> </u>	<u> </u>
Equity securities :		
Current :		
Fair value through profit and loss (FVTPL)		
Held for trading	13,720	11,973
Non-Current :		
Available-for-sale (refer note below)	19,036	23,144
	<u>32,756</u>	<u>35,117</u>
	<u>=====</u>	<u>=====</u>

Included in available-for-sale financial assets are:

- a) AED 18,838,000 (31 December 2007: AED 22,946,000) representing 3,701,018 shares in Dubai Financial Market ("DFM"). The Company in 2006 acquired the shares relating to DFM's initial public offering as per the allocation set by DFM for brokerage companies. As per the terms of the allocation, the Company cannot dispose of these shares for a period of two years effective from 15 November 2006; and
- b) AED 198,000 (31 December 2007: 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 Holding Company.

7 Trade debtors 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 the Holding Company;
- Customer receivables arising due to exposures on account of margin trading. Emirates Securities and Commodities Authority ("ESCA") has recently approved the final draft of the margin trading regulations ("the Draft Regulations"). The Company has started assessing its current practices against the Draft Regulations and once they are promulgated, will develop an action plan to address any gaps in compliance.

EMIRATES INTERNATIONAL SECURITIES LLC
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

7 Trade debtors and other debtors (Continued)

	UNAUDITED 30 June 2008 AED '000	AUDITED 31 December 2007 AED '000
Customer receivables	792,019	249,013
Less: allowance for impairment loss	(2,443)	(3,090)
	<u>789,576</u> =====	<u>245,923</u> =====

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 June 2008 AED '000	AUDITED 31 December 2007 AED '000
Due (to)/from Holding Company		
Market settlements account with the Holding Company	(7,684)	10,321
Inter-Group settlements account	(494,841)	6,864
	<u>(502,525)</u> =====	<u>17,185</u> =====
Due from key management personnel (included in trade and other debtors)	3,362	2
	<u>=====</u>	<u>=====</u>
Due to key management personnel (included in unsettled trade creditors)	-	5
	<u>=====</u>	<u>=====</u>
	UNAUDITED 30 June 2008 AED '000	UNAUDITED 30 June 2007 AED '000
Insurance premium paid to an associate of the Holding Company	242	224
Net interest income (paid) / received from the Holding Company	(9)	5,435
Call center charges paid to a fellow subsidiary of the Holding company	53	81
	<u>=====</u>	<u>=====</u>

EMIRATES INTERNATIONAL SECURITIES LLC
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

9 Other income

	UNAUDITED		UNAUDITED	
	Three months period ended		Six months period ended	
	30 June	30 June	30 June	30 June
	2008	2007	2008	2007
	AED '000	AED '000	AED '000	AED '000
Dividend income	124	291	124	291
Change in fair value of FVTPL investments	771	2,685	376	2,839
Interest income (net)	4,208	703	8,012	1,687
	<u>5,103</u>	<u>3,679</u>	<u>8,512</u>	<u>4,817</u>
	=====	=====	=====	=====

10 Contingent liabilities

	UNAUDITED	AUDITED
	30 June 2008	31 December 2007
	AED '000	AED '000
Letters of guarantee (Issued by the Holding Company in favour of DFM and ADSM)	<u>700,000</u>	<u>700,000</u>
	=====	=====

11 Capital commitments

During the six months period ended 30 June 2008, the Company entered into a contract for certain works for AED 276,000 (31 December 2007: AED 327,000). These commitments are expected to be settled in the following financial year.

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.