

**EMIRATES INTERNATIONAL SECURITIES LLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009**

# **EMIRATES INTERNATIONAL SECURITIES LLC**

## **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009**

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## Report on review of condensed interim financial information

The Shareholders  
Emirates International Securities LLC

### *Introduction*

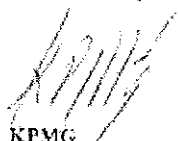
We have reviewed the accompanying condensed interim statement of financial position of Emirates International Securities LLC ("the Company") as at 30 June 2009 and the condensed interim statement of comprehensive income (comprising a condensed interim income statement and a condensed interim statement of other comprehensive income), condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-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 six-month period ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



KPMG

Vijendra Nath Malhotra  
Registration No: 48 B

26 JUL 2009

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

	Note	Unaudited 30 June 2009 AED '000	Audited 31 December 2008 AED '000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment		3,258	3,064
Investment securities	6	6,230	4,824
<b>Total non current assets</b>		<b>9,488</b>	<b>7,888</b>
<b>Current assets</b>			
Investment securities	6	4,722	3,923
Trade and other debtors	7	253,516	283,929
Other receivables		2,219	699
Due from holding company	8	45,156	16,964
Cash and cash equivalents		7,109	5,726
<b>Total current assets</b>		<b>312,722</b>	<b>311,241</b>
<b>Current liabilities</b>			
Other payables		5,334	3,417
<b>Total current liabilities</b>		<b>5,334</b>	<b>3,417</b>
<b>Net current assets</b>		<b>307,388</b>	<b>307,824</b>
<b>Net assets</b>		<b>316,876</b>	<b>315,712</b>
<b>Represented by</b>			
Share capital		30,000	30,000
Statutory reserve		12,133	12,133
Fair value reserve		2,220	814
Retained earnings		272,523	272,765
<b>Total equity holders' funds</b>		<b>316,876</b>	<b>315,712</b>

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 SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)**

	Note	Three months period ended 30 June 2009 AED '000	30 June 2008 AED '000	Six months period ended 30 June 2009 AED '000	30 June 2008 AED '000
		-----	-----	-----	-----
Commission income		7,394	13,999	10,572	32,842
Administration and general expenses		(6,697)	(9,428)	(14,021)	(17,287)
<b>Operating profit / (loss)</b>		<b>697</b>	<b>4,571</b>	<b>(3,449)</b>	<b>15,555</b>
Other income	9	3,847	5,103	7,613	8,512
(Allowance) / Reversal of impairment losses		(3,096)	60	(3,156)	60
Interest (paid) to Holding Company	8	-	(9)	-	(9)
<b>Profit for the period</b>		<b>1,448</b>	<b>9,725</b>	<b>1,008</b>	<b>24,118</b>
		=====	=====	=====	=====

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## EMIRATES INTERNATIONAL SECURITIES LLC

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

	Note	Unaudited 30 June 2009 AED '000	Unaudited 30 June 2008 AED '000
Profit for the period		----- 1,008	----- 24,118
Other comprehensive Income:			
Net change in fair value of AFS investments		1,406	(4,108)
Total comprehensive income		----- 2,414 =====	----- 20,010 =====

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## EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
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
Total comprehensive income	-	-	(4,108)	24,118	20,010
Balance at 30 June 2008	<u>30,000</u>	<u>9,500</u>	<u>15,026</u>	<u>273,194</u>	<u>327,720</u>

## FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (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 2009	30,000	12,133	814	272,765	315,712
Director's fee	-	-	-	(1,250)	(1,250)
Total comprehensive income	-	-	1,406	1,008	2,414
Balance at 30 June 2009	<u>30,000</u>	<u>12,133</u>	<u>2,220</u>	<u>272,523</u>	<u>316,876</u>

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**EMIRATES INTERNATIONAL SECURITIES LLC**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)**

	30 June 2009 AED '000	30 June 2008 AED '000
<b>Cash flows from operating activities</b>		
Profit for the period	1,008	24,118
Adjustments:		
Change in fair value of current investments	(799)	(376)
Allowance / (Reversal ) for impairment losses	3,156	(60)
Depreciation	423	1,794
	<u>3,788</u>	<u>25,476</u>
Change in unsettled trade debtors	27,257	(543,593)
Change in other receivables	(1,520)	814
Change in due from Holding Company	(28,192)	519,710
Change in other payables	1,917	1,715
Net cash flows from operating activities	<u>3,250</u>	<u>4,122</u>
<b>Cash flows from investing activity</b>		
Acquisition of plant and equipment	(617)	(1,738)
Acquisition of investment securities	-	(1,371)
Cash used in investing activity	<u>(617)</u>	<u>(3,109)</u>
<b>Cash flow from Financing activity</b>		
Directors' Fees	(1,250)	-
Cash flows from financing activity	<u>(1,250)</u>	<u>(3,109)</u>
<b>Net movement in cash and cash equivalents</b>	<b>1,383</b>	<b>1,013</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,726</b>	<b>4,369</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>7,109</u></b>	<b><u>5,382</u></b>

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# EMIRATES INTERNATIONAL SECURITIES LLC

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

However, the Company has adopted IAS 1 'Presentation of financial statements' (Revised 2007) for the first time in preparation of 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 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 SIX MONTHS PERIOD ENDED 30 JUNE 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 the EBI and NBD groups, 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 June 2009 AED '000	AUDITED 31 December 2008 AED '000
Equity securities :	-----	-----
Non-Current:		
Available-for-sale (refer note below)	6,230	4,824
Current:		
Held for trading	4,722	3,923
	-----	-----
	10,952	8,747
	=====	=====

# EMIRATES INTERNATIONAL SECURITIES LLC

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

### 6 Investment securities (continued)

Included in available-for-sale are:

- a) AED 6,032,659 (31 December 2008: AED 4,626,273) representing 3,701,018 shares in Dubai Financial Market ("DFM"). The Company in 2006 has acquired the shares relating to DFM's IPO as per the allocation set by DFM for brokerage companies. On 16<sup>th</sup> 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 June 2009 AED '000	AUDITED 31 December 2008 AED '000
Customer receivables	268,940	296,197
Less: allowance for impairment loss	(15,424)	(12,268)
	253,516	283,929
	=====	=====

**EMIRATES INTERNATIONAL SECURITIES LLC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 June 2009 AED '000	AUDITED 31 December 2008 AED '000
Due from Holding Company	45,156	16,964
Due from key management personnel (included in unsettled trade debtors)	2,351 =====	26,050 =====
	UNAUDITED 30 June 2009 AED '000	UNAUDITED 30 June 2008 AED '000
Insurance premium paid to associate of Holding Company	297	242
Net interest paid to Holding Company	-	(9)
Call center charges paid to a fellow subsidiary of the Holding company	21 =====	53 =====

**9 Other income**

	UNAUDITED Three months period ended 30 June 2009 AED '000	UNAUDITED Three months period ended 30 June 2008 AED '000	UNAUDITED Six months period ended 30 June 2009 AED '000	UNAUDITED Six months period ended 30 June 2008 AED '000
Dividend income	424	124	424	124
Change in fair value of FVTPL investments	414	771	799	376
Interest income (net)	3,009	4,208	6,390	8,012
	3,847 =====	5,103 =====	7,613 =====	8,512 =====

**EMIRATES INTERNATIONAL SECURITIES LLC**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)**

**10 Contingent liabilities**

	UNAUDITED 30 June 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 known capital commitments outstanding. (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.