

**EMIRATES INTERNATIONAL SECURITIES LLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008**

**EMIRATES INTERNATIONAL SECURITIES LLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008**

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P.O. Box 3800  
Level 32, Emirates Towers  
Sheikh Zayed Road  
Dubai  
United Arab Emirates

Telephone +971 (4) 403 0300  
Fax +971 (4) 330 1515  
Website [www.ae-kpmg.com](http://www.ae-kpmg.com)

## **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 31 March 2008, and the related condensed interim statements of income, cash flows and changes in equity for the three months period 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 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 Auditors 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 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG

Munthe Dajani


Registration No. 268

**27 APR 2008**

**EMIRATES INTERNATIONAL SECURITIES LLC**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 31 MARCH 2008**

	Note	Unaudited 31 March 2008 AED '000	Audited 31 December 2007 AED '000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment		4,129	4,100
Investment securities	6	19,073	23,144
<b>Total non current assets</b>		<b>23,202</b>	<b>27,244</b>
<b>Current assets</b>			
Investment securities	6	12,336	11,973
Trade and other debtors	7	299,624	245,923
Other receivables		3,279	3,434
Due from holding company	8	-	17,185
Cash and cash equivalents		3,191	4,369
<b>Total current assets</b>		<b>318,430</b>	<b>282,884</b>
<b>Current liabilities</b>			
Unsettled trade creditors	7	-	5
Other payables		1,336	2,413
Due to holding company	8	22,264	-
<b>Total current liabilities</b>		<b>23,600</b>	<b>2,418</b>
<b>Net current assets</b>		<b>294,830</b>	<b>280,466</b>
<b>Net assets</b>		<b>318,032</b>	<b>307,710</b>
<b>Represented by</b>			
Share capital		30,000	30,000
Statutory reserve		9,500	9,500
Fair value reserve		15,063	19,134
Retained earnings		263,469	249,076
<b>Total equity holders' funds</b>		<b>318,032</b>	<b>307,710</b>

The notes set out on pages 6 to 10 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

27 APR 2008

## EMIRATES INTERNATIONAL SECURITIES LLC

## CONDENSED INTERIM INCOME STATEMENT

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008 (UNAUDITED)

	Note	Unaudited 31 March 2008 AED '000	Unaudited 31 March 2007 AED '000
Commission income		18,843	6,767
Administration and general expenses		( 7,859)	(6,145)
<b>Operating profit</b>		<b>10,984</b>	<b>622</b>
Other income	9	3,409	1,138
Interest received from Holding Company (net)		-	2,424
<b>Profit for the period</b>		<b>14,393</b>	<b>4,184</b>

The notes set out on pages 6 to 10 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 THREE MONTHS PERIOD ENDED 31 MARCH 2008 (UNAUDITED)**

	<b>Share Capital AED '000</b>	<b>Statutory reserve AED '000</b>	<b>Fair value reserve AED '000</b>	<b>Retained earnings AED '000</b>	<b>Total AED'000</b>
Balance at 1 January 2007	10,000	5,000	-	230,018	245,018
Profit for the period	-	-	-	4,184	4,184
Change in fair value of available-for-sale financial assets	-	-	4,034		4,034
Total recognized gains and losses for the period	-	-	4,034	4,184	8,218
Issue of bonus shares	20,000	-	-	(20,000)	-
Balance at 31 March 2007	30,000	5,000	4,034	214,202	253,236

**FOR THE THREE MONTHS ENDED 31 MARCH 2008**

	<b>Share Capital AED '000</b>	<b>Statutory reserve AED '000</b>	<b>Fair value reserve AED '000</b>	<b>Retained earnings AED '000</b>	<b>Total AED'000</b>
Balance at 1 January 2008	30,000	9,500	19,134	249,076	307,710
Profit for the period	-	-	-	14,393	14,393
Change in fair value of available-for-sale financial assets	-	-	(4,071)	-	(4,071)
Total recognized gains and losses for the period	-	-	(4,071)	14,393	10,322
Balance at 31 March 2008	30,000	9,500	15,063	263,469	318,032

The notes set out on pages 6 to 10 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 THREE MONTHS PERIOD ENDED 31 MARCH 2008 (UNAUDITED)

	31 March 2008 AED '000	31 March 2007 AED '000
	-----	-----
<b>Cash flows from operating activities</b>		
Profit for the period	14,393	4,184
Adjustments:		
Change in fair value of current investments	395	(155)
Depreciation	959	781
	-----	-----
	15,747	4,810
Change in investment securities	(758)	-
Change in unsettled trade debtors	(53,701)	(3,160)
Change in other receivables	155	490
Change in due from Holding Company	39,449	(1,647)
Change in unsettled trade creditors	(5)	-
Change in other payables	(1,077)	(428)
	-----	-----
Net cash flows used in operating activities	(190)	(65)
	-----	-----
<b>Cash flows from investing activity</b>		
Acquisition of plant and equipment	(988)	(65)
	-----	-----
Cash used in investing activity	(988)	(65)
	-----	-----
<b>Net movement in cash and cash equivalents</b>	(1,178)	-
	-----	-----
<b>Cash and cash equivalents at the beginning of the period</b>	4,369	96
	-----	-----
<b>Cash and cash equivalents at the end of the period</b>	3,191	96
	=====	=====

The notes set out on pages 6 to 10 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

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 the Federal Law No 8 of 1984 (as amended) applicable to commercial companies.

The share holding pattern in the Company is as follows:

<b>Name of shareholders</b>	<b>Shareholding (%)</b>
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 makes 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.



# **EMIRATES INTERNATIONAL SECURITIES LLC**

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008**

### **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.

### **6 Investment securities**

These comprise the following:

	<b>Unaudited 31 March 2008 AED '000</b>	<b>Audited 31 December 2007 AED '000</b>
	-----	-----
Equity securities:		
Current:		
Held for trading	<b>12,336</b>	11,973
Non current:		
Available-for-sale (refer note below)	<b>19,073</b>	23,144
	-----	-----
	<b>31,410</b>	35,117
	=====	=====

Included in available-for-sale financial assets are:

- a) AED 18,875,000 (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 IPO as per the allocation set by DFM for brokerage companies. As per the terms of 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.

**EMIRATES INTERNATIONAL SECURITIES LLC**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2008**
**7 Trade debtors and creditors**

Trade debtors includes 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 Market (ADSM) are T+2. Execution only customer trades are settled through their respective investment accounts that exist with Emirates Bank International PJSC.
- Customer receivables arising due to exposures on account of margin trading. ESCA has recently released a consultation paper containing proposed new regulations for brokers engaging margin trading activities. The Company has started assessing its current practices against the proposed regulation and, once the final ESCA rules are promulgated, will develop an action plan to address any gaps in compliance.

	<b>Unaudited 31 March 2008 AED '000</b>	<b>Audited 31 December 2007 AED '000</b>
	-----	-----
Customer receivables	<b>300,851</b>	249,013
Less: allowance for impairment loss	<b>(1,227)</b>	(3,090)
	-----	-----
	<b>299,624</b>	245,923
	=====	=====

## EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2008**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 31 March 2008 AED '000 -----	Audited 31 December 2007 AED '000 -----
<b>Due (to) / from holding company</b>		
Market settlements account with the Holding Company	7,050	10,321
Inter-Group settlements account	(29,314)	6,864
	----- (22,264) =====	----- 17,185 =====
Due from key management personnel (included in unsettled trade debtors)	1,486	2
	=====	=====
Due to key management personnel (included in unsettled trade creditors)	-	5
	=====	=====
	Unaudited 31 March 2008 AED '000 -----	Unaudited 31 March 2007 AED '000 -----
Insurance premium paid to associate of the Holding Company	112	834
Net interest income received from Holding Company	-	2,424
Call center charges paid to fellow subsidiary of the Holding Company	39	57
	=====	=====

## EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2008

## 9 Other income

	Unaudited 31 March 2008 AED '000	Unaudited 31 March 2007 AED '000
	-----	-----
Unrealised (loss) / profit on trading securities	(395)	154
Interest income (net)	3,804	984
	-----	-----
	3,409	1,138
	=====	=====

## 10 Contingent liabilities

	Unaudited 31 March 2008 AED '000	Audited 31 December 2007 AED '000
	-----	-----
Letters of guarantee (issued by the Holding Company in favour of DFM and ADSM)	700,000	700,000
	=====	=====

## 11 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.