

EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009

EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

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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 31 March 2009 and the related condensed interim statement of comprehensive income (comprising a condensed interim statement of comprehensive income and a condensed interim separate statement of income), condensed interim statement of changes in equity and condensed interim cash flows for the three-month period then ended ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

30 APR 2009

KPMG
Vijendra Nath Malhotra
Registration No. 48B

EMIRATES INTERNATIONAL SECURITIES LLC
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2009

	Note	Unaudited 31 March 2009 AED '000	Audited 31 December 2008 AED '000
Assets			
Non-current assets			
Plant and equipment		3,284	3,064
Investment securities	6	4,750	4,824
Total non current assets		8,034	7,888
Current assets			
Investment securities	6	4,307	3,923
Trade and other debtors	7	257,962	283,929
Other receivables		462	699
Due from holding company	8	42,278	16,964
Cash and cash equivalents		5,716	5,726
Total current assets		310,725	311,241
Current liabilities			
Other payables		4,812	3,417
Total current liabilities		4,812	3,417
Net current assets		305,913	307,824
Net assets		313,947	315,712
Represented by			
Share capital		30,000	30,000
Statutory reserve		12,133	12,133
Fair value reserve		740	814
Retained earnings		271,074	272,765
Total equity holders' funds		313,947	315,712

The notes set out on pages 7 to 11 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


General Manager

29 APR 2009

EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM INCOME STATEMENT

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009 (UNAUDITED)

	Note	Unaudited 31 March 2009 AED '000	Unaudited 31 March 2008 AED '000
Commission income		3,178	18,843
Administration and general expenses		(7,324)	(7,859)
Operating (loss) / profit		(4,146)	10,984
Other income	9	3,765	3,409
Allowance for impairment losses		(60)	-
(Loss) / Profit for the period		(441)	14,393

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.

EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009 (UNAUDITED)

	Note	Unaudited 31 March 2009 AED '000	Unaudited 31 March 2008 AED '000
		-----	-----
(Loss) / Profit for the period		(441)	14,393
 Other comprehensive Income:			
Net change in fair value of AFS investments		(74)	(4,071)
		-----	-----
Total comprehensive income		(515)	10,322
		=====	=====

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EMIRATES INTERNATIONAL SECURITIES LLC

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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 2008	30,000	9,500	19,134	249,076	307,710
Total comprehensive income	-	-	(4,071)	14,393	10,322
	-----	-----	-----	-----	-----
Balance at 31 March 2008	30,000	9,500	15,063	263,469	318,032
	=====	=====	=====	=====	=====
Balance at 1 January 2009	30,000	12,133	814	272,765	315,712
Directors' Fees				(1,250)	(1,250)
Total comprehensive income	-	-	(74)	(441)	(515)
	-----	-----	-----	-----	-----
Balance at 31 March 2009	30,000	12,133	740	271,074	313,947
	=====	=====	=====	=====	=====

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EMIRATES INTERNATIONAL SECURITIES LLC

**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009 (UNAUDITED)**

	31 March 2009 AED '000	31 March 2008 AED '000
	-----	-----
Cash flows from operating activities		
(Loss) / Profit for the period	(441)	14,393
Adjustments:		
Change in fair value of current investments	(384)	395
Allowance for impairment losses	60	-
Depreciation charged	168	959
	-----	-----
	(597)	15,747
Change in investment securities	-	(758)
Change in unsettled trade debtors	25,907	(53,701)
Change in other receivables	237	155
Change in due from Holding Company	(25,314)	39,449
Change in unsettled trade creditors	-	(5)
Change in other payables	1,395	(1,077)
	-----	-----
Net cash flows from operating activities	1,628	(190)
	-----	-----
Cash flows from investing activity		
Acquisition of plant and equipment	(388)	(988)
	-----	-----
Cash used in investing activity	(388)	(988)
	-----	-----
Cash flows from financing activity		
Director's Fee	(1,250)	-
	-----	-----
Cash used in financing activity	(1,250)	-
	-----	-----
Net movement in cash and cash equivalents	(10)	(1,178)
	-----	-----
Cash and cash equivalents at the beginning of the period	5,726	4,369
	-----	-----
Cash and cash equivalents at the end of the period	5,716	3,191
	=====	=====

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EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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 THREE MONTHS ENDED 31 MARCH 2009

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 31 March 2009 AED '000 -----	AUDITED 31 December 2008 AED '000 -----
Equity securities :		
Non-Current:		
Available-for-sale (refer note below)	4,750	4,824
Current:		
Held for trading	4,307	3,923
	-----	-----
	9,057	8,747
	=====	=====

EMIRATES INTERNATIONAL SECURITIES LLC

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6 Investment securities (continued)

Included in available-for-sale are:

- a) AED 4,552,252 (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 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 31 March 2009 AED '000	AUDITED 31 December 2008 AED '000
Customer receivables	270,290	296,197
Less: allowance for impairment loss	(12,328)	(12,268)
	257,962	283,929
	=====	=====

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

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 2009 AED '000	AUDITED 31 December 2008 AED '000
Due from Holding Company	42,278	16,964
Due from key management personnel (included in unsettled trade debtors)	2,510 =====	26,050 =====
	UNAUDITED 31 March 2009 AED '000	UNAUDITED 31 March 2008 AED '000
Insurance premium paid to associate of Holding Company	130	112
Call center charges paid to a fellow subsidiary of the Holding company	12 =====	39 =====

9 Other income

	UNAUDITED 31 March 2009 AED '000	UNAUDITED 31 March 2008 AED '000
Change in fair value of Fair Value through Profit and Loss investments	384	(395)
Interest income (net)	3,381 ----- 3,765 =====	3,804 ----- 3,409 =====

EMIRATES INTERNATIONAL SECURITIES LLC

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009

10 Contingent liabilities

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

11 Capital commitments

The company entered into a commitment towards developing a programme to facilitate "Custody Trades" via tradenet for AED 36,750 (2008 :AED 36,750). The work will be completed in 2009.

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.