

DUBAI FINANCIAL MARKET (DFM) - (PJSC)
DUBAI - UNITED ARAB EMIRATES

**INTERIM FINANCIAL INFORMATION AND
REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2007
TO MARCH 31, 2007**

Dubai Financial Market (DFM) - (PJSC)
Dubai - United Arab Emirates

Interim Financial Information and Review Report
For the Period from January 1, 2007 to March 31, 2007

Table of Contents

	<u>Page</u>
Review Report	1
Interim Balance Sheet	2
Interim Income Statement	3
Interim Statements of Changes in Shareholders' Equity	4
Interim Cash Flow Statement	5
Notes to the Interim Financial Information	6 - 27

Report on Review of Interim Financial Information

**To the Board of Directors
Dubai Financial Market (DFM) – (PJSC)
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying interim balance sheet of **Dubai Financial Market (DFM) – (PJSC), Dubai**, (the “Company”) as of March 31, 2007 and the related interim statements of income, changes in shareholders’ equity and cash flows for the three months period then ended, and the summary of significant accounting policies and other explanatory notes. Management of the Company is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting (“IAS 34”)’. 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 does not present fairly, in all material respects, the financial position of **Dubai Financial Market (DFM) – (PJSC), Dubai** as of March 31, 2007 and its financial performance and its cash flows for the three months period then ended in accordance with IAS 34.

Emphasis of matter

As presented in Note 14 of the interim financial information the Company acquired all the assets and liabilities of Dubai Financial Market (DFM), a government entity, as of January 1, 2007 as a contribution in kind by the Government of Dubai towards the capital of AED 8,000,000,000.

As of March 31, 2007, the Company had not determined the fair value of the net assets acquired and is in the process of completing the necessary procedures to obtain an independent evaluation in the near future to determine the fair value of the net assets acquired including intangible assets and others, if any. The management has estimated, provisionally, the initial components of the intangible assets and others and amortized them over their estimated useful lives subject to the final evaluation by an accredited independent party.

Deloitte & Touche

**Dubai
April 23, 2007**

**Anis F. Sadek
(Registration No. 521)**

Interim Balance Sheet
As of March 31, 2007
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2007</u>
ASSETS		
Current assets		
Cash and bank balances	5	68,981,769
Islamic investment deposits	6	2,070,643,184
Prepaid expenses and other receivables	7	<u>32,460,718</u>
Total current assets		<u>2,172,085,671</u>
Non-current assets		
Intangible assets and others (provisional)	14	5,802,728,202
Property and equipment	8	27,875,191
Other financial assets	9	<u>680,139,216</u>
Total non-current assets		<u>6,510,742,609</u>
Total Assets		8,682,828,280 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Payables and accrued expenses	10	107,138,899
Due to a related party	11	<u>48,500,000</u>
Total current liabilities		<u>155,638,899</u>
Non-current liabilities		
Provision for employees' end of service indemnity	12	<u>1,251,701</u>
Total Liabilities		<u>156,890,600</u>
Shareholders' Equity		
Share capital	13 (a)	8,000,000,000
Employees' performance share program	13 (b)	(55,863,936)
Net initial public offering income	15	31,608,088
Investments revaluation reserve	9	(12,658,860)
Retained earnings		<u>562,852,388</u>
Total Shareholders' Equity		<u>8,525,937,680</u>
Total Liabilities and Shareholders' Equity		8,682,828,280 =====

The accompanying notes form an integral part of these interim financial information.

The interim financial information on pages 2 to 27 were approved and signed by the Chairman, on behalf of the Board of Directors, on April 23, 2007.

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Interim Income Statement
For the Period from January 1, 2007 to March 31, 2007
(In Arab Emirates Dirhams)

	Note	Period from January 1, 2007 to March 31, 2007
Revenues		
Trading commission fees	16	92,655,488
Brokers’ fees	16	4,990,405
Ownership transfer and mortgage fees	16	1,535,640
Other fees	16	<u>352,576</u>
Operating income		99,534,109
Investment revenue	17	36,471,858
General and administrative expenses	19	(14,380,078)
Amortization of intangible assets and others	14	<u>(26,800,000)</u>
Net profit for the period before initial public offering returns		94,825,889
Initial public offering returns	18	<u>468,026,499</u>
Net profit for the period		562,852,388 =====
Earning per share in - AED	20	0.0708 =====

The accompanying notes form an integral part of these interim financial information.

Dubai Financial Market (DFM) - (PJSC)
Dubai -United Arab Emirates

4

Interim Statement of Changes in Shareholders' Equity
For the Period from January 1, 2007 to March 31, 2007
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Employees' performance share program</u>	<u>Net initial public offering income</u>	<u>Investments revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Authorized share capital during the period	8,000,000,000	-	-	-	-	8,000,000,000
Employees' performance share program	-	(55,863,936)	-	-	-	(55,863,936)
Net initial public offering income	-	-	31,608,088	-	-	31,608,088
Loss on revaluation of investments available for sale recognised directly in equity	-	-	-	(12,658,860)	-	(12,658,860)
Net income recognised directly in shareholders' equity	-	-	31,608,088	(12,658,860)	-	18,949,228
Net profit for the period from January 1, 2007 to March 31, 2007	-	-	-	-	562,852,388	562,852,388
Total recognised income	-	-	-	-	562,852,388	562,852,388
Balance as of March 31, 2007	8,000,000,000 =====	(55,863,936) =====	31,608,088 =====	(12,658,860) =====	562,852,388 =====	8,525,937,680 =====

The accompanying notes form an integral part of these interim financial information.

Cash Flow Statement

For the Period from January 1, 2007 to March 31, 2007
(In Arab Emirates Dirhams)

	Period from January 1, 2007 to March 31, 2007
Cash flows from operating activities	
Net profit for the period	562,852,388
Adjustments for:	
Depreciation of property and equipment	1,886,482
Provision for employees' end of service indemnity	110,937
Amortization of intangible assets and others	26,800,000
Gain on sale of investments recognised in income statement	(322,920)
Initial public offering returns	(468,026,499)
Operating profit before changes in operating assets and liabilities	123,300,388
Increase in prepaid expenses and other receivables	(14,965,885)
Decrease in payables and accrued expenses	(72,685,244)
Net receipt from Dubai Government	559,027,976
Net cash generated from operating activities	594,677,235
Cash flows from investing activities	
Proceeds from sale of other financial assets	15,019,558
Increase in other financial assets	(149,952,800)
Purchase of property and equipment	(1,567,202)
Islamic investment deposits	(213,001,594)
Net cash used in investing activities	(349,502,038)
Cash flows from financing activities	
Initial public offering returns	468,026,499
Net initial public offering income	31,608,088
Net cash generated from financing activities	499,634,587
Net increase in cash and cash equivalents	744,809,784
Cash and cash equivalents, transferred from the acquisition of Dubai Financial Market (Note 14)	581,813,575
Cash and cash equivalents, end of period (Note 21)	1,326,623,359

The accompanying notes form an integral part of these interim financial information.

Notes to the Interim Financial Information
For the Period from January 1, 2007 to March 31, 2007

1. Establishment and operations

Dubai Financial Market (DFM) – (PJSC) (the “Company”) is a public joint stock company incorporated in Emirates of Dubai – United Arab Emirates pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on February 6, 2007 and is subject to the provision of the UAE Federal law No. 8 for the year 1984 and its amendments. The Company listed its shares on the Dubai Financial Market (DFM) on March 7, 2007.

The Company acquired all the assets, liabilities, and operations of Dubai Financial Market (a wholly owned entity by Dubai Government), (Note 13 and 14) as of January 1, 2007, as a contribution for the kind for the Government of Dubai full share holding in the Company representing AED 8,000,000,000.

Twenty percent (20%) of the Company’s shares were offered for public subscription in November 2006, the remaining 80% of the shares are owned by Dubai Government (Note 13 and 14).

The principle activities of the Company are financial instruments bidding, acting as commercial, industrial and agricultural holding and trust company, financial investment consultancies, and local and foreign shares and bonds brokers. The Company complies in all its activities and operation and formalities with the provision of the sharia’a and shall invest its entire fund in accordance with these provisions.

The registered address of the Company is Dubai World Trade Center – Bur Dubai, Sheikh Zayed Road, P.O. Box 9700.

2. Adoption of new and revised International Financial Reporting Standards

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2007, and which include International Accounting Standard 1 (IAS1) (Amendment) – Capital disclosure and International Financial Reporting Standard 7 (IFRS 7) – Financial Instruments Disclosure.

Notes to the Interim Financial information - continued
For the Period from January 1, 2007 to March 31, 2007

2. Adoption of new and revised International Financial Reporting Standards
(continued)

At the date of authorization of these financial information, the following Standards and Interpretations were in issue but not yet effective:

IFRS 8 *Operating Segments* - effective January 1, 2009

IFRS 8 replaces IAS 14 *Segment Reporting*. It extends the scope of segment reporting to include entities that hold assets in a fiduciary capacity for a broad group of outsiders as well as entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets.

IFRIC 11 *IFRS-2: Group Treasury Shares Transactions* - effective for periods beginning March 1, 2007.

IFRIC 12 *Service Concession Arrangements* - effective for periods beginning January 1, 2009.

The management anticipates that the adoption of these Standards and Interpretations (where applicable) in future periods will have no material impact on the financial information of the Company.

3. Significant accounting policies

Statement of compliance

The financial information have been prepared in accordance with International Accounting Standard 34 (IAS 34). These financial information are presented in United Arab Emirates Dirham (AED) since that is the currency of the country in which the Company is domiciled.

Basis of preparation

The financial information have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value. The principle accounting policies are set below:

Intangible assets

Intangible assets arising on business combinations are recognized only if all of the following conditions are met:

- the assets can be identified,
- it is probable that the asset will generate future economic benefits; and
- the fair value of the asset can be reliably measured.

Intangible assets are amortised on a straight-line basis over the estimated period of benefit.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of a Company entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue recognition

Trading commission fees, ownership transfer and mortgage fees are recognized on the date of transaction in the market.

Brokers' license fees are recognised on the date of granting the license and are recognised on a life time proportion basis.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Return on Islamic investment deposits

Return on Islamic investment deposits are recognised based on the expected minimum rate of return specified in the investment agreement on time proportion basis, and reconciled to actual on maturity date.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in shareholders' equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in shareholders' equity.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged so as to write off the cost of assets other than work-in-progress, over their estimated useful lives, using the straight-line method.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets

At each balance sheet date, Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when Company has a present obligation (legal or constructive) as a result of a past event, it is probable that Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Provisions – continued

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial assets

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Financial assets - continued

Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in income statement. The net gain or loss recognised in income statement incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in shareholders' equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in income statement for the period.

Dividends on AFS equity instruments are recognised in income statement when the Company's right to receive payments is established.

Managed funds are initially recorded at cost and at each balance sheet date re-measured according to net assets value determined by fund manager.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Financial assets - continued

Fair values

For investments traded in organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows, or the underlying net asset base of the investment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in income statement.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in shareholders' equity.

Provision for employees' end of service indemnity

Provision for expatriates employees' end of service indemnity is made in accordance with the UAE labour laws, and is based on current basic remuneration and cumulative years of service at the balance sheet date.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

3. Significant accounting policies (continued)

Defined contribution plan

UAE National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labor Law No. 7 of 1999, the Company is required to contribute 15% of the “contribution calculation salary” of UAE payroll costs to the retirement benefit scheme to fund the benefits. The employees are also required to contribute 5% of the “contribution calculation salary” to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the net profit or loss for the period.

Financial instruments

Financial assets, financial liabilities and equity instruments are recognized on the Company’s balance sheet when the Company has become a party to the contractual provisions of the instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade receivables

Trade receivables are measured at their fair value. Appropriate allowances for estimated irrecoverable amounts are recognized in income statement when there is objective evidence that the asset is impaired.

Trade payables

Trade payables are measured at fair value.

Due to related parties

Due to related parties are measured at their fair value.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, banks’ current accounts, saving and time deposits with an original maturity of three months or less at date of placement and other short term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3 to the interim financial information, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying Company's accounting policies

The following are the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in financial information.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as FVTPL - held for trading or held-to-maturity or available-for-sale.

Management classifies investments as FVTPL – held for trading if they are acquired primarily for the purpose of making a short term profit by the dealers. Investments are designated as being held-to-maturity if management has the positive intention and ability to hold to maturity.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models.

Impairment of financial assets

Management determines whether available for sale equity financial assets are impaired when there has been a significant or prolonged decline in their fair value below cost. This determination of what is significant or prolonged requires judgment. In making this judgment and to record whether an impairment occurred, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

4. Critical accounting judgments and key sources of estimation uncertainty
(continued)

Critical judgments in applying Company's accounting policies - continued

Impairment of assets values

At each balance sheet date, the management reviews the assets values to determine that their book values have not exceeded amounts recoverable from them. The management estimates the recoverable amount of various assets individually or based on the cash generating unit to which the individual asset belongs.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Intangible assets

The management estimated the initial components of the intangible assets which arose from government contribution in kind to the share capital of the Company as follow:

Sole operating rights amounting to AED 2 billions amortized over a period of 35 years.
Trade name and trademark amounting to AED 1 billion amortized over a period of 20 years.

Depreciation of property and equipment

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

At each balance sheet date, the management conducts a detailed review of receivable balances, an allowance for doubtful debts is established based on this review, management experience and prevailing economic conditions.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

5. Cash and bank balances

	March 31, 2007 AED
Cash on hand	25,409
Bank balances:	
Current accounts	597,297
Saving account (Dubai Islamic Bank) and (Emirate Islamic Bank)	2,179,374
Mudarabah accounts (National Bank of Dubai)	<u>66,179,689</u>
	68,981,769 =====

The expected rate of return on the saving and the Mudarabah accounts vary between 3% to 3.47% per annum.

6. Islamic investment deposits

	March 31, 2007 AED
Islamic investment deposits (Mudarabah) maturing in less than 3 months from the date of deposit	1,257,641,590
Islamic investment deposits maturing in more than 3 months from the date of deposit but before March 31, 2008	<u>813,001,594</u>
	2,070,643,184 =====

Expected returns on these investments range from 4.95% to 6.2% per annum.

7. Prepaid expenses and other receivables

	March 31, 2007 AED
Due from brokers	4,411,021
Accrued revenue on Islamic investments	22,608,602
Accrued trading commission fees	2,814,053
Prepayments and other receivables	<u>2,627,042</u>
	32,460,718 =====

As of March 31, 2007 prepaid expenses and other receivable do not comprise any asset with a value in excess of fair value.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

8. Property and equipment

	Computers and information system AED	Leasehold improvements AED	Furniture and office equipment AED	Motor vehicles AED	Work-in- progress AED	Total AED
Cost						
Balance transferred from the acquisition of Dubai Financial Market (Note 14)	38,235,851	9,331,985	9,138,901	284,600	7,403,179	64,394,516
Additions	1,325,521	-	10,100	-	231,581	1,567,202
Transfers	<u>546,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(546,244)</u>	<u>-</u>
At March 31, 2007	<u>40,107,616</u>	<u>9,331,985</u>	<u>9,149,001</u>	<u>284,600</u>	<u>7,088,516</u>	<u>65,961,718</u>
Accumulated depreciation						
Balance transferred from the acquisition of Dubai Financial Market (Note 14)	23,049,019	8,053,226	4,849,040	248,760	-	36,200,045
Charge for the period	<u>1,342,827</u>	<u>108,187</u>	<u>432,280</u>	<u>3,188</u>	<u>-</u>	<u>1,886,482</u>
At March 31, 2007	<u>24,391,846</u>	<u>8,161,413</u>	<u>5,281,320</u>	<u>251,948</u>	<u>-</u>	<u>38,086,527</u>
Carrying amount						
At March 31, 2007	<u>15,715,770</u> =====	<u>1,170,572</u> =====	<u>3,867,681</u> =====	<u>32,652</u> =====	<u>7,088,516</u> =====	<u>27,875,191</u> =====

Property and equipment other than work-in-progress are depreciated over their estimated useful lives of 4 years.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

9. Other financial assets

	Balance transferred from acquisition of Dubai Financial Market Note 14 AED	Additions AED	Disposals AED	Change in fair value AED	Total AED
<i>Available-for-sale investments</i>					
Investments in securities	44,080,404	-	-	(3,604,961)	40,475,443
Managed funds (i)	513,461,510	-	(14,696,638)	(9,053,899)	489,710,973
Islamic financial notes (ii)	-	149,952,800	-	-	149,952,800
Total	557,541,914	149,952,800	(14,696,638)	(12,658,860)	680,139,216
	=====	=====	=====	=====	=====

(i) This amount represents investment managed by Dubai Investments Group L.L.C.

(ii) This amount represents payments on March 26, and 27 against investments in financial notes starting from April 4 and 7, 2007.

As of March 31, 2006, available for sales investment were re-measured at fair value. Loss amounting to AED 12 million arising from the changes in fair value were recognized directly in shareholders' equity.

10. Payables and accrued expenses

	March 31, 2007 AED
Brokers deposits	75,919,177
Due to Financial Securities and Commodities Authority	14,800,688
Creditors	1,679,257
Payable to general pension and social security	341,580
Unearned revenue	11,558,903
Accrued expenses and other payables	2,839,294
	107,138,899
	=====

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

10. Payables and accrued expenses (continued)

Movement in the amount payable to general pension and social security is as follows:

	March 31,
	2007
	AED
Balance, transferred from acquisition of Dubai Financial Market (Note 14)	305,428
Amounts charged to income statement	712,365
Amounts deducted from National employees	237,870
Amounts paid during the period	(914,083)
Balance at end of the period	341,580
	=====

The balance pertaining to National employees’ pension and social security benefits scheme was computed at the rate of 20% of ‘contribution calculation salaries’ for the total service period with the Government, including the service period prior to joining of Company.

11. Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard No.24. Related parties comprise companies under common ownership and/or common management and control and key management personnel.

At the balance sheet date, due to a related party were as follows:

	March 31,
	2007
	AED
Dubai Government	48,500,000
	=====

As per the initial public offering prospectus, 20% of the share capital par value amounted to AED 1,600,000,000 which was offered for public subscription by Dubai Government. This amount was deposited in the Company’s bank accounts and partly paid to the Government, while the remaining balance appears as due to Dubai Government.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

11. Related party transactions (continued)

The nature of significant related party transactions and amounts involved were as follows:

	Period from January 1, 2007 to March 31, 2007 ===== AED
Rent and service expense - Dubai World Trade Center	1,166,512 =====

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Period from January 1, 2007 to March 31, 2007 ===== AED
Short-term benefits	806,229
General pension and social security	34,526 =====

12. Provision for employees' end of service indemnity

	March 31, 2007 ===== AED
Balance, transferred from the acquisition of Dubai Financial Market (Note 14)	1,140,764
Charged to income statement	110,937 =====
	1,251,701 =====

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

13. Share capital

- a) The Company's share capital comprise of AED 8 billion divided into 8 billion shares of AED 1 per share. The founders shareholders subscribed in kind in all the 8 billion shares through transferring the ownership of the assets, liabilities and the operation of Dubai Financial Market (a wholly owned entity by Dubai Government) which were evaluated by a certified evaluator for a total amount that range between AED 7,619 billion and AED 8,151 billion as of December 31, 2005.

The key assumption of the valuation was:

1. The value traded will decrease by 26% in 2006 as compared to 2005, and then grow at a year to year rate of 20% in 2007 and 2008 and at a rate of 10% in 2009 and 2010.
2. The commission charges on value traded will remain at 0.1% of traded value each side to both buyer and the seller (total commission earned per transaction equalling 0.2% of transaction value) in the future.

20% of the Company's share capital was sold by Dubai Government through public subscription 1.6 million shares in November 2006.

- b) The Company subscribed 54,236,831 shares from its shares for the purpose of the future employees' performance share programme for a total cost of AED 1.03 per share which comprises incorporation expenses.

14. Acquisition Dubai Financial Market

The Company acquired all the assets, liabilities, and operations of Dubai Financial Market (a wholly owned entity by Dubai Government), (Note 13 and 14) as of January 1, 2007, as a contribution for the kind for the Government of Dubai full share holding in the Company representing AED 8,000,000,000.

The Company did not compute the fair value of Dubai Financial Market assets and liabilities as of today and accordingly the fair value of the intangible assets and others were not computed. The difference between the acquisition value (AED 8,000,000,000) and the carrying amount of Dubai Financial Market net assets, was booked as provisional intangible assets and others, subject to final evaluation of the fair value from independent evaluator for these assets and its components (if any), as allowed by the International Financial Reporting Standards (IFRS 3) for a maximum period of 12 months from acquisition date.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

14. Acquisition Dubai Financial Market (continued)

The net assets acquired and the intangible assets and others (provisional) resulted from this acquisition are as follows:

<u>Net assets acquired</u>	<u>Net carrying value acquired AED</u>
Property and equipment	28,194,471
Other financial assets	557,541,914
Due from related parties	566,391,912
Prepaid expenses and other receivables	17,494,833
Islamic investment deposits	600,000,000
Cash and cash equivalents	581,813,575
Provision for employees' end of service indemnity	(1,140,764)
Payables and accrued expenses	(179,824,143)
	2,170,471,798
Intangible assets and others (provisional) - (Note 4)	<u>5,829,528,202</u>
Share capital of the Company	8,000,000,000
	=====

The management of the Company has temporarily estimated the components of these intangible assets and others and amortized them over their estimated useful lives subject to the final evaluation certified by an independent evaluator.

	<u>AED</u>
Intangible assets and others (provisional)	5,829,528,202
Amortization of intangible assets and others	(26,800,000)
	5,802,728,202
	=====

15. Net initial public offering income

	<u>AED</u>
Initial public offering income collected amounting to AED 0.03 for each share	48,000,000
Less: Incorporation expenses incurred	(16,391,912)
	31,608,088
	=====

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

16. Revenue

	Period from January 1, 2007 to February 5, 2007 <u>AED</u>	Period from February 6, 2007 to March 31, 2007 <u>AED</u>	<u>Total</u> <u>AED</u>
Trading commission fees	36,209,275	56,446,213	92,655,488
Brokerage fees	2,126,911	2,863,494	4,990,405
Ownership transfer and mortgage fees	530,390	1,005,250	1,535,640
Other fees	<u>113,982</u>	<u>238,594</u>	<u>352,576</u>
	<u>38,980,558</u> =====	<u>60,553,551</u> =====	<u>99,534,109</u> =====

These information comprise the result of operations related to the period from January 1, 2007 to February 5, 2007 as it relates to the Company during its incorporation.

17. Investment revenue

	Period from January 1, 2007 to February 5, 2007 <u>AED</u>	Period from February 6, 2007 to March 31, 2007 <u>AED</u>	<u>Total</u> <u>AED</u>
Return on Islamic investment deposits	18,777,415	17,371,523	36,148,938
Gain on sales of available for investments	<u>-</u>	<u>322,920</u>	<u>322,920</u>
	<u>18,777,415</u> =====	<u>17,694,443</u> =====	<u>36,471,858</u> =====

These information comprise the result of operations related to the period from January 1, 2007 to February 5, 2007 as it relates to the Company during its incorporation.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

18. Initial public offering returns

As per the prospectus, 20% of the share capital par value amounted to AED 1,600,000,000 was offered for public subscription for the credit of Dubai Government. The returns received from banks, in relation to the collecting banks investment of the cash collected during the subscription, were booked as income to the Company.

19. General and administrative expenses

	Period from January 1, 2007 to February 5, 2007 <u>AED</u>	Period from February 6, 2007 to March 31, 2007 <u>AED</u>	<u>Total</u> <u>AED</u>
Payroll and other benefits	2,610,056	5,589,678	8,199,734
Rents	423,964	742,548	1,166,512
Depreciation of property and equipment	716,879	1,169,603	1,886,482
Professional expenses	576,224	970,714	1,546,938
Other general and administrative expenses	<u>294,249</u>	<u>1,286,163</u>	<u>1,580,412</u>
	<u>4,621,372</u>	<u>9,758,706</u>	<u>14,380,078</u>
	=====	=====	=====

These information comprise the result of operations related to the period from January 1, 2007 to February 5, 2007 as it relates to the Company during its incorporation.

20. Earning per share

	<u>March 31,</u> <u>2007</u> <u>AED</u>
Net profit for the period	562,852,388
	=====
Authorized share capital	8,000,000,000
Less: Employees' performance share programme	(<u>54,236,831</u>)
Issued share capital	7,945,763,169
	=====
Earning per share – AED	<u>0.0708</u>
	=====

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

21. Cash and cash equivalents

	March 31, 2007 AED
Cash on hand	25,409
Bank balances:	
Current accounts	597,297
Saving accounts	2,179,374
Mudarabah accounts	66,179,689
Islamic investment deposits maturing in less than 3 months from the date of deposit (Note 6)	1,257,641,590
	1,326,623,359
	=====

22. Commitments for expenditure

	March 31, 2007 AED
Commitments for the purchase of property and equipment	6,801,018
	=====

23. Financial instruments

The Company’s activities expose it to a variety of financial risk, credit risk, liquidity risk, exchange rate risk and price risk. The Company’s overall risk management programme focuses on the unpredictability of financial market and seeks to minimize the potential adverse effects on the Company’s financial performance.

Interest rate risk

At March 31, 2007, the Company exposure to interest rate risk relates to its bank’s saving accounts.

Notes to the Interim Financial Information - continued
For the Period from January 1, 2007 to March 31, 2007

23. Financial instruments (continued)

Credit risk

Financial assets, which potentially expose the Company to concentrations of credit risk are cash and cash equivalent, and Islamic investment deposits held with banks and financial institutions.

The credit risk on liquid fund is limited because the counterparties are banks and financial institution with high credit-ratings assigned by international credit-rating agencies.

Exchange rate risk

At the balance sheet date, there are no significant exchange rate risks as substantially all the financial assets and liabilities are denominated in UAE Dirhams or U.S. Dollars to which Dirham is fixed.

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sales. To manage its price risk arising from investments in equity securities the Company diversifies its portfolio.

The Company's equity investments are publicly traded and are listed in the following financial market:

Dubai Financial Market (DFM), Abu Dhabi Stock Exchange

Liquidity risk

Liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The Company is not exposed to liquidity risk as of March 31, 2007.