

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

**INTERIM CONDENSED FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2008
TO MARCH 31, 2008**

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

Interim Condensed Financial Information and Review Report
For the Period from January 1, 2008 to March 31, 2008

Table of Contents

	<u>Page</u>
Independent Auditor's Review Report	1
Interim Condensed Balance Sheet	2
Interim Condensed Income Statement	3
Interim Condensed Statement of Changes in Shareholders' Equity	4
Interim Condensed Cash Flow Statement	5
Notes to the Interim Condensed Financial Information	6 - 13

Report on Review of Interim Condensed Financial Information

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

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Dubai Financial Market (DFM) – (PJSC)**, (the “Company”), **Dubai, United Arab Emirates** as at March 31, 2008 and the related interim condensed statements of income, changes in equity and cash flows for the three month period then ended and accompanying notes. Management of the Company is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard No. 34 – Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

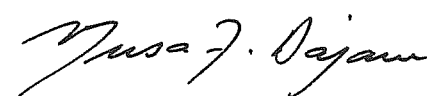
We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34.

**Dubai
April 14, 2008**

Deloitte & Touche


Musa F. Dajani
(Registration No. 323)

Interim Condensed Balance Sheet
As of March 31, 2008
(In Thousand Arab Emirates Dirhams)

	<u>Note</u>	<u>March 31,</u> <u>2008</u> <u>(Un-audited)</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u>
ASSETS			
Current assets			
Cash and bank balances	3	487,246	154,924
Islamic investment deposits	4	1,719,802	2,158,252
Prepaid expenses and other receivables		68,670	56,214
Other financial assets	5	509,211	490,550
Due from a related party	6	1,262	1,097
Total current assets		2,786,191	2,861,037
Non-current assets			
Other financial assets	5	1,473,843	1,295,769
Property and equipment		315,786	312,714
Intangible assets	7	2,855,835	2,874,800
Goodwill		2,878,874	2,878,874
Total non-current assets		7,524,338	7,362,157
Total Assets		10,310,529	10,223,194
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accrued expenses		141,731	288,832
Due to a related party	6	48,500	48,500
Accrued dividends	12	794,576	-
Total current liabilities		984,807	337,332
Non-current liabilities			
Provision for employees' end of service indemnity		2,082	1,958
Deferred income - Government grant	6	280,000	280,000
Total non-current liabilities		282,082	281,958
Total Liabilities		1,266,889	619,290
Shareholders' Equity			
Share capital	9 (a)	8,000,000	8,000,000
Treasury shares	9 (b)	(55,864)	(55,864)
		7,944,136	7,944,136
Net initial public offering surplus		31,608	31,608
Investments revaluation reserve	10	108,489	188,553
Statutory and other reserves	10	431,883	431,883
Retained earnings		527,524	1,007,724
Total Shareholders' Equity		9,043,640	9,603,904
Total Liabilities and Shareholders' Equity		10,310,529	10,223,194

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

The interim condensed financial information on pages 2 to 13 were approved and signed by the Chairman, on behalf of the Board of Directors, on April 14, 2008.




Interim Condensed Income Statement (Un-audited)
For the period from January 1, 2008 to March 31, 2008
(In Thousand Arab Emirates Dirhams)

	<u>Note</u>	For the three-months period ended March 31,	
		<u>2008</u>	<u>2007</u>
Revenue			
Trading commission fees		258,955	92,655
Brokerage fees		5,200	4,990
Ownership transfer and mortgage fees		6,092	1,536
Other fees		<u>2,686</u>	<u>353</u>
Operating income		272,933	99,534
Investment revenue		94,266	36,472
Loss from revaluation of investments in marketable securities held for trading		(15,736)	-
General and administrative expenses		(18,122)	(14,380)
Amortization of intangible assets	7	(<u>18,965</u>)	(<u>26,800</u>)
Net profit for the period before initial public offering income		314,376	94,826
Initial public offering income		<u>-</u>	<u>468,026</u>
Net profit for the period		<u>314,376</u>	<u>562,852</u>
 Earning per share - AED	 11	 <u>0.0395</u>	 <u>0.0708</u>

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

Interim Condensed Statement of Changes in Shareholders' Equity
For the period from January 1, 2008 to March 31, 2008
(In Thousand Arab Emirates Dirhams)

	Share capital	Treasury shares	Net initial public offering surplus	Investments revaluation reserve	Statutory and other reserves	Retained earnings	Total
Authorized share capital during the period	8,000,000	-	-	-	-	-	8,000,000
Treasury shares	-	(55,864)	-	-	-	-	(55,864)
8,000,000	8,000,000	(55,864)	-	-	-	-	7,944,136
Net initial public offering surplus	-	-	31,608	-	-	-	31,608
Loss from revaluation of available for sale investments	-	-	-	(12,659)	-	-	(12,659)
Gross loss recognized directly in shareholders' equity	-	-	31,608	(12,659)	-	-	18,949
Net profit for the period from January 1, 2007 to March 31, 2007	-	-	-	-	-	562,852	562,852
Total recognized income	-	-	31,608	(12,659)	-	562,852	581,801
Balance as of March 31, 2007	8,000,000	(55,864)	31,608	(12,659)	-	562,852	8,525,937
Balance as of January 1, 2008	8,000,000	(55,864)	31,608	188,553	431,883	1,007,724	9,603,904
Loss from revaluation of available for sale investments	-	-	-	(80,064)	-	-	(80,064)
Gross loss recognized directly in shareholders' equity	-	-	-	(80,064)	-	-	(80,064)
Net profit for the period from January 1, 2008 to March 31, 2008	-	-	-	-	-	314,376	314,376
Total recognized income	-	-	-	(80,064)	-	314,376	234,312
Dividends during the period (Note 12)	-	-	-	-	-	(794,576)	(794,576)
Balance as of March 31, 2008	8,000,000	(55,864)	31,608	108,489	431,883	527,524	9,043,640

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

Interim Condensed Cash Flow Statement (Un-audited)
For the period from January 1, 2008 to March 31, 2008
(In Thousand Arab Emirates Dirhams)

	For the three-months period ended March 31,	
	2008	2007
Cash flows from operating activities		
Net profit for the period	314,376	562,852
Adjustments for:		
Depreciation of property and equipment	3,293	1,886
Provision for employees' end of service indemnity	134	111
Amortization of intangible assets	18,965	26,800
Gain on available for sale of investments	(37,567)	(323)
Loss from revaluation of investment in marketable securities held for trading	15,735	-
Initial public offering returns	-	(468,026)
Operating profit before changes in operating assets and liabilities	314,936	123,300
Increase in prepaid expenses and other receivables	(12,456)	(14,966)
Decrease in payables and accrued expenses	(147,101)	(72,685)
Increase in due from a related party	(165)	-
Cash generated from operations	155,214	35,649
Employees' end of service indemnity paid	(10)	-
Net cash generated from operating activities	155,204	35,649
Cash flows from investing activities		
Proceeds from sale of other financial assets	280,757	15,020
Increase in other financial assets	(535,724)	(149,953)
Purchase of property and equipment	(6,365)	(1,567)
Islamic investment deposits	36,260	(213,002)
Net cash used in investing activities	(225,072)	(349,502)
Cash flows from financing activities		
Initial public offering income received	-	468,027
Net initial public offering surplus	-	31,608
Net receipt from Dubai Government	-	559,028
Net cash generated from financing activities	-	1,058,663
Net (decrease)/increase in cash and cash equivalents	(69,868)	744,810
Cash and cash equivalents at the beginning of the period	1,313,374	581,813
Cash and cash equivalents, end of period (Note 13)	1,243,506	1,326,623

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

Notes to the Interim Condensed Financial Information
For the period from January 1, 2008 to March 31, 2008

1. Establishment and operations

Dubai Financial Market (DFM) - PJSC (the “Company”) is a public joint stock company incorporated in the Emirate 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 provisions 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 licensed activities of the Company are trading in financial instruments, acting as commercial, industrial and agricultural holding and trust company, financial investment consultancy, and local and foreign shares and bonds brokerage. In accordance with its Articles of Association, the Company complies in all its activities, operations and formalities with the provisions of Islamic Sharia’a and shall invest its entire fund in accordance with these provisions.

The Company currently operates the Dubai stock exchange, related clearing house and carries out investment activities on its own behalf.

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

The shares owned by the Government of Dubai the ultimate controlling party are registered in the name of Borse Dubai Limited.

2. Significant accounting policies

Basis of preparation of the financial information

The interim condensed financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments which stated in fair value. These interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34: *International Financial Reporting*.

This interim condensed financial information is presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which Company is domiciled.

The accounting policies adopted are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2007 and the interim condensed financial information do not include all the information and disclosures and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

2. Significant accounting policies (continued)

For the purpose of these interim condensed consolidated financial information, the Company has adopted the revised and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the IFRIC that are relevant to its operations for the period beginning January 1, 2008. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Company.

(a) Estimates

The preparation of interim condensed financial information require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial information, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended December 31, 2007.

(b) 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 December 31, 2007.

3. Cash and bank balances

	March 31, 2008 AED'000 (Un-audited)	December 31, 2007 AED'000 (Audited)
Cash on hand	118	25
Bank balances:		
Current accounts	462	456
Mudarabah accounts	480,261	154,443
Saving accounts	<u>6,405</u>	<u>-</u>
	<u>487,246</u>	<u>154,924</u>

The expected rate of return on the saving and the Mudarabah accounts vary between 2% to 2.20% per annum (for the period from January 1, 2007 to March 31, 2007: between 3% to 3.47% per annum).

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

4. Islamic investment deposits

	March 31, 2008 AED'000 (Un-audited)	December 31, 2007 AED'000 (Audited)
Islamic investment deposits (Mudarabah) maturing in less than 3 months from the date of deposit	756,260	1,158,450
Islamic investment deposits maturing in more than 3 months from the date of deposit but before March 31, 2008	963,542	999,802
	<u>1,719,802</u>	<u>2,158,252</u>

As per the investment agreements, expected returns on these investments range from 4% to 6.15% per annum (for the period from January 1, 2007 to March 31, 2007: 4% to 6.3% per annum).

5. Other financial assets

	March 31, 2008 AED'000 (Un-audited)	December 31, 2007 AED'000 (Audited)
Current financial assets		
<i>Held for trading investments</i>		
Investments in marketable securities	<u>409,352</u>	<u>391,791</u>
<i>Available for sale investments</i>		
Islamic financial notes	<u>99,859</u>	<u>98,759</u>
	<u>509,211</u>	<u>490,550</u>
Non-current financial assets		
<i>Available for sale investments</i>		
Investments in marketable securities	653,401	543,771
Managed funds	820,442	700,511
Islamic financial notes	<u>-</u>	<u>51,487</u>
	<u>1,473,843</u>	<u>1,295,769</u>

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

6. 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 Party Disclosures*. Related parties comprise companies under common ownership and/or common management and control and key management personnel.

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

	March 31, 2008	December 31, 2007
	AED'000	AED'000
	(Un-audited)	(Audited)
Due from a related party		
<i>Parent company</i>		
Borse Dubai Limited	1,262	1,097
Due to a related party		
<i>Ultimate parent</i>		
Dubai Government	48,500	48,500
Deferred income - Government grant	280,000	280,000

During the year 2007, Government of Dubai (ultimate controlling party) granted the Company a plot of land to construct new premises. The land is still not yet registered in the name of the Company. An independent valuation of the land was performed by Dubai Properties L.L.C. to determine the fair market value.

As per the initial public offering prospectus, 20% of the share capital amounting to AED 1,600,000,000 was offered for public subscription for the credit of Dubai Government. This amount was deposited in the Company's bank accounts and partly paid to the Government, while the remaining balance of AED 48,500,000 appears as due to Dubai Government.

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

	For the three months period ended March 31,	
	2008	2007
	AED'000	AED'000
	(Un-audited)	(Un-audited)
Rent and service expense - Dubai World Trade Center	1,411	1,166

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

6. Related party transactions (continued)

Compensation of key management personnel

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

	For the three months period ended March 31,	
	2008	2007
	AED'000	AED'000
	(Un-audited)	(Un-audited)
Short-term benefits	443	806
General pension and social security	43	34

7. Intangible assets

The Company acquired Dubai Financial Market - a wholly owned entity of the Government of Dubai - effective on January 1, 2007 (the "Acquisition Date"). The consideration, amounting to AED 8 billion, was paid in shares of the Company's stock.

During the period from January 1, 2007 to March 31, 2007, the management estimated the initial components of intangible asset which arose from the Government contribution in kind to the share capital of the Company as follows:

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

Amortization of intangible assets for the period from January 1, 2007 to March 31, 2007 was AED 26.8 million based on the above estimation by management.

During July 2007, the Company engaged an independent valuer to "conduct and report on valuation analysis of identified material tangible assets of the Company for the purpose of determining the purchase price allocation of the identified intangible assets for compilation of IFRS compliant accounts". The following table sets forth the components of intangible assets associated with the acquisition at January 1, 2007 as reported by the evaluators in their report dated February 3, 2008 with useful life estimated by management:

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

7. Intangible assets (continued)

<u>Intangible asset</u>	<u>Fair value</u> <u>AED'000</u>	<u>Useful life</u>
License (Trade name)	2,824,455	50 years
Relationship with market participants (Brokers)	58,743	10 years
Historical Trading Database	67,456	5 years

Based on the above the amortization of the intangible assets for the period from January 1, 2008 to March 31, 2008 amounted to AED 18.9 million.

8. Capital commitments

	<u>March 31,</u> <u>2008</u> <u>AED'000</u> <u>(Un-audited)</u>	<u>December 31,</u> <u>2007</u> <u>AED'000</u> <u>(Audited)</u>
Commitments for the purchase of property and equipment	2,958	1,955

9. Share capital

- a) The Company's share capital comprise of AED 8 billion divided into 8 billion shares of AED 1 per share. The founder - shareholders subscribed in kind to the 8 billion shares through transferring the ownership of the assets, liabilities and the operation of Dubai Financial Market (an existing and wholly owned entity by Dubai Government).

20% of the Company's share capital was sold by Dubai Government through a public offering of 1.6 billion shares previously registered in the name of Dubai Government.

- b) The Company subscribed to 54,236,831 shares for the purpose of the future employees' performance share programme for a total cost of AED 1.03 per share which includes incorporation expenses. The shares will be re-issued and distributed to employees subject to shareholders approval in due course.

The Company has one class of ordinary share which carries no right for fixed income.

10. Reserves

Statutory reserve

In accordance with UAE Federal Companies Law Number 8 of 1984, as amended, the Company has established a statutory reserve by appropriation of 10% of its net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law.

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

10. Reserves (continued)

Special reserve

As per the Company's Articles of Association, 10% of the Company's annual net profit is to be allocated to special reserve until this reserve reaches 50% of the paid up capital.

General reserve

As per the Company's Articles of Association, 10% of the Company's annual net profit is to be allocated to general reserve until this reserve reaches 20% of the paid up capital.

This appropriation may be stopped by a Resolution of an Ordinary General Meeting in pursuance of the suggestion of the Board of Directors, or if it reaches the amount of 20% of the paid up capital of the Company. The reserve shall be utilized for purposes determined by the Ordinary General Meeting in pursuance of recommendations of Board of Directors.

Investments revaluation reserve

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

11. Earning per share

	For the three months period ended March 31,	
	2008	2007
	(Un-audited)	(Un-audited)
Net profit for the period - (AED'000)	314,376	562,852
Authorized share capital - ('000)	8,000,000	8,000,000
Less: Treasury shares - ('000)	(54,237)	(54,237)
Weighted average number of shares - (000's)	7,945,763	7,945,763
Earning per share - AED	0.0395	0.0708

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to March 31, 2008

12. Accrued dividends

Based on the results of the fiscal year ended December 31, 2007, members of board of directors proposed cash dividends of 10% of issued share capital, and this proposal was ratified by a resolution of the shareholders during the general assembly meeting held on March 25, 2008.

13. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in Islamic deposits maturing within three months from the date of the deposits. Cash and cash equivalents at the end of the financial period as shown in the cash flow statement, consists of the following:

	March 31, 2008 AED'000	March 31, 2007 AED'000
Cash on hand	118	25
Bank balances:		
Current accounts	462	599
Mudarabah accounts	480,261	66,179
Saving accounts	6,405	2,179
Islamic investment deposits maturing in less than 3 months from the date of deposit	<u>756,260</u>	<u>1,257,641</u>
	<u><u>1,243,506</u></u>	<u><u>1,326,623</u></u>

14. Comparative figures

Certain amounts for the prior period were reclassified to conform to current period presentation.