

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

**INTERIM CONDENSED FINANCIAL INFORMATION
AND REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2008
TO JUNE 30, 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 June 30, 2008

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Ref.:10343FS08-June

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 June 30, 2008 and the related interim condensed statements of income, changes in shareholders’ equity and cash flows for the six 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.

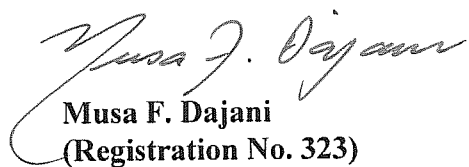
Scope of review

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.

Deloitte & Touche


Musa F. Dajani
(Registration No. 323)

**Dubai
July 10, 2008**

Interim Condensed Balance Sheet
As at June 30, 2008
(In Thousand Arab Emirates Dirhams)

	Note	June 30, 2008 (Un-audited)	December 31, 2007 (Audited)
ASSETS			
Current assets			
Cash and bank balances	3	183,120	154,924
Islamic investment deposits	4	1,679,802	2,158,252
Prepaid expenses and other receivables		90,279	56,214
Other financial assets	5	486,131	490,550
Due from a related party	6	2,488	1,097
Total current assets		2,441,820	2,861,037
Non-current assets			
Other financial assets	5	1,694,213	1,295,769
Property and equipment		314,165	312,714
Intangible assets	7	2,836,873	2,874,800
Goodwill		2,878,874	2,878,874
Total non-current assets		7,724,125	7,362,157
Total Assets		10,165,945	10,223,194
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables and accrued expenses		93,634	288,832
Due to a related party	6	48,500	48,500
Accrued dividends	12	346,414	-
Total current liabilities		488,548	337,332
Non-current liabilities			
Provision for employees' end of service indemnity		2,229	1,958
Deferred income - Government grant	6	280,000	280,000
Total non-current liabilities		282,229	281,958
Total Liabilities		770,777	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	214,565	188,553
Statutory and other reserves	10	431,883	431,883
Retained earnings		772,976	1,007,724
Total Shareholders' Equity		9,395,168	9,603,904
Total Liabilities and Shareholders' Equity		10,165,945	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 July 10, 2008.

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Issa Kazim
Chairman

Interim Condensed Income Statement (Unaudited)
For the period from January 1, 2008 to June 30, 2008
(In Thousand Arab Emirates Dirhams)

	Note	For the three-months period ended June 30,		For the six-months period ended June 30,	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue					
Trading commission fees		163,516	175,161	422,471	267,817
Brokerage fees		5,255	4,892	10,455	9,882
Ownership transfer and mortgage fees		9,061	5,195	15,153	6,747
Other fees		<u>2,894</u>	<u>634</u>	<u>5,580</u>	<u>971</u>
Operating income		<u>180,726</u>	<u>185,882</u>	<u>453,659</u>	<u>285,417</u>
Investment revenue		28,487	28,093	122,751	64,564
Gain from revaluation of investments in marketable securities held for trading		76,779	25,458	61,044	25,458
General and administrative expenses		(21,577)	(27,421)	(39,699)	(41,801)
Amortization of intangible assets	7	(<u>18,964</u>)	(<u>26,800</u>)	(<u>37,927</u>)	(<u>53,600</u>)
Net profit for the period before initial public offering income		245,451	185,212	559,828	280,038
Initial public offering income		<u>-</u>	<u>-</u>	<u>-</u>	<u>468,026</u>
Net profit for the period		<u>245,451</u>	<u>185,212</u>	<u>559,828</u>	<u>748,064</u>
Earning per share - AED	11	<u>0.031</u>	<u>0.023</u>	<u>0.070</u>	<u>0.094</u>

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

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

Interim Condensed Statement of Changes in Shareholders' Equity (Unaudited)

For the period from January 1, 2008 to June 30, 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	(55,864)	-	-	-	-	7,944,136
Net initial public offering surplus	-	-	31,608	-	-	-	31,608
Gain from revaluation of available for sale investments	-	-	-	25,931	-	-	25,931
Gross gain recognized directly in shareholders' equity	-	-	31,608	25,931	-	-	57,539
Net profit for the period from January 1, 2007 to June 30, 2007	-	-	-	-	-	748,064	748,064
Total recognized income	-	-	31,608	25,931	-	748,064	805,603
Balance as at June 30, 2007	8,000,000	(55,864)	31,608	25,931	-	748,064	8,749,739
Balance as at January 1, 2008	8,000,000	(55,864)	31,608	188,553	431,883	1,007,724	9,603,904
Gain from revaluation of available for sale investments	-	-	-	29,565	-	-	29,565
Gross gain recognized directly in shareholders' equity	-	-	-	29,565	-	-	29,565
Transfer out from reserve on sales of available for sale investments	-	-	-	(3,553)	-	-	(3,553)
Net profit for the period from January 1, 2008 to June 30, 2008	-	-	-	-	-	559,828	559,828
Total recognized income	-	-	-	26,012	-	559,828	585,840
Dividends declared during the period (Note 12)	-	-	-	-	-	(794,576)	(794,576)
Balance as at June 30, 2008	8,000,000	(55,864)	31,608	214,565	431,883	772,976	9,395,168

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 June 30, 2008
(In Thousand Arab Emirates Dirhams)

	For the six-months period ended June 30,	
	2008	2007
Cash flows from operating activities		
Net profit for the period	559,828	748,064
Adjustments for:		
Depreciation of property and equipment	6,486	4,356
Provision for employees' end of service indemnity	360	244
Amortization of intangible assets	37,927	53,600
Gain on available for sale of investments	(41,010)	(136)
Gain from revaluation of investment in marketable securities held for trading	(61,044)	(25,458)
Initial public offering returns	-	(468,026)
Operating profit before changes in operating assets and liabilities	502,547	312,644
Increase in prepaid expenses and other receivables	(34,065)	(29,262)
Increase in due from a related party	(1,391)	(1,197)
Decrease in payables and accrued expenses	(195,198)	(45,688)
Cash generated from operations	271,893	236,497
Employees' end of service indemnity paid	(89)	-
Net cash generated from operating activities	271,804	236,497
Cash flows from investing activities		
Proceeds from sale of other financial assets	385,073	16,070
Purchase of other financial assets	(651,032)	(514,752)
Purchase of property and equipment	(7,937)	(9,220)
Decrease/(increase) in Islamic investment deposits	182,406	(551,112)
Net cash used in investing activities	(91,490)	(1,059,014)
Cash flows from financing activities		
Initial public offering income received	-	468,026
Net initial public offering surplus	-	31,608
Net receipt from Dubai Government	-	559,028
Dividends paid	(448,162)	-
Net cash (used in)/generated from financing activities	(448,162)	1,058,662
Net (decrease)/increase in cash and cash equivalents	(267,848)	236,145
Cash and cash equivalents at the beginning of the period	1,313,374	581,814
Cash and cash equivalents, end of period (Note 13)	1,045,526	817,959

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 June 30, 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 of 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 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 are stated at fair value.

These interim condensed financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34: *Interim Financial Reporting* and the applicable UAE Laws.

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

The interim condensed financial information do not include all the information and disclosures and should be read in conjunction with the 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 June 30, 2008

2. Significant accounting policies (continued)

For the purpose of preparation of these interim condensed 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

	June 30, 2008	December 31, 2007
	AED'000	AED'000
	(Un-audited)	(Audited)
Cash on hand	120	25
Bank balances:		
Current accounts	642	456
Mudarabah accounts	180,490	154,443
Saving accounts	<u>1,868</u>	<u>-</u>
	<u>183,120</u>	<u>154,924</u>

The expected rate of return on the saving and the Mudarabah accounts vary between 1.5% to 2% per annum (for the period from January 1, 2007 to June 30, 2007: between 3% to 3.47% per annum).

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to June 30, 2008

4. Islamic investment deposits

	June 30, 2008	December 31, 2007
	AED'000	AED'000
	(Un-audited)	(Audited)
Islamic investment deposits (Mudarabah) maturing in less than 3 months from the date of deposit	862,406	1,158,450
Islamic investment deposits maturing in more than 3 months from the date of deposit but before June 30, 2009	817,396	999,802
	1,679,802	2,158,252

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 June 30, 2007: 4.6% to 6.3% per annum).

5. Other financial assets

	June 30, 2008	December 31, 2007
	AED'000	AED'000
	(Un-audited)	(Audited)
Current financial assets		
<i>Held for trading investments</i>		
Investments in marketable securities	486,131	391,791
<i>Available for sale investments</i>		
Islamic financial notes	-	98,759
	486,131	490,550
Non-current financial assets		
<i>Available for sale investments</i>		
Investments in marketable securities	813,892	543,771
Managed funds	880,321	700,511
Islamic financial notes	-	51,487
	1,694,213	1,295,769

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to June 30, 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:

	June 30, 2008	December 31, 2007
	AED'000	AED'000
	(Un-audited)	(Audited)
Due from a related party		
<i>Parent company</i>		
Borse Dubai Limited	2,488	1,097
	=====	=====
Due to a related party		
<i>Ultimate parent</i>		
Dubai Government	48,500	48,500
	=====	=====

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 six-months period ended June 30,	
	2008	2007
	AED'000	AED'000
	Unaudited	Unaudited
Rent and service expense		
- Dubai World Trade Center	2,873	2,542
	=====	=====

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to June 30, 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 six-months period ended June 30,	
	2008	2007
	AED'000	AED'000
	Unaudited	Unaudited
Salaries and short-term benefits	7,875	2,631
General pension and social security	274	207
Board of directors' bonus	1,971	-
	=====	=====

7. Intangible assets

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

During the period from January 1, 2007 to June 30, 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 billion 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 June 30, 2007 was AED 53.6 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 and the useful lives estimated by the management:

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to June 30, 2008

7. Intangible assets (continued)

<u>Intangible asset</u>	<u>Fair value</u> AED'000	<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 June 30, 2008 amounted to AED 37.9 million.

8. Capital commitments

	<u>June 30,</u> <u>2008</u> AED'000 (Un-audited)	<u>December 31,</u> <u>2007</u> AED'000 (Audited)
Commitments for the purchase of property and equipment	3,157	1,955

9. Share capital

- a) The Company's share capital comprises 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 (previously existing and wholly owned entity by Dubai Government) to the Company.

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

- b) The Company subscribed to 54,236,831 of its own 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 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 June 30, 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 six-months period ended June 30,	
	2008	2007
	AED'000	AED'000
	Unaudited	Unaudited
Net profit for the period - (AED'000)	559,828	748,064
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	0.070	0.094

Notes to the Interim Condensed Financial Information - continued
For the period from January 1, 2008 to June 30, 2008

12. Accrued dividends

Based on the results of the fiscal year ended December 31, 2007, the board of directors proposed cash dividends of 10% of issued share capital, 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 purpose of cash flow statement, cash and cash equivalents include cash on hand and in banks and Islamic investment deposits maturing within three months from the date of the deposit. Cash and cash equivalent at the end of the period as shown in the cash flow statement is as follows:

	For the six-months period ended June 30,	
	2008	2007
	AED'000	AED'000
	Unaudited	Unaudited
Cash on hand	120	29
Bank balances:		
Current accounts	642	426
Mudarabah accounts	180,490	79,518
Saving accounts	1,868	-
Islamic investment deposits maturing in less than 3 months from the date of deposit	<u>862,406</u>	<u>737,986</u>
	<u>1,045,526</u>	<u>817,959</u>

14. Comparative figures

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