

**Dubai Islamic Bank (Public Joint Stock Company)
and Subsidiaries**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 2007 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE
BOARD OF DIRECTORS OF DUBAI ISLAMIC BANK (PUBLIC JOINT STOCK
COMPANY)**

Introduction

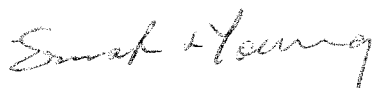
We have reviewed the accompanying interim consolidated balance sheet of Dubai Islamic Bank (Public Joint Stock Company) and its Subsidiaries as of 31 March 2007, the related interim consolidated statement of income for the three-month period then ended, the related statements of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements 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 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by
Naushad Anwar
Partner
Registration No. 489

24 April 2007

Dubai

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2007 (Unaudited)

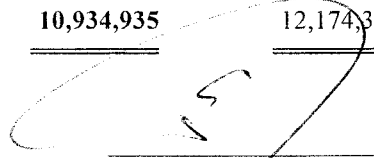
	<i>Note</i>	<i>Three months ended 31 March</i>	
		<i>2007</i> <i>AED'000</i>	<i>2006</i> <i>AED'000</i>
INCOME			
Income from Islamic financing and investing assets		722,893	429,659
Income from international murabahat, short term		167,478	106,119
Income from investment properties		82,561	75,851
Income from sale of development properties, net		46,581	33,103
Commissions, fees and foreign exchange income		182,760	244,510
Other income		31,373	5,063
TOTAL INCOME		1,233,646	894,305
EXPENSES			
General and administrative expenses		(298,472)	(216,792)
Depreciation of investment properties		(2,790)	(2,757)
Recovery of provisions for impairment		1,438	20,360
TOTAL EXPENSES		(299,824)	(199,189)
Profit before depositors' share and tax		933,822	695,116
Depositors' share of profits		(499,985)	(355,367)
Profit for the period before tax		433,837	339,749
Income tax expense		(548)	(5,078)
PROFIT FOR THE PERIOD		433,289	334,671
Attributable to:			
Shareholders of the parent		424,499	332,037
Minority interests		8,790	2,634
		433,289	334,671
Basic and diluted earnings per share attributable to the shareholders of the parent (Dirham)	3	0.14	0.12

The attached notes 1 to 6 form part of these financial statements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2007 (Unaudited)

	Notes	31 March 2007 AED '000	Audited 31 December 2006 AED '000
ASSETS			
Cash and balances with central banks		3,448,086	3,111,724
Balances and deposits with banks		332,304	407,245
International murabahat, short term		13,729,863	14,991,239
Islamic financing and investing assets		39,438,774	35,255,447
Properties under construction		3,151,422	2,171,004
Properties held for sale		134,565	136,585
Investment properties		862,912	761,213
Investments in associates		1,068,350	1,077,901
Other investments		3,597,879	3,523,944
Receivables and other assets		2,596,445	2,465,123
Property, plant and equipment		493,021	495,601
Goodwill		36,910	36,910
Total assets		68,890,531	64,433,936
LIABILITIES			
Customers' deposits		51,605,860	47,732,482
Due to banks and other financial institutions		1,422,625	4,649,900
Sukuk		2,754,750	-
Other liabilities		5,024,960	3,155,269
Accrued zakat		4,104	72,035
Total liabilities		60,812,299	55,609,686
Shareholders' equity			
Attributable to equity holders of the parent:			
Share capital	4	2,996,000	2,800,000
Statutory reserve		2,761,030	2,761,030
Donated land reserve		286,951	286,951
General reserve		895,000	895,000
Exchange translation reserve		19,028	30,323
Cumulative changes in fair value		375,680	544,649
Retained earnings		476,907	43,197
Proposed dividends		-	1,176,000
		7,810,596	8,537,150
Minority interests		267,636	287,100
Total equity		8,078,232	8,824,250
Total liabilities and equity		68,890,531	64,433,936
Contingent liabilities	5	10,934,935	12,174,346
 H. E. Dr. Mohammad K. Kharbash Chairman 24 April 2007  H. E. Sultan Saeed Al Mansouri Deputy Chairman 24 April 2007  Saad Abdul Razak Chief Executive Officer 24 April 2007			

The attached notes 1 to 6 form part of these financial statements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Period ended 31 March 2007 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit before tax	433,837	339,749
Adjustments for:		
Recovery of provisions for impairment	(1,438)	(20,360)
Depreciation of investment properties	2,790	2,757
Depreciation of fixed assets	16,983	10,852
Revaluation of investments at fair value through income statement	(17,354)	44,627
Gain on sale of investment properties	(78,264)	(58,842)
Income from sale of development properties	(46,581)	(33,103)
Dividend income	(72,956)	(20,501)
Cost of share based payments	9,211	4,351
	<u>246,228</u>	<u>269,530</u>
Changes in operating assets and liabilities		
Trading investments	6,614	(16,153)
Islamic financing and investing assets	(4,181,889)	(14,662,496)
Receivables and other assets	(131,322)	(656,549)
Customers' deposits	3,873,378	1,951,794
Due to banks and other financial institutions	(3,227,275)	476,674
Other liabilities	1,887,242	17,712,105
Accrued Zakat	(67,931)	(36,144)
Tax paid	(18,099)	-
	<u>(1,613,054)</u>	<u>5,038,761</u>
Net cash (used in) / from operating activities		
INVESTING ACTIVITIES		
Purchase of held to maturity investments	-	(5,912)
Purchase of investments at fair value through income statement	(49,820)	(26,440)
Purchase of available for sale investments	(182,343)	(258,891)
Proceeds from sale of development properties	163,500	40,620
Proceeds from disposal of investment properties	155,272	99,748
Purchase of investment properties	(181,497)	(33,300)
Purchase of development properties	(1,095,317)	(78,431)
Dividend income	72,956	20,501
Investments in associates	9,551	1,956
Purchase of fixed assets	(40,987)	(22,859)
Proceeds from disposal of fixed assets	52,377	7,192
Exchange and other adjustments	(44,898)	(2,727)
	<u>(1,141,206)</u>	<u>(258,543)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES		
Sukuk	2,754,750	-
Cash dividends paid	(980,000)	(300,000)
Received on vesting of shares	-	8,226
Minority interest	(20,445)	-
	<u>1,754,305</u>	<u>(291,774)</u>
Net cash used in financing activities		
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(999,955)</u>	<u>4,488,444</u>
Cash and cash equivalents at the beginning of the period	18,510,208	9,606,583
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>17,510,253</u>	<u>14,095,027</u>

The attached notes 1 to 6 form part of these financial statements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2007 (Unaudited)

Attributable to equity holders of the parent

	Share capital AED '000	ESOP shares AED '000	Reserve AED '000	Cumulative changes in fair value AED '000	Retained earnings AED '000	Proposed scrip dividends AED '000	Proposed cash dividends AED '000	Total AED '000	Minority interests AED '000	Total equity AED '000
As at 31 December 2006	2,800,000	-	3,973,304	544,649	43,197	196,000	980,000	8,537,150	287,100	8,824,250
Income and expense for the period recognised directly in equity	-	-	(11,295)	(168,969)	-	-	-	(180,264)	(7,809)	(188,073)
Profit for the period	-	-	-	-	424,499	-	-	424,499	8,790	433,289
Total income and expense for the period	-	-	(11,295)	(168,969)	424,499	-	-	244,235	981	245,216
Issue of shares	196,000	-	-	-	-	(196,000)	-	-	-	-
Dividends paid -- 2006	-	-	-	-	-	-	(980,000)	(980,000)	(20,445)	(1,000,445)
Cost of share based payments	-	-	-	-	9,211	-	-	9,211	-	9,211
As of 31 March 2007	2,996,000	-	3,962,009	375,680	476,907	-	-	7,810,596	267,636	8,078,232

The attached notes 1 to 6 form part of these financial statements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2007 (Unaudited)

Attributable to equity holders of the parent

	Share capital AED '000	ESOP shares AED '000	Reserve AED '000	Cumulative changes in fair value AED '000	Retained earnings AED '000	Proposed scrip dividends AED '000	Proposed cash dividends AED '000	Total AED '000	Minority interests AED '000	Total equity AED '000
As at 31 December 2005	1,500,000	(8,226)	1,621,971	-	5,460	299,177	299,177	3,717,559	121,646	3,839,205
Income and expense for the period recognised directly in equity	-	-	1,266	259,400	-	-	-	260,666	3,089	263,755
Profit for the period	-	-	-	-	332,037	-	-	332,037	2,634	334,671
Total income and expense for the period	-	-	1,266	259,400	332,037	-	-	592,703	5,723	598,426
Issue of shares	300,000	-	-	-	-	(300,000)	-	-	-	-
Shares allocated	-	8,226	-	-	-	-	-	8,226	-	8,226
Dividends paid - 2005	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfers	-	-	-	-	(1,646)	823	823	-	-	-
Cost of share based payments	-	-	-	-	4,351	-	-	4,351	-	4,351
As of 31 March 2006	1,800,000	-	1,623,237	259,400	340,202	-	-	4,022,839	127,369	4,150,208

The attached notes 1 to 6 form part of these financial statements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2007 (Unaudited)

I ACTIVITIES

Dubai Islamic Bank (Public Joint Stock Company) was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

In addition to its main office in Dubai, the Bank operates through its branches in the U.A.E. The accompanying consolidated financial statements combine the activities of the Bank's head office, its branches and subsidiaries (the Group) and its associates and joint ventures:

<u>Subsidiaries</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Percentage of equity</u> 2007	2006
1. Bank of Khartoum	Banking	Sudan	52.3%	52.3%
2. Islamic Financial Services L.L.C.	Brokerage services	UAE	95.5%	95.5%
3. Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	100.0%	100.0%
4. Deyaar Development P.S.C.	Real estate development	UAE	95.5%	95.5%
5. Omega Engineering L.L.C.	Mechanical, electrical & plumbing	UAE	55.0%	55.0%
6. Al Tanmyah Services L.L.C.	Labour services	UAE	99.5%	99.5%
7. Dubai Insaat Gayrimenkul Sanayi Ve Ticaret Limited Sirketi	Property Development	Turkey	100.0%	100.0%
8. DIB Tower SAL	Investment in real estate	Lebanon	100.0%	100.0%
9. Beirut Bay SAL	Property Development	Lebanon	100.0%	100.0%
10. Deyaar (UK) Ltd	Representative Office of Deyaar	UK	100.0%	100.0%
11. Deyaar Cayman Ltd	Investment holding company	Cayman Islands	100.0%	100.0%
12. Millennium Capital Limited	Investments and financial services	UAE	100.0%	100.0%
13. Millennium Finance Corporation Limited	Financial advisory	UAE	65.0%	65.0%
14. Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	96.0%	96.0%
15. Al Tameer Modern Real Estate Investment	Real estate development	Egypt	96.0%	96.0%
16. Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	100.0%	100.0%
17. Naseej Fabric Manufacturing L.L.C.	Textile Manufacturing	UAE	99.0%	99.0%
18. DIB Printing Press L.L.C.	Printing	UAE	99.5%	99.5%
19. Zone One Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
20. Zone Two Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
21. Al Islami Trade Finance FZ L.L.C.	Investments	UAE	100.0%	100.0%
22. DIB Lease One Ltd.	Investments	Bahamas	100.0%	100.0%
23. DIB Lease One (Dublin) Ltd.	Investments	Ireland	100.0%	100.0%
24. Gulf Atlantic FZ L.L.C.	Investments	UAE	100.0%	100.0%
25. Al Islami Oceanic Shipping Co FZ L.L.C	Investments	UAE	100.0%	100.0%
26. Emirates Trading Center L.L.C.	Trading in motor vehicles	UAE	100.0%	100.0%
27. Islamic Investment Company P.S.C.	Financing & investing	UAE	95.5%	95.5%
28. Al Ahlia Aluminum Company L.L.C. (under liquidation)	Aluminum fixtures	UAE	75.5%	75.5%

In addition to the registered ownership described above, the remaining equity in the entities 4, 6, 14, 15, 17, 18, and 27 is also held by the Bank beneficially through nominee arrangements.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2007 (Unaudited)

1 ACTIVITIES - continued

<u>Associates</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Percentage of equity</u> 2007	2006
29. Etisalat International Pakistan Ltd	Investments	UAE	10.0%	10.0%
30. Bosnia International Bank	Banking	Bosnia	27.3%	27.3%
31. BBI Leasing and Real Estate L.L.C.	Real estate development	Bosnia	27.3%	27.3%
32. Liquidity Management Center (B.S.C)	Brokers	Bahrain	25.0%	25.0%
33. Emirates National Securitisation Corporation	Securitisation	Cayman Islands	35.0%	35.0%
<u>Joint ventures</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Percentage of equity</u> 2007	2006
34. Al Bustan Center Company L.L.C.	Rental of apartments and shops	UAE	50.0%	50.0%
35. Gulf Tankers L.L.C.	Cargo and transport	UAE	50.0%	50.0%

The entities listed under 27 and 35 did not conduct any operations during the current or previous periods.

The Bank carries out full banking services, financing and investing activities through various Islamic instruments such as Murabaha, Istisna'a, Mudaraba, Musharaka, Ijarah, Wakala, Sukuk etc. The activities of the Group are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

The address of the registered office of the Bank is P.O. Box 1080, Dubai, United Arab Emirates.

2 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2006.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Bank's annual consolidated financial statements as at 31 December 2006. In addition, results for the 3 months ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the shareholders' of the parent for the period of AED 424,499,000 (2006: AED 332,037,000) by the weighted average number of shares outstanding during the period of 2,996,000,000 of AED 1 each (2006: 2,839,312,364 of AED 1 each).

The earnings per share reported for 2006 has been adjusted for the effect of right shares issued in May 2006 and bonus shares issued in February 2007 respectively.

No figures for diluted earnings per share have been presented as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2007 (Unaudited)

4 SHARE CAPITAL

	<i>31 March 2007 AED'000</i>	<i>31 December 2006 AED'000</i>
<i>Authorized capital:</i>		
3,000,000,000 shares of AED 1 each	<u>3,000,000</u>	<u>3,000,000</u>
<i>Issued and fully paid up:</i>		
2,996,000,000 shares of AED 1 each		
(2006: 2,800,000,000 shares of AED 1 each)	<u>2,996,000</u>	<u>2,800,000</u>

During the period, 196,000,000 shares of AED 1 each were issued as scrip dividend.

5 CONTINGENT LIABILITIES AND COMMITMENTS

Financing-related financial instruments

Financing-related financial instruments include commitments to extend financing, standby letters of credit and guarantees which are designed to meet the requirements of the Group's customers.

Commitments to extend financing represent contractual commitments to provide Islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Group to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The Group has outstanding commitments and contingent liabilities under letters of credit and guarantees arising in the normal course of business, as follows:

	<i>31 March 2007 AED'000</i>	<i>Audited 31 December 2006 AED'000</i>
<i>Commitments on behalf of customers:</i>		
Letters of guarantee	7,933,020	9,038,742
Letters of credit	<u>3,001,915</u>	<u>3,135,604</u>
	<u>10,934,935</u>	<u>12,174,346</u>
<i>Commitments</i>		
Future capital expenditure commitments	<u>1,283,756</u>	<u>1,086,447</u>
Other commitments	<u>-</u>	<u>-</u>

Dubai Islamic Bank (Public Joint Stock Company) and Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2007 (Unaudited)

6 SEGMENTAL INFORMATION

For operating purposes the Group is organised into two major business segments: Financing activities, which principally provide murabahats, istisna'a, ijara and other financing facilities and deposit and current accounts for corporate, government, institutional and individual customers and Investment activities, which involves the management of the Group's investment and development properties, entering into musharakats, mudarabats, wakalat and participating in investment funds. These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated profit rates which approximate to market rates on an arm's length basis.

31 March:	<i>Financing activities</i>		<i>Investing activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment revenue	656,259	483,574	577,387	410,731	1,233,646	894,305
Inter-segment adjustment	179,838	139,116	(179,838)	(139,116)	-	-
	<u>836,097</u>	<u>622,690</u>	<u>397,549</u>	<u>271,615</u>	<u>1,233,646</u>	<u>894,305</u>
Profit before depositors' share and tax					933,822	695,116
Depositors' share of profit					(499,985)	(355,367)
Profit for the period before tax					433,837	339,749
Income tax expense					(548)	(5,078)
Profit for the period					<u>433,289</u>	<u>334,671</u>

	<i>Financing activities</i>		<i>Investing activities</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment assets	44,790,823	34,792,550	24,099,708	28,621,161	68,890,531	63,413,711
Segment liabilities and equity	61,158,055	39,504,486	7,732,476	23,909,225	68,890,531	63,413,711

Although the management of the Group is based primarily on business segments, the Group operates in two geographic markets: UAE which is designated as domestic and outside the UAE which is designated as international. The following table shows the distribution of the Group's operating income, total assets and capital expenditure by geographical segment:

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>
Gross income	1,168,067	844,129	65,579	50,176	1,233,646	894,305
Total assets	64,974,465	60,862,562	3,916,066	2,551,149	68,890,531	63,413,711
Capital expenditure	28,724	22,390	12,263	469	40,987	22,859