

**DUBAI ISLAMIC
BANK P.J.S.C.**

**Review report and interim
financial statements for the
period ended 31 March 2008**

DUBAI ISLAMIC BANK P.J.S.C.

Review report and interim financial statements for the period ended March 31, 2008

	Pages
Report on review of interim financial information	1 - 2
Condensed consolidated balance sheet	3
Condensed consolidated income statement (unaudited)	4
Condensed consolidated statement of changes in equity (unaudited)	5
Condensed consolidated statement of cash flows (unaudited)	6
Notes to the interim financial information	7 – 19

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Dubai Islamic Bank P.J.S.C.
Dubai, UAE

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Dubai Islamic Bank P.J.S.C. ("the Bank") and its subsidiaries (together referred to as "the Group") as of March 31, 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. Management of the Group 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.

The interim condensed consolidated financial information for the period from January 1, 2007 to March 31, 2007 were reviewed by another auditor who issued an unqualified conclusion on these financial information on April 24, 2007. The consolidated balance sheet as at December 31, 2007 and related notes were audited by the same auditor who issued an unqualified opinion dated January 30, 2008.

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.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (CONTINUED)

Conclusion

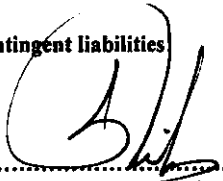
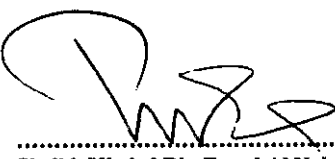
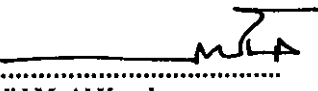
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche

A handwritten signature in black ink, appearing to read "Sindaha".

Saba Y. Sindaha
Registration Number 410
April 28, 2008

**Condensed consolidated balance sheet
as at March 31, 2008**

	Notes	As at March 31 2008 AED'000 (unaudited)	As at December 31 2007 AED'000 (audited)
ASSETS			
Cash and balances with Central Banks	3	13,724,501	4,905,657
Balances and deposits with banks and other financial institutions		1,596,304	1,186,657
International murabahat with financial institutions, short term		6,393,174	16,279,701
Islamic financing and investing assets, net	4	43,038,885	40,376,082
Investments in Islamic Sukuk		8,450,078	8,511,759
Investments in associates		4,063,330	3,741,596
Other investments	5	3,639,866	4,210,877
Properties held for sale		177,169	131,831
Investment properties		1,539,870	1,499,303
Properties under construction		175,645	-
Receivables and other assets		1,851,153	2,227,719
Property, plant and equipment, net		433,770	630,667
Goodwill		-	36,910
Total assets		85,083,745	83,738,759
LIABILITIES			
Customers' deposits	6	66,276,415	65,016,828
Due to banks and other financial institutions		2,086,350	2,241,322
Sukuk financing instruments	7	2,754,750	2,754,750
Other liabilities		4,475,006	2,931,200
Accrued zakat		-	129,542
Total liabilities		75,592,521	73,073,642
EQUITY			
Share capital	8	3,445,400	2,996,000
Statutory reserve		2,731,879	2,756,737
Donated land reserve		276,139	276,139
General reserve		1,650,000	1,650,000
Exchange translation reserve		-	27,340
Cumulative changes in fair value		761,760	1,006,637
Retained earnings		615,464	53,654
Proposed dividends		-	1,647,800
Equity attributable to equity holders of the parent		9,480,642	10,414,307
Minority interests		10,582	250,810
Total equity		9,491,224	10,665,117
Total liabilities and equity		85,083,745	83,738,759
Contingent liabilities	12	18,501,990	18,005,562
 H E Mohammad Al Shaibani <i>Chairman</i>  Sheikh Khaled Bin Zayed Al Nahyan <i>Deputy Chairman</i>  Khalid M. Al Kamda <i>Group Managing Director/ CEO</i>			

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

**Condensed consolidated income statement (unaudited)
for the period ended March 31, 2008**

		3 months ended March 31	
	Note	2008	2007
		AED'000	AED'000
INCOME			
Income from Islamic financing and investing assets	10	646,337	499,960
Income from investments in Islamic Sukuk		130,923	97,333
Income from international murabahat, short term		99,025	167,478
Share of profits of associates		78,520	-
Income from other investments		131,111	125,600
Commissions, fees and foreign exchange income	11	236,315	182,760
Income from investment properties		47,322	82,561
Income from sale of properties under construction		-	46,581
Other income	13	58,358	31,373
Total income		1,427,911	1,233,646
EXPENSES			
General and administrative expenses		(333,427)	(298,472)
Depreciation of investment properties		(2,624)	(2,790)
Provisions for impairment, net of recoveries		(24,304)	1,438
Total expenses		(360,355)	(299,824)
Profit before depositors' share and tax		1,067,556	933,822
Depositors' share of profits		(518,392)	(499,985)
Profit for the period before tax		549,164	433,837
Income tax deferred/ (expense)		2,145	(548)
Net profit for the period		551,309	433,289
Attributable to:			
Equity holders of the parent		555,539	424,499
Minority interests		(4,230)	8,790
Net profit for the period		551,309	433,289
Basic and diluted earning per share attributable to the equity holders of the parent	9	AED 0.16	AED 0.12

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

**Condensed consolidated statement of changes in equity (unaudited)
for the period ended March 31, 2008**

	Share capital AED'000	Total Reserves AED'000	Proposed dividends AED'000	Cumulative changes in fair value AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Minority interests AED'000	Total equity AED'000
Balance at January 1, 2007	2,800,000	3,973,304	1,176,000	544,649	43,197	8,537,150	287,100	8,824,250
Net profit for the period	-	-	-	-	424,499	424,499	8,790	433,289
Issuance of share	196,000	-	(196,000)	-	-	-	-	-
Dividends paid	-	-	(980,000)	-	-	(980,000)	(20,445)	(1,000,445)
Cost of share based payments	-	-	-	-	9,211	9,211	-	9,211
Net movement in cumulative changes in fair values of available for sale investments	-	-	-	(168,969)	-	(168,969)	-	(168,969)
Exchange difference arising on translation of foreign operations	-	(11,295)	-	-	-	(11,295)	(7,809)	(19,104)
Balance at March 31, 2007	2,996,000	3,962,009	-	375,680	476,907	7,810,596	267,636	8,078,232
Balance at January 1, 2008	2,996,000	4,710,216	1,647,800	1,006,637	53,654	10,414,307	250,810	10,665,117
Net profit for the period	-	-	-	-	555,539	555,539	(4,230)	551,309
Issuance of share	449,400	-	(449,400)	-	-	-	-	-
Dividends paid	-	-	(1,198,400)	-	-	(1,198,400)	-	(1,198,400)
Cost of share based payments	-	-	-	-	6,271	6,271	-	6,271
Net movement in cumulative changes in fair values of available for sale investments	-	-	-	(244,877)	-	(244,877)	-	(244,877)
Movement as a result of subsidiaries disposed (note 13)	-	(52,198)	-	-	-	(52,198)	(235,998)	(288,196)
Balance at March 31, 2008	3,445,400	4,658,018	-	761,760	615,464	9,480,642	10,582	9,491,224

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

Condensed consolidated statement of cash flows (unaudited)
for the period ended March 31, 2008

	3 months ended March 31	
	2008	2007
	AED'000	AED'000
Operating activities		
Net profit for the period before taxation and minority interests	549,164	433,837
Adjustments for:		
Revaluation of investments at fair value through income statement	(74,969)	(17,354)
Provisions for impairment, net of recoveries	24,304	(1,438)
Depreciation of investment properties	2,624	2,790
Depreciation of property, plant and equipment	24,554	16,983
Share of profits of associates	(78,520)	-
Gain on sale of investment properties	(32,404)	(78,264)
Gain on sale of investments	(20,775)	-
Income from sale of development properties	-	(46,581)
Dividend income	(29,979)	(72,956)
Cost of share based payments	6,271	9,211
Profit on disposal of subsidiaries	(36,517)	-
Operating profit before changes in operating assets and liabilities	333,753	246,228
Trading investments	(30,776)	6,614
Islamic financing and investing assets	(4,679,833)	(3,988,341)
Receivables and other assets	(35,415)	(131,322)
Customers' deposits	3,789,845	3,873,378
Due to banks and other financial institutions	(81,713)	(3,227,275)
Other liabilities	2,006,409	1,887,242
Accrued zakat	(129,542)	(67,931)
Tax paid	-	(18,099)
Net cash (used in)/from operating activities	1,172,728	(1,419,506)
Investing activities		
Net decrease/(increase) in investments in Islamic Sukuk	61,681	(193,548)
Proceeds/(purchase) of investments at fair value through income statement	75,611	(49,820)
Proceeds/(purchase) of available for sale investments	40,505	(182,343)
Proceeds from sale of properties under construction	-	163,500
Proceeds from disposal of investment properties	77,852	155,272
Purchase of investment properties	(128,820)	(181,497)
Additions to properties under construction	(120,402)	(1,095,317)
Purchase of properties held for sale	(45,338)	-
Dividend income	29,979	72,956
Investments in associates	-	9,551
Purchase of fixed assets	(84,385)	(40,987)
Proceeds from disposal of fixed assets	5,075	52,377
Exchange and other adjustments	-	(44,898)
Net cash released on disposal of subsidiaries	(544,122)	-
Net cash used in investing activities	(632,364)	(1,334,754)
Financing activities		
Sukuk	-	2,754,750
Cash dividends paid	(1,198,400)	(980,000)
Minority interests	-	(20,445)
Net cash used in financing activities	(1,198,400)	1,754,305
(Decrease)/increase in cash and cash equivalents	(658,036)	(999,955)
Cash and cash equivalents at the beginning of the period	22,372,015	18,510,208
Cash and cash equivalents at the end of the period	21,713,979	17,510,253

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

Notes to the interim financial information for the period ended March 31, 2008

1 General

Dubai Islamic Bank P.J.S.C. 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 P.J.S.C.

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:

	Subsidiaries	Principal activity	Country of incorporation	Percentage of equity	
				2008	2007
1.	Islamic Financial Services L.L.C.	Brokerage services	UAE	95.5%	95.5%
2.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	100.0%	100.0%
3.	Al Tanmyah Services L.L.C.	Labour services	UAE	99.5%	99.5%
4.	Millennium Capital Limited	Investments and financial services	UAE	95.5%	95.5%
5.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	96.0%	96.0%
6.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	96.0%	96.0%
7.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	100.0%	100.0%
8.	Naseej Fabric Manufacturing L.L.C.	Textile Manufacturing	UAE	99.0%	99.0%
9.	DIB Printing Press L.L.C.	Printing	UAE	99.5%	99.5%
10.	Bank of Khartoum	Banking	Sudan	-	52.3%
11.	Millennium Finance Corporation Limited	Financial advisory	UAE	-	65.0%
12.	Zone One Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
13.	Zone Two Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
14.	Al Islami Trade Finance FZ L.L.C.	Investments	UAE	100.0%	100.0%
15.	DIB Lease One Ltd.	Investments	Bahamas	100.0%	100.0%
16.	DIB Lease One (Dublin) Ltd.	Investments	Ireland	100.0%	100.0%
17.	Gulf Atlantic FZ L.L.C.	Investments	UAE	100.0%	100.0%
18.	Al Islami Oceanic Shipping Co FZ L.L.C.	Investments	UAE	100.0%	100.0%
19.	Emirates Trading Center L.L.C.	Trading in motor vehicles	UAE	100.0%	100.0%
20.	Millennium Capital Holding PSC (formerly Islamic Investment Company P.S.C.)	Financing & investing	UAE	95.5%	95.5%
21.	Al Ahlia Aluminum Company L.L.C. (under liquidation)	Aluminum fixtures	UAE	75.5%	75.5%
22.	Sequia Investments L.L.C.	Investments	UAE	99.0%	-
23.	Bulwark Investments L.L.C.	Investments	UAE	99.0%	-
24.	Optimum Investments L.L.C.	Investments	UAE	99.0%	-
25.	Rubicon Investments L.L.C.	Investments	UAE	99.0%	-
26.	Osiris Investments L.L.C.	Investments	UAE	99.0%	-
27.	Lotus Investments L.L.C.	Investments	UAE	99.0%	-

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

1 General (continued)

	Subsidiaries	Principal activity	Country of incorporation	Percentage of equity	
				<u>2008</u>	<u>2007</u>
28.	Premiere Investments L.L.C.	Investments	UAE	99.0%	-
29.	Landmark Investments L.L.C.	Investments	UAE	99.0%	-
30.	Blackstone Investments L.L.C.	Investments	UAE	99.0%	-
31.	Blue Nile Investments L.L.C.	Investments	UAE	99.0%	-
32.	Momentum Investments L.L.C.	Investments	UAE	99.0%	-
33.	Mount Sinai Investments L.L.C.	Investments	UAE	99.0%	-
34.	Dar al Shariah Financial & Legal Consultancy L.L.C	Financial and legal advisory	UAE	60.0%	-
35.	Waqf Trust Services LLC	Trust and fiduciary services	UAE	50.0%	-

In addition to the registered ownership described above, the remaining equity in the entities 1, 3, 4, 5, 6, 8, 9 and 20 to 33 is also held by the Bank beneficially through nominee arrangements.

	Associates	Principal activity	Country of incorporation	Percentage of equity	
				<u>2008</u>	<u>2007</u>
36.	Bank of Khartoum	Banking	Sudan	28.4 %	-
37.	Millennium Finance Corporation Limited	Financial advisory	UAE	32.5%	-
38.	Millennium Private Equity Ltd.	Investments	UAE	32.5%	-
39.	Etisalat International Pakistan Ltd	Investments	UAE	10.0%	10.0%
40.	Bosnia International Bank	Banking	Bosnia	27.3%	27.3%
41.	BBi Leasing and Real Estate L.L.C.	Real estate development	Bosnia	13.6%	27.3%
42.	Liquidity Management Center (B.S.C)	Brokers	Bahrain	25.0%	25.0%
43.	Emirates National Securitisation Corporation	Securitisation	Cayman Islands	35.0%	35.0%
44.	Deyaar Development P.J.S.C.	Real estate development	UAE	43.0%	-
45.	Omega Engineering L.L.C.	Mechanical, electrical & plumbing	UAE	23.7%	55.0%
46.	Dubai Insaat Gayrimenkul Sanayi Ve Ticaret Limited Sirketi	Property Development	Turkey	43.0%	100.0%
47.	DIB Tower SAL	Investment in real estate	Lebanon	43.0%	100.0%
48.	Beirut Bay SAL	Property Development	Lebanon	43.0%	100.0%
49.	Deyaar (UK) Ltd	Representative Office of Deyaar	UK	43.0%	100.0%
50.	Deyaar Cayman Ltd	Investment holding company	Cayman Islands	43.0%	100.0%
51.	Faisal Islamic Bank of Kibris	Banking	TRNC	31.0%	31.0%
52.	Saba Islamic Bank	Banking	Yemen	18.5%	-
53.	Ejar Cranes & Equipment LLC	Equipment leasing	UAE	16.66%	-

	Joint ventures	Principal activity	Country of incorporation	Percentage of equity	
				<u>2008</u>	<u>2007</u>
54.	Al Bustan Center Company L.L.C.	Rental of apartments and shops	UAE	50.0%	50.0%
55.	Gulf Tankers L.L.C.	Cargo and transport	UAE	50.0%	50.0%
56.	Al Rimal Development	Property development	UAE	50.0%	-

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)****1 General (continued)**

The entities listed as 21 and 55 did not conduct any operations during the current or previous periods.

Although the Group's interest in the equity of the entities listed under 36, 38, 49 and 50 is less than 20%, the Group exercises significant influence over these entities. These investments have, accordingly, been accounted for as 'investments in associates'.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates (U.A.E.).

The Bank is registered as a P.J.S.C. in accordance with U.A.E. Federal Law No. (8) of 1984 (as amended).

2 Summary of significant accounting policies**Basis of preparation**

These interim financial information are prepared in accordance with International Accounting Standard No. 34. Interim Financial Reporting issued by the International Accounting Standards Board and also comply with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of these interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended December 31, 2007.

The interim financial information are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Bank's transactions are denominated.

For the purpose of these interim financial information the Bank has adopted revised and amended standards 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 has not significantly resulted in changes to the Bank's presentation and certain disclosures in the interim financial information.

Basis of consolidation

The consolidated financial information incorporates the financial information of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidated financial information comprises the financial information of the Bank and of the subsidiaries listed in Note 1 above. The financial information of the subsidiaries is prepared for the same reporting year as that of the Bank, using consistent accounting policies.

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

3 Cash and balances with Central Banks

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
Cash in hand	1,240,282	1,027,859
Current accounts with Central Banks	9,167,923	813,684
Reserve requirements with Central Banks	3,316,296	3,064,114
	<u>13,724,501</u>	<u>4,905,657</u>

4 Islamic financing and investing assets

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
Financing:		
Commodities Murabahat	7,697,280	8,886,839
International Murabahat, long term	2,101,382	2,460,370
Vehicles Murabahat	5,385,886	4,979,679
Real Estate Murabahat	6,586,094	5,739,230
	<u>21,770,642</u>	<u>22,066,118</u>
Total Murabahat	21,770,642	22,066,118
Istisna'a	6,827,245	6,606,312
Ijara	9,232,927	9,029,289
Islamic Credit cards	247,874	257,372
	<u>38,078,688</u>	<u>37,959,091</u>
Less: Deferred income	(4,512,340)	(4,190,559)
Contractors and consultant's Istisna'a contracts	(1,763,813)	(1,786,179)
Provisions for impairment	(990,051)	(1,046,662)
	<u>30,812,484</u>	<u>30,935,691</u>

4 Islamic Financing and investing assets (continued)

Provisions for impairment

	March 31, 2008 (unaudited)			December 31, 2007 (audited)		
	Financing AED'000	Investing AED'000	Total AED'000	Financing AED'000	Investing AED'000	Total AED'000
At January 1	1,046,662	78,007	1,124,669	802,366	78,877	881,243
Charge for the period/ year	55,213	3,242	58,455	325,056	6,798	331,854
Recoveries	(17,727)	(16,424)	(34,151)	(55,581)	(7,668)	(63,249)
Movement pertaining to subsidiaries disposed off	(89,418)	-	(89,418)			
Write-offs	(4,679)	-	(4,679)	(25,179)	-	(25,179)
Balance at end of the period/ year	990,051	64,825	1,054,876	1,046,662	78,007	1,124,669

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

5 Other investments

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
Trading investments	34,368	-
Investments carried at fair value through income statement	632,665	820,849
Available for sale investments	2,972,833	3,390,028
	<u>3,639,866</u>	<u>4,210,877</u>

6 Customers' deposit

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
Current accounts	15,198,543	13,804,657
Saving accounts	9,330,225	8,730,070
Investment deposits	41,062,184	41,619,982
Margin accounts	274,144	450,800
Profit equalization provision	411,319	411,319
	<u>66,276,415</u>	<u>65,016,828</u>

7 Sukuk

During 2007 the Bank, through a Sharia'a compliant Sukuk Financing arrangement, raised medium term finance amounting to AED 2,754,750,000 (USD 750 million). The sukuks are listed on the Dubai International Financial Exchange and the London Stock Exchange.

The terms of the arrangement include transfer of certain identified assets ("the Co Owned Assets") including original leased and musharakat assets, Shariaa compliant authorized investments and any replaced assets of the Bank to a Sukuk company, DIB Sukuk Company Limited – the Issuer, specially formed for the sukuk transaction. The assets are in the control of the Bank and shall continue to be serviced by the Bank. The sukuk certificates mature in 2012.

The issuer will pay the quarterly distribution amount from returns received in respect of the Co Owned Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the quarterly distribution dates. Upon maturity of the sukuks, the Bank has undertaken to repurchase the assets at the exercise price of USD 750 million.

The sukuks bear a variable profit rate payable to the investors based on market rate plus a margin. Such profits are payable on a quarterly basis.

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

8 Share capital

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
<i>Authorised capital:</i>		
3,445,400,000 shares of AED 1 each (2007 – 3,000,000,000 shares of AED 1 each)	3,445,400	3,000,000
<i>Issued and fully paid up:</i>		
3,445,400,000 shares of AED 1 each (2007 – 2,996,000,000 shares of AED 1 each)	3,445,400	2,996,000

During the period, 449,400,000 shares (2007 - 196,000,000 shares) of AED 1 each were issued as scrip dividends.

9 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	31 March 2008 (unaudited)	31 March 2007 (unaudited)
Net profit for 3 months attributable to the equity holders of the Bank (AED '000)	555,539	424,429
Weighted average number of shares of in issue throughout the period ('000)	3,445,400	3,445,400
Basic and diluted earnings per share (AED)	AED 0.16	AED 0.12

The earnings per share of AED 0.18 as reported for 2007 has been adjusted for the effect of the shares issued in 2008 as a result of the scrip dividend.

The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

10 Income from Islamic financing and investing assets

	31 March 2008 (unaudited)	31 March 2007 (unaudited)
Financing assets:		
Commodities murabahat	83,960	79,124
International murabahat	8,285	26,416
Vehicles murabahat	76,143	57,479
Real estate murabahat	101,772	56,576
Total murabahat income	270,160	219,595
Istisna'a	79,396	49,493
Ijara	112,650	105,782
Income from financing assets	462,206	374,870
Investing assets:		
Musharakat	76,485	53,574
Mudarabat	79,589	51,284
Wakalat	24,508	3,013
Others	3,549	17,219
Income from investing assets	184,131	125,090
Total income from Islamic financing and investing assets	646,337	499,960

11 Commissions, fees and foreign exchange income

	31 March 2008 (unaudited)	31 March 2007 (unaudited)
Trade related commission and fees	69,608	52,561
Other commission and fees	132,263	112,834
Foreign exchange gains	34,444	17,365
	236,315	182,760

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

12 Commitments and contingent liabilities

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:

	31 March 2008 (unaudited) AED'000	31 December 2007 (audited) AED'000
<i>Contingent liabilities:</i>		
Letters of credit	5,284,855	6,161,796
Letters of guarantee	11,490,590	10,381,479
Others	1,726,545	1,462,287
	18,501,990	18,005,562
<i>Commitments</i>		
Capital expenditure commitments	673,607	578,299
Irrevocable undrawn facilities commitments	13,339,585	9,391,000
	14,013,192	9,969,299

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

13 Dilution of interest in subsidiaries

During the year, Bank of Khartoum and Emirates and Sudan Bank located in Sudan were merged and started operation in the name of Bank of Khartoum from 1 February 2008. As part of the merger transaction, Bank of Khartoum issued additional 144,318,188 new shares to the shareholders of Emirates & Sudan Bank at par value. Due to this merger, the Group's interest in Bank of Khartoum has been diluted to 28.4% as at March 31, 2008 from 52.3% held on December 31, 2007. The investment in the Bank of Khartoum is currently classified under investment in associates.

During the year, the Group disposed off 50% of its interest in Millennium Financial Corporation Limited UAE to a third party. Thus the Group's interest is now reduced to 32.5% as at March 31, 2008 from 65% held on December 31, 2007. The Group's investment in Millennium Financial Corporation is now reported under investment in associates.

The assets and liabilities of Subsidiaries, where the group's interests had been diluted, as of December 31, 2007 were as follows:

	31 December 2007 (audited) AED'000
Cash & Balances with Banks	583,552
Islamic Financing & Investing assets	1,992,726
Equity investments	343,950
Investment properties	40,181
Prepayments and other assets	414,126
Property, plant and equipment	196,410
Total assets	3,570,945
Customers' Deposits	2,530,258
Due to banks & Financial institutions	87,320
Accounts payable and accruals	448,542
Minority interests	235,998
Total liabilities	3,302,118
Net assets	268,827
Profit on disposal of subsidiaries	36,517

Notes to the interim financial information for the period ended March 31, 2008 (continued)

14 Segmental information

For operating purposes the Group is organised into four major business segments as follows:

- | | |
|---------------------------------------|--|
| i) Retail and business banking: | Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahats, ijarah, credit card and funds transfer facilities and trade finance facilities. |
| ii) Corporate and investment banking: | Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers and investment banking services. |
| iii) Real estate: | Property development and other real estate investments. |
| iv) Others: | Treasury and other functions. |

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.

Primary segment information – business segments

The following table presents income and profit and certain asset and liability information regarding the Bank's business segments for the quarter ended 31 March 2008 (unaudited):

	Retail and business banking	Corporate and investment banking	Real estate	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue	419,092	627,455	26,066	355,298	1,427,911
Operating expenses	(166,480)	(128,102)	(5,478)	(35,991)	(336,051)
Provisions for impairment, net of recoveries	(13,196)	(10,243)	-	(865)	(24,304)
Profit for the period before depositors' share of profit and taxation	239,416	489,110	20,588	318,442	1,067,556
Depositors' share of profits	(184,670)	(285,801)	-	(47,921)	(518,392)
	54,746	203,309	20,588	270,521	549,164
Deferred tax					2,145
Profit for the period					551,309
Segment assets	8,289,433	52,874,281	1,717,039	22,202,992	85,083,745
Segment liabilities and equity	41,233,700	25,042,715	319,160	18,488,170	85,083,745
Capital expenditure	8,221	52,440	-	23,724	84,385

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

14 Segmental information (continued)

Primary segment information – business segments (continued)

The following table presents income and profit and certain asset and liability information regarding the Bank's business segments for the year ended 31 March 2007 (unaudited):

	Retail and business banking AED'000	Corporate and investment banking AED'000	Real estate AED'000	Others AED'000	Total AED'000
Segment revenue	497,376	499,058	66,158	171,054	1,233,646
Operating expenses	(141,160)	(89,012)	(30,967)	(40,123)	(301,262)
Net recoveries after provision for impairment	(10,310)	11,748	-	-	1,438
Profit for the period before depositors' share of profit and taxation	345,906	421,794	35,191	130,931	933,822
Depositors' share of profits	(246,087)	(221,300)	-	(32,598)	(499,985)
	99,819	200,494	35,191	98,333	433,837
Tax expense					(548)
Profit for the period					433,289
Segment assets	5,577,826	41,094,012	4,148,899	18,069,794	68,890,531
Segment liabilities and equity	30,708,315	20,897,545	1,886,592	15,398,079	68,890,531
Capital expenditure	4,898	36,089	-	-	40,987

**Notes to the interim financial information
for the period ended March 31, 2008 (continued)**

14 Segmental information (continued)

Secondary segment information – geographical segments

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 for the period ending March 31, 2008 and 2007 (unaudited):

	Domestic		International		Total	
	2008	2007	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross income	<u>1,390,194</u>	<u>1,168,067</u>	<u>37,717</u>	<u>65,579</u>	<u>1,427,911</u>	<u>1,233,646</u>
Total assets	<u>83,385,663</u>	<u>64,974,465</u>	<u>1,698,082</u>	<u>3,916,066</u>	<u>85,083,745</u>	<u>68,890,531</u>
Capital expenditure	<u>79,264</u>	<u>28,724</u>	<u>5,121</u>	<u>12,263</u>	<u>84,385</u>	<u>40,987</u>

15 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the three months period ended March 31, 2008 and 2007.

16 Comparative figures

Certain comparative figures were reclassified to conform with current period presentation.

17 Approval of the interim financial information

The interim financial information were approved by the Board of Directors and authorised for issue on April 28, 2008.