In the Name of Allah
The most Gracious and Merciful



(Public Joint Stock Company)

Head Office
Deira, Bani Yas Road,
Essa Saleh Al Gurg Building-1
Tel.: +971 4 2287474
Fax: +97 1 4 2227321

P.O. Box: 6564, Dubai, United Arab Emirates
Website: www.emiratesislamicbank.ae

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

AS OF SEPTEMBER 30, 2007

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (un-audited)
For the nine months ended 30 September 2007

Contents ***Page***

Independent auditors' report on the review of condensed financial information	1
Condensed consolidated interim income statement	2
Condensed consolidated interim balance sheet	3
Condensed consolidated interim statement of cash flows	4
Condensed consolidated interim statement of changes in shareholders' equity	5
Notes to the condensed consolidated interim financial statements	6 - 13

KPMG

P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent auditors' report on the review of condensed financial information

The Shareholders
Emirates Islamic Bank PJSC

We have reviewed the accompanying condensed consolidated balance sheet of Emirates Islamic Bank PJSC ("the Bank") and its subsidiary (together referred to as "the Group") as at 30 September 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the nine month period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards, IAS 34, *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this interim financial information based on our review

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

KPMG
23 October 2007

By: Munther Dajani
Registration No.:268

KPMG, is a member of KPMG International, a Swiss Co-operative.
All rights reserved.

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (un-audited)
For the nine months ended 30 September 2007

	Note	For 3 months ended 30 September 2007	*Restated* For 3 months ended 30 September 2006	For 9 months ended 30 September 2007	*Restated* For 9 months ended 30 September 2006
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing activities and investments		141,463	114,603	393,718	269,126
Income from short term Murabaha, with Group Holding Company		43,140	14,181	92,077	26,166
Property related income		4,795	4,709	21,705	7,586
Commissions, fees and other income, net		63,971	19,529	146,475	56,832
TOTAL INCOME		**253,369**	**153,022**	**653,975**	**359,710**
EXPENSES					
General and administrative expenses		(73,469)	(45,583)	(192,330)	(118,683)
Provision for depreciation of investment properties		(1,319)	(925)	(3,892)	(1,778)
Impairment allowances net of Recoveries		(9,434)	(6,443)	(45,687)	(13,812)
TOTAL EXPENSES		**(84,222)**	**(52,951)**	**(241,909)**	**(134,273)**
NET OPERATING INCOME		**169,147**	**100,071**	**412,066**	**225,437**
Depositors' share of profit		(100,461)	(74,146)	(267,673)	(148,463)
SHAREHOLDERS' PROFIT (NET INCOME)		**68,686**	**25,925**	**144,393**	**76,974**
Earnings per share (AED)	6	**0.09**	**0.03**	**0.19**	**0.10**

The attached notes 1 to 16 form part of these condensed consolidated Interim financial statements.

The independent auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (un-audited)

At 30 September 2007

	Note	30 September 2007 AED'000	Audited 31 December 2006 AED'000
ASSETS			
Cash and balances with U.A.E Central Bank		712,486	453,337
Due from banks and other financial institutions		72,323	38,465
Due from Group Holding Company		901,563	1,182,074
Financing receivables	7	8,765,879	6,558,309
Loans and receivables		40,184	42,472
Investment securities		2,607,845	1,617,299
Investment properties		316,647	270,048
Prepayments and other assets		369,947	247,280
Fixed assets		223,629	64,466
TOTAL ASSETS		**14,010,503**	**10,473,750**
LIABILITIES			
Customers' accounts		11,874,570	9,046,095
Due to banks and other financial institutions		86,402	55,983
Other liabilities		619,266	395,187
Zakat payable		-	10,613
Due to Group Holding Company (Investment Wakala)	8	200,000	-
TOTAL LIABILITIES		**12,780,238**	**9,507,878**
SHAREHOLDERS' EQUITY			
Share capital	9	747,500	650,000
Statutory reserve		123,746	123,746
General reserve		65,000	65,000
Revaluation reserve	10	120,000	-
Retained earning		174,019	127,126
TOTAL SHAREHOLDERS' EQUITY		**1,230,265**	**965,872**
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		**14,010,503**	**10,473,750**
COMMITMENTS AND CONTINGENT LIABILIITES	11	**2,480,720**	**1,553,884**
ASSETS UNDER MANAGEMENT	12	**2,785,550**	-
RESTRICTED INVESTMENT ACCOUNTS	13	**516,426**	-

These financial statements were authorized for issue on 23rd October 2007.

Chairman

Chief Executive Officer

The attached notes 1 to 16 form part of these condensed consolidated interim financial statements. The independent auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (un-audited)

For nine months ended 30 September 2007

	For 9 months ended 30 September 2007 AED'000	*Restated* For 9 months ended 30 September 2006 AED'000
OPERATING ACTIVITIES		
Profit for the period	144,393	76,974
Adjustments:		
Impairment allowances on financing receivables	45,687	19,253
Gain on sale of investment properties	(10,678)	(2,340)
Loss / (profit) on revaluation of investment securities	1,842	(50,539)
Dividend income	(10,731)	(4,697)
Depreciation on investment properties	3,892	1,778
Depreciation on fixed assets	10,723	4,975
Operating profit before changes in assets and liabilities	**185,128**	**45,404**
Change in reserve with U.A.E. Central Bank	(234,752)	(299,109)
Change in due from Group Holding Company	1,806,211	158,935
Change in financing receivables	(2,253,257)	(3,286,898)
Change in loans and receivables	2,288	3,036
Change in prepayments and other assets	(122,666)	(129,775)
Net effect of IPO subscription	-	(41,802)
Change in customers' accounts	2,828,475	4,302,541
Change in other liabilities	219,899	21,775
Zakat payable	(6,432)	(5,705)
Net cash from operating activities	**2,424,894**	**768,402**
INVESTING ACTIVITIES		
Purchase of investment properties	(74,861)	(139,095)
Proceeds from sale of investments properties	35,047	10,890
Purchase of investment securities	(996,307)	(672,073)
Proceeds from sale of investment securities	5,761	64,379
Dividend received	10,731	-
Loss / (profit) on revaluation of investment securities	(1,842)	-
Additions to fixed assets	(49,886)	(15,064)
Net cash used in investing activities	**(1,071,357)**	**(750,963)**
FINANCING ACTIVITIES		
Due to Group Holding Company (Investment wakala)	200,000	**-**
Net cash from financing activities	**200,000**	**-**
Increase in cash and cash equivalents	**1,553,537**	**17,439**
Cash and Cash equivalents at the beginning of the period	318,609	1,317,334
Cash and cash equivalents at the end of the period	**1,872,146**	**1,334,773**

The attached notes 1 to 16 form part of these condensed consolidated interim financial statements. The independent auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (un-audited)

For the nine months ended 30 September 2007

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Revaluation reserve AED'000	Retained earning AED'000	Total AED'000
As of 1 January 2006	650,000	112,000	55,075	-	42,766	859,841
Change in accounting policy (refer note 3(ii))	-	-	-	-	3,851	3,851
As of 1 January 2006 (as restated)	650,000	112,000	55,075	-	46,617	863,692
Net income for the period (as restated)	-	-	-	-	76,974	76,974
As of 30 September 2006 (as restated)	**650,000**	**112,000**	**55,075**	**-**	**123,591**	**940,666**
As of 1 January 2007	650,000	123,746	65,000	-	127,126	965,872
Issue of bonus shares	97,500	-	-	-	(97,500)	-
Fair value revaluation	-	-	-	120,000	-	120,000
Net income for the period	-	-	-	-	144,393	144,393
As of 30 September 2007	**747,500**	**123,746**	**65,000**	**120,000**	**174,019**	**1,230,265**

The attached notes 1 to 16 form part of these condensed consolidated interim financial statements.

The independent auditors' report is set on page 1.

1. ACTIVITIES

Emirates Islamic Bank PJSC formerly Middle East Bank (the "**Bank**") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995.

At an extraordinary general meeting held on 10th, March 2004 a resolution was passed to transform the Bank's activities to be in full compliance with the Islamic Sharia. The entire process was completed on October 9th, 2004 (the "**Transformation Date**") when the Bank obtained UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates Bank International PJSC, Dubai (the "**Group Holding Company**").

In addition to its head office in Dubai, the Bank operates through 22 branches in the UAE. The accompanying condensed consolidated interim financial statements combine the activities of the Bank's head office and its branches and its subsidiary (together referred to as the "**Group**"). During the year ended December 31, 2006 the Bank' has setup a brokerage company 'Emirates Islamic Financial Brokerage'(the "**Subsidiary**"), a wholly owned subsidiary.

The Bank provides full banking services, and a variety of products through Islamic financing and investing instruments. Emirates Islamic Financial Brokerage is involved in conducting intermediation in local market Shari'a compliant shares.

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS") IAS 34 '*Interim Financial Reporting'*. They do not include all the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2006.

The Condensed consolidated interim financial statements have been presented in UAE Dirham, rounded to the nearest thousand.

3. SIGINIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its most recent annual consolidated financial statements as at and for the year ended 31 December 2006.

i. New standards and interpretation

IAS 1 and IFRS 7, superseding certain aspects of IAS 30 and IAS 32, which became mandatory for the Group's consolidated financial statements, are not expected to have any impact on the condensed consolidated interim financial statements of the Group except for the disclosures as required under the representative IAS and IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ii. Change in accounting policy

The Bank has changed its accounting policy related to amortization of deferred income related to financing receivables in the year 2006. Previously the Bank used to amortize its deferred income on straight line basis (equally over the period of the contract) and during last quarter ended 2006; the Bank adopted the effective rate of return method in accordance with IAS 39.

The impact of change in accounting policy on the condensed consolidated interim income statement for the nine months ended 30 September 2006 was increase in income from financing activities by AED 28,155,000, depositor share of profit by AED 14,852,000 and net profit by AED 13,303,000.

iii. Derecognition of financial instruments

The derecognition of financial instruments take place when the Group no longer controls the contractual rights that comprise the financial instruments, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

iv. Fiduciary activities

The Bank acts as an agent / trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets and income arising thereon, where the Bank is not carrying substantial risk, are excluded from these financial statements, as they are not assets of the Bank.

v. Sukuk

Sukuk (an Islamic product governed by Shari'a rules and approved by the Bank's Fatwa and Shari'a Supervisory Board) are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

vi. Investment Wakala

Investment Wakala is an agreement whereby one party (the "Muwakkil") appoints an investment agent (the "Wakeel") to invest the Muwakkil›s funds (the "Wakala Capital") on the basis of an agency contract ("Wakala Agreement") in return for a specified fee. The agency fee can be a lump sum or a fixed percentage of the Wakala Capital and is payable irrespective of whether the said Wakala generates profits or losses. The Wakala profits belong to the Muwakkil, and he bears its losses, except for cases of default, negligence or violation of the terms and conditions of the Investment Wakala, the Wakeel is liable to refund the Wakala Capital to Muwakkil. The Muwakkil may grant the Wakeel a share of the profit as a reward equals to the excess in the realized profit than expected. Wakala arrangements, where substantial underlying risks are not borne by the Bank, are excluded from these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

vii. Restricted Investment Accounts

Restricted Investment Accounts are the accounts governed by restricted Investment Wakala agreements where the related funds are invested in certain activities, as specified by the owners of these accounts, in return for a fixed fee. The Bank is entitled for the fee whether the Wakala generates profit or losses. Profits belong to the owners of such accounts, and they bear the related losses, except for cases of default, negligence or violation of the terms and conditions of the wakala agreement, the Bank is liable to refund the Wakala Capital to the owners of these accounts. Accordingly, transactions and balances of such accounts are excluded from these financial statements. Profit arising from the management of the restricted investment accounts is recognised on the basis of the Bank's entitlement to receive such revenue.

4. ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key bases of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2006.

5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at 31 December 2006.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of AED 68,686,000 and AED 144,393,000 for the period of three / nine months respectively ended 30 September 2007 (30 September 2006: AED 25,925,000 / AED 76,974,000), for the period divided by the weighted average of the number of shares outstanding during the period (747,500,000 shares).

7. FINANCING RECEIVABLES

	30 September 2007 AED'000	Audited 31 December 2006 AED'000
Financing receivables comprise:		
Commodities Murabaha	1,504,149	989,023
Vehicles Murabaha	2,107,203	1,938,264
Syndication Murabaha	487,828	389,407
Real Estate Murabaha	276,430	126,717
Total Murabaha	4,375,610	3,443,411
Istisnaa	633,020	259,278
Ijarah	1,767,152	1,753,197
Credit card receivables	276,378	185,192
Others	733,573	881,438
	7,785,733	6,522,516
Less: Deferred income	(497,822)	(375,964)
Less: Impairment Allowance	(140,917)	(94,113)
	7,146,994	**6,052,439**
Wakala	1,618,885	505,870
Total financing receivables	**8,765,879**	**6,558,309**

8. DUE TO GROUP HOLDING COMPANY (Investment Wakala)

The Bank (the "Wakeel") has executed an Investment Wakala up to AED 500,000,000 for a term of 10 years commenced on 27 September 2007 with Deutsche Trust Company Limited (the "Muwakkil"), a company registered in the United Kingdom. The Muwakkil is the trustee pursuant to the Trust Deed made on 27 September 2007 between the trustee and the Group Holding Company, a beneficial owner of the Deutsche Trust Company Limited. The Wakeel has received the first tranche of AED 200,000,000 under the Investment Wakala on 30 September 2007.

9. SHARE CAPITAL

At the ordinary General Meeting of the shareholders of the Bank held on 20 March 2007, the shareholders declared issue of bonus share at par amounting to AED 97,500,000. The issue of bonus shares increased the number of shares to 747,500,000 and correspondingly share capital increased to AED 747,500,000 (31 December 2006: AED 650,000,000).

10. REVALUATION RESERVE

The Government of Dubai has donated non-monetary asset in the form of land, which has been recognized at a nominal value of AED 1 in the financial year ended December 31, 2006. The donated land is included under property, plant and equipment and as revaluation reserve under shareholders equity at its fair value of AED 120,000,000 as per the valuation of the lands department in Dubai.

11. COMMITMENTS AND CONTINGENT LIABILITIES

The Bank provides letters of guarantees and letters of credit to meet the requirements of its customers. These commitments have fixed limits and expirations, and are not concentrated in any period, and are arising in the normal course of business.

12. ASSETS UNDER MANAGEMENT

Assets under management comprise:

(a) Sukuk assets

During June 2007, the Bank has facilitated issuance of "Ijarah Sukuk" aggregating to AED 1,286,000 (US$ 350,000,000) through the sale of "Ijarah Assets" at carrying value to EIB Sukuk Company Limited ("the Issuer"). These Sukuk are issued by the Issuer who is also acting as the trustee for the Sukuk holders.

The issuer, in his capacity, as a trustee, by virtue of the Management Agreement, has assigned the management of assets of the issuer to the Bank. The Bank is managing these assets for management fees in accordance with the provisions of this Agreement.

On maturity of the Sukuk, the Bank has provided a unilateral undertaking to buy back the assets from the issuer at cost and proceed will be utilized to redeem the Sukuk. This undertaking is supported by a counter guarantee of the Group Holding Company.

(b) Wakala assets

Wakala assets under management are AED 1,500,000 as of 30 September 2007 out of which AED 1,300,000 belong to the Group Holding Company. The risks of these investments are borne by respective parties and the Bank acts as an asset manager.

13. RESTRICTED INVESTMENT ACCOUNTS

The Bank has received funds from certain customers to invest on their behalf as restricted investment accounts in the form of Investment Wakala Agreements in return for management fees. The risk of such accounts is borne by the customers except for performance risk relating to cases of fraud or negligence by the Bank or its violation of the terms governing these accounts.

14. RELATED PARTY TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Group Holding Company and with certain staff, shareholders, directors and entities in which the Bank, its shareholders and directors have significant interests. Significant related party transactions are as follows:

	30 September 2007 AED'000	Audited 31 December 2006 AED'000
Balance sheet		
Due from Group Holding Company	901,563	1,182,074
Investment in funds managed by Group Holding Company	473,202	281,708
Due to Group Holding Company (Investment Wakala)	200,000	-
Financing assets- Directors	119,367	96,350
Financing assets- Key management personnel	33,131	36,903
Current/investment accounts- Directors	6,930	4,091
Current/investment accounts- Key management personnel	4,168	-

	30 September 2007 AED'000	30 September 2006 AED'000
Income statement		
Income from fund managed by Group Holding Company	34,633	41,906
Profit from Murabaha with Group Holding Company	92,077	26,166
Key management personal compensations	6,009	4,295
Key management personal compensations - retirements benefits	261	158

Also refer note 8 and 12(b) to these condensed interim financial statements for further details.

15. SEGMENT REPORTING

The Group's activities comprise the following main business segments:

Corporate and Investment
Through this business segment the Bank provides to corporate customers a range of products and services and accepts their deposits. This segment invests in investment securities, Sukuk, funds and real estate.

Retail
Through this segment the Bank, provides a wide range of products and services to individuals and accepts their deposits.

Treasury
This segment mainly includes Murabaha deals with the Group Holding Company.

Subsidiary
The condensed consolidated interim financial statements included the following relating to the subsidiary; assets, liabilities and net losses for the period of AED 40,723,000, AED 47,000 and AED 2,589,000 respectively.

15. SEGMENT REPORTING *(continued)*

	Corporate & Investment		Retail		Treasury		Total	Total
	30 September 2007 AED'000	Restated 30 September 2006 AED'000	30 September 2007 AED'000	Restated 30 September 2006 AED'000	30 September 2007 AED'000	30 September 2006 AED'000	30 September 2007 AED'000	Restated 30 September 2006 AED'000
Income Statement								
Segment income	319,786	216,860	95,637	59,853	92,077	26,166	507,500	302,879
Inter segment wakala income	(153,588)	(72,745)	166,035	72,745	(12,447)	-	-	-
Commission, fees & other income	77,535	33,173	68,940	23,658	-	-	146,475	56,831
Total income	**243,733**	**177,288**	**330,612**	**156,256**	**79,630**	**26,166**	**653,975**	**359,710**
General and administrative expenses	(61,016)	(31,348)	(131,314)	(87,335)	-	-	(192,330)	(118,683)
Depreciation of investment properties	(3,892)	(1,778)	-	-	-	-	(3,892)	(1,778)
Impairment allowances net of recoveries	565	2,616	(46,252)	(16,428)	-	-	(45,687)	(13,812)
Total expenses	**(64,343)**	**(30,510)**	**(177,566)**	**(103,763)**	**-**	**-**	**(241,909)**	**(134,273)**
Net operating income	179,390	146,778	153,046	52,493	79,630	26,166	412,066	225,437
Depositors' share of profit for the period	(97,166)	(56,951)	(170,507)	(91,512)	-	-	(267,673)	(148,463)
Shareholders' profit, (Net profit for the period)	**82,224**	**89,827**	**(17,461)**	**(39,019)**	**79,630**	**26,166**	**144,393**	**76,974**

15. SEGMENT REPORTING *(continued)*

	Corporate & Investment		Retail		Treasury		Total	
	30 September 2007 AED'000	Audited 31 December 2006 AED'000	30 September 2007 AED'000	Audited 31 December 2006 AED'000	30 September 2007 AED'000	Audited 31 December 2006 AED'000	30 September 2007 AED'000	Audited 31 December 2006 AED'000
Assets								
Segment assets	9,313,395	6,470,164	2,401,640	2,017,964	988,292	1,182,074	12,703,327	9,670,202
Reserve Requirements with UAE Central Bank	249,851	147,334	374,777	221,001	-	-	624,628	368,335
Unallocated assets	-	-	-	-	-	-	682,548	435,213
Total assets	**9,563,246**	**6,617,498**	**2,776,417**	**2,238,965**	**988,292**	**1,182,074**	**14,010,503**	**10,473,750**
Liabilities								
Segment liabilities and Shareholders' Equities	3,981,361	3,747,172	7,997,852	5,298,923	1,430,264	965,872	13,409,477	10,011,967
Unallocated liabilities	-	-	-	-	-	-	601,026	461,783
Total liabilities and Shareholders' Equity	**3,981,361**	**3,747,172**	**7,997,852**	**5,298,923**	**1,430,264**	**965,872**	**14,010,503**	**10,473,750**

16. COMPARATIVE FIGURES

Certain prior period / year balances have been reclassified/ restated, wherever necessary, to conform to the presentation adopted in these condensed consolidated interim financial statements.