In the Name of Allah
The most Gracious and Merciful

مصرف الإمارات الإسلامي

EMIRATES ISLAMIC BANK

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Condensed Consolidated Interim Financial Statements

(un-audited)

As at 30 June 2010

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For six-months period ended 30 June 2010

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Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders
Emirates Islamic Bank PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates Islamic Bank PJSC ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 30 June 2010 and the related condensed consolidated interim statements of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in shareholders' equity for the six - month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed consolidated 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 condensed consolidated interim financial information as at and for the six-month period ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

18 JUL 2010

KPMG
By: Munther Dajani
Registration No: 268

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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2010

	Note	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
ASSETS			
Cash and balances with U.A.E Central Bank		1,201,063	1,161,562
Due from banks	3	25,988	127,229
Due from Group Holding Company, net		5,962,927	1,656,526
Financing receivables	4	16,058,318	16,705,800
Investments	5	2,988,850	3,780,070
Investment properties	6	680,346	458,796
Investment properties under development	7	682,807	1,004,491
Prepayments and other assets		260,400	327,249
Fixed assets	8	66,786	67,916
TOTAL ASSETS		**27,927,485**	**25,289,639**
LIABILITIES			
Customers' accounts	9	21,153,910	19,418,087
Due to banks		2,064,536	1,207,526
Other liabilities		719,136	696,172
Zakat payable		-	13,121
Investment wakala	10	1,081,872	1,081,872
TOTAL LIABILITIES		**25,019,454**	**22,416,778**
SHAREHOLDERS' EQUITY			
Share capital	11	2,430,422	2,314,688
Statutory reserve		200,738	200,738
General reserve		106,517	106,517
Cumulative changes in fair value	12	(23,082)	(6,679)
Retained earnings		99,051	165,234
TOTAL SHAREHOLDERS' EQUITY		**2,813,646**	**2,780,498**
Non-controlling interest	13	94,385	92,363
TOTAL EQUITY		**2,908,031**	**2,872,861**
TOTAL LIABILITES AND EQUITY		**27,927,485**	**25,289,639**
COMMITMENTS AND CONTINGENT LIABILIITES		**4,022,588**	**4,077,092**
ASSETS UNDER MANAGEMENT	14	**1,485,550**	**1,485,550**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 18 July 2010 and signed on its behalf by:

Chairman **Chief Executive Officer**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED)

For six-months period ended 30 June 2010

	Note	For three months period ended 30 June 2010	For three months period ended 30 June 2009	For six-months period ended 30 June 2010	For six-months period ended 30 June 2009
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing activities, net		241,928	266,217	483,683	530,268
Income/(loss) from investment securities, net		(2,721)	(1,338)	26,376	(34,734)
Income from Group Holding Company, net		67,003	16,360	101,994	21,322
Property related income, net		7,874	3,958	13,125	8,074
Commission and fee income, net		50,924	54,932	101,121	129,799
Other operating income, net		24,872	18,203	45,729	47,279
TOTAL INCOME		**389,880**	**358,332**	**772,028**	**702,008**
EXPENSES					
General and administrative expenses		(95,132)	(101,064)	(192,813)	(199,176)
Depreciation of investment properties		(4,447)	(2,063)	(7,687)	(4,126)
TOTAL EXPENSES		**(99,579)**	**(103,127)**	**(200,500)**	**(203,302)**
Net operating income before allowances for impairment		**290,301**	**255,205**	**571,528**	**498,706**
Allowances for impairment, net of recoveries and reversals		(158,092)	(61,515)	(233,513)	(88,934)
Net operating income after allowances for impairment		**132,209**	**193,690**	**338,015**	**409,772**
Investment, saving and wakala accounts' share of profit		(147,199)	(158,609)	(286,442)	(308,917)
Net operating profit before non-Controlling interest		**(14,990)**	**35,081**	**51,573**	**100,855**
Non-controlling interest		(2,088)	184	(2,022)	368
SHAREHOLDERS' PROFIT (NET INCOME)		**(17,078)**	**35,265**	**49,551**	**101,223**
(Loss)/earnings per share (Dirham)	15	(0.01)	0.03	0.02	0.08

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For six-months period ended 30 June 2010

	For three months period ended 30 June 2010	For three months period ended 30 June 2009	For six-months period ended 30 June 2010	For six-months period ended 30 June 2009
	AED'000	AED'000	AED'000	AED'000
SHAREHOLDERS' PROFIT (NET INCOME)	**(17,078)**	**35,265**	**49,551**	**101,223**
Other comprehensive income:				
Cumulative changes in fair value reserve	(13,113)	2,292	(16,403)	(14,989)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(30,191)**	**37,557**	**33,148**	**86,234**
Comprehensive income attributable to:				
Shareholders	(28,103)	37,373	35,170	85,866
Non-controlling interest	(2,088)	184	(2,022)	368
	(30,191)	**37,557**	**33,148**	**86,234**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For six-months period ended 30 June 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK							
	Share capital	Statutory reserve	General reserve	Cumulative changes in fair value	Retained earnings	Total	Non-Controlling Interest	Group Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2010	2,314,688	200,738	106,517	(6,679)	165,234	2,780,498	92,363	2,872,861
Total comprehensive income for the period	-	-	-	(16,403)	49,551	33,148	2,022	35,170
Issue of bonus shares	115,734	-	-	-	(115,734)	-	-	-
As at 30 June 2010	**2,430,422**	**200,738**	**106,517**	**(23,082)**	**99,051**	**2,813,646**	**94,385**	**2,908,031**
As at 1 January 2009	934,375	187,659	93,438	11,693	354,032	1,581,197	92,889	1,674,086
Total comprehensive income for the period	-	-	-	(14,989)	101,223	86,234	(368)	85,866
Issue of bonus shares	280,313	-	-	-	(280,313)	-	-	-
Issue of right shares	1,098,333	-	-		-	1,098,333	-	1,098,333
As at 30 June 2009	**2,313,021**	**187,659**	**93,438**	**(3,296)**	**174,942**	**2,765,764**	**92,521**	**2,858,285**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For six-months period ended 30 June 2010

	For six-months period ended 30 June 2010 AED'000	For six-months period ended 30 June 2009 AED'000
OPERATING ACTIVITIES		
Profit for the period	49,551	101,223
Adjustments:		
Allowances for impairment on financing receivables, net	112,447	88,934
Allowances for impairment on investments	21,066	(14,592)
Allowances for impairment on investment properties	100,000	-
Dividend income	(4,338)	(23,491)
Gain on sale of investments	(18,360)	-
Gain on sale of investment properties	(3,772)	-
Loss on revaluation of investment securities	24,083	104,032
Depreciation on investment properties	7,687	4,126
Depreciation on fixed assets	12,737	11,341
	301,101	**271,573**
Change in reserves with U.A.E Central Bank	(44,114)	199,335
Change in due from Group Holding Company	(1,788,025)	(469,405)
Changes in financing receivables	535,035	588,001
Changes in prepayments and other assets	66,849	127,467
Changes in customers' accounts	1,735,823	(407,120)
Changes in due to banks' investment wakala accounts	857,362	(972,926)
Changes in other liabilities	22,964	(163,936)
Directors' Remuneration	-	(2,800)
Cumulative changes in fair value	(16,403)	(14,989)
Zakat paid	(13,121)	(17,185)
Net cash generated from / (used in) operating activities	**1,657,471**	**(861,985)**
INVESTING ACTIVITIES		
Redemptions of investment securities net of purchases	522,706	49,351
Proceeds from sale/repayment of investment securities	241,725	-
Dividend income received	4,338	23,491
Changes in investment properties	(239,168)	(65,659)
Proceeds from sale of investment properties	13,703	-
Changes in investment properties under development	221,684	(144,772)
Changes in fixed assets, net	(11,607)	(12,702)
Net cash generated from / (used in) investing activities	**753,381**	**(150,291)**
FINANCING ACTIVITIES		
Due to Group Holding Company (Investment Wakala)	-	(940,000)
Non-controlling interest	2,022	(368)
Issue of right shares	-	1,098,333
Net cash generated from financing activities	**2,022**	**157,965**
Net change in cash and cash equivalents	**2,412,874**	**(854,311)**
Cash and cash equivalents at the beginning of the period	5,929,364	5,293,475
Cash and cash equivalents at the end of the period	**8,342,238**	**4,439,164**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

1 ACTIVITIES

Emirates Islamic Bank 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 and is regulated by Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10th of 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 9th of October 2004 (the "Transformation Date") when the Bank obtained UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD PJSC (the "Group Holding Company"). The Bank is listed at Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 31 branches in the UAE. The accompanying Condensed Consolidated Interim Financial Statements combine the activities of the Bank's head office and its branches and the following two subsidiaries (together referred as "the Group").

	Date of Incorporation & Country	Principal Activity	Ownership %
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%
Ithmar Real Estate Development Co. PSC	9 June 2008, UAE	Real estate holding and trust	40%

The Bank exercises the controls on the management of Ithmar Real Estate Development Co. PSC through holding the majority of votes of its Board of Directors.

The Bank provides full commercial and banking services and offers a variety of products through Islamic financing and investing instruments in accordance with Islamic Sharia.

As of 30 June 2010 the Bank employed 1,162 employees (31 December 2009: 1,153 employees).

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

2 BASIS OF PREPARATION

a) Statement of compliance

These 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 for the year ended 31 December 2009.

The Condensed consolidated interim financial statements have been presented in UAE Dirham (the official currency of the group) rounded to the nearest thousand.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the following:
- Financial assets at fair value through profit or loss of income are measured at fair value.
- Available- for-sale financial assets are measured at fair value.

2 BASIS OF PREPARATION *(Continued)*

c) Significant accounting policies

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 audited annual consolidated financial statements for the year ended 31 December 2009.

d) Judgments and 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 reporting 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 sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

e) FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2009.

3 DUE FROM BANKS

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Due from local banks	22	22
Due from foreign banks	25,966	127,207
	25,988	**127,229**

4 FINANCING RECEIVABLES

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Commodities Murabaha	2,016,935	2,174,907
Vehicles Murabaha	2,525,163	2,708,570
Syndication Murabaha	225,222	99,761
Real Estates Murabaha	368,229	187,315
Total Murabaha	5,135,549	5,170,553
Istisna'a	1,654,960	1,939,609
Ijarah	6,093,106	6,083,581
Credit card receivables	542,219	529,520
Financing Wakala	2,872,110	3,270,782
Others	1,089,921	950,210
	17,387,865	17,944,255
Less: Deferred income	(677,207)	(699,381)
Less: Allowances for impairment	(651,521)	(539,074)
Less: Income in suspense	(819)	-
	16,058,318	**16,705,800**

4 FINANCING RECEIVABLES (Continued)

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Analysis by Economic Activity		
Agriculture and related activities	588	1,503
Mining and quarrying	4,826	4,240
Manufacturing	416,040	432,372
Construction	917,972	1,638,712
Trade	745,971	806,986
Transportation and communication	248,351	529,648
Services	1,789,477	1,967,000
Personal	4,995,488	3,664,803
Real estates	5,580,918	5,719,179
Financial institutions	2,363,606	2,690,993
Others	324,628	488,819
	17,387,865	17,944,255
Less: Deferred income	(677,207)	(699,381)
Less: Allowances for impairment	(651,521)	(539,074)
Less: Income in suspense	(819)	-
	16,058,318	**16,705,800**
Movements in allowances for specific impairment:		
Balance at the beginning of the year	345,026	201,320
Allowances for impairment made during the period/year	127,486	189,959
Recoveries/write back during the period/year	(15,444)	(11,526)
Provision transferred to loans & receivables	-	(34,727)
Balance at the end of the period/year	**457,068**	**345,026**
Movements in allowances for collective impairment:		
Balance at the beginning of the year	194,048	-
Allowances for impairment made during the period/year	405	194,048
Balance at the end of the period/year	**194,453**	**194,048**
	651,521	**539,074**

5 INVESTMENTS

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Fair value through profit or loss		
Equity shares	137,572	149,878
Funds	506,949	521,261
	644,521	671,139
Available-for-sale		
Equity shares	603,008	862,108
Funds	915,438	920,463
	1,518,446	1,782,571
Held-to-maturity		
Sukuk	864,820	1,344,231
	3,027,787	3,797,941
Less: Impairment on investments	(38,937)	(17,871)
	2,988,850	**3,780,070**
Investment securities comprise:		
Quoted	726,860	792,199
Unquoted	2,261,990	2,987,871
	2,988,850	**3,780,070**
Movements in allowances for specific impairment:		
Balance at the beginning of the year	17,871	27,591
Allowances for impairment made during the period/year	21,066	7,282
Recoveries/write back during the period/year	-	(17,002)
Balance at the end of the period/year	**38,937**	**17,871**
Investments located at:		
Investments within UAE	1,143,074	1,419,451
Investments outside UAE	1,845,776	2,360,619
	2,988,850	**3,780,070**

6 INVESTMENT PROPERTIES

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Balance at the beginning of the year	494,419	409,404
Properties purchased	-	65,659
Transfer from investment properties under development (note 7)	239,168	19,356
Properties sold	(9,931)	-
	723,656	494,419
Less: Accumulated depreciation	(33,027)	(25,340)
Less: Impairment loss on investment properties	(10,283)	(10,283)
	680,346	**458,796**
Investment properties comprise:		
Lands	146,160	156,090
Buildings, net	534,186	302,706
Balance at the end of the period/year	**680,346**	**458,796**

All investment properties are located within the United Arab Emirates.

7 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Balance at the beginning of the year	1,004,491	859,546
Addition during the period/year	17,484	175,603
Transfer to investment properties (note 6)	(239,168)	(19,356)
Transfer to fixed assets	-	(11,302)
	782,807	1,004,491
Less: Impairment loss on investment properties under development	(100,000)	-
	682,807	**1,004,491**

The management has reassessed the fair value of investment properties under development as at 30 June 2010 and accordingly increased the impairment provision by AED 100 Million.

All investment properties under development are located within the United Arab Emirates.

8 FIXED ASSETS

The Government of Dubai has donated the Group a non-monetary asset in the form of land, which has initially been recognized at a nominal value of AED 1 as per International Accounting Standards, 20 "Accounting for Government Grants". As per the independent valuation, the fair value of this land as at 30 June 2010 is AED 46,200,000.

9 CUSTOMERS' ACCOUNTS

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Customers' accounts concentrated as follows:		
Resident customer accounts	19,993,543	18,647,609
Non-Resident customer accounts	1,160,367	770,478
	21,153,910	**19,418,087**

10 INVESTMENT WAKALA

The Bank has received funds, on Wakala basis, aggregating to AED 1,081,872,000 in December 2008 from the Ministry of Finance, Government of UAE, payable after five years (extendable up to seven years), subject to certain conditions as per the Wakala agreement.

11 SHARE CAPITAL

The Bank has authorized share capital of AED 3,000,000,000 and paid up capital of AED 2,430,422,000. During the period, the Bank has increased its share capital by issuing 115,734,000 bonus shares as approved by shareholders in the Annual General Meeting dated 11th July 2010.

12 CUMULATIVE CHANGES IN FAIR VALUE

Cumulative changes in fair value represent the revaluation deficit on available-for-sale investment for the period. The shareholders' portion of the revaluation deficit as at 30 June 2010 is AED 23,082,000.

13 NON-CONTROLLING INTEREST

Non-controlling interest of AED 94,385,000 as at 30 June 2010 (31 December 2009:AED 92,363,000) represents the 60% of shares of Ithmar Real Estate Development Co. not owned by the Bank (note 1).

14 ASSETS UNDER MANAGEMENT

Assets under management comprise:

a) Sukuk assets

During June 2007, the Bank has facilitated issuance of "Investment Sukuk" aggregating to AED 1,285,550,000 (US$ 350,000,000) through the sale of "Ijarah Assets" at carrying value to Emirates Islamic Bank 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, by the virtue of the Management Agreement, has assigned the management of the Sukuk 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 Sukuk holder has the option to redeem the Sukuk at face value. This option is guaranteed by the Group Holding Company of the Bank. Therefore the separate financial statements of the Bank and its subsidiaries have shown these assets as Off Balance Sheet as required by the Bank's Fatwa and Sharia Supervisory Board.

b) Wakala assets

The balance of Wakala assets under management as at 30 June 2010 is AED 200,000,000 (31 December 2009: AED 200,000,000) and belongs to the Group Holding Company which bears the risks of these assets.

15 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of AED 49,551,000 and AED (17,078,000) for the periods of six months and three months respectively ended 30 June 2010 (30 June 2009: AED 101,223,000 and AED 35,265,000), divided by the weighted average of the number of the shares outstanding during the period 2,430,422,000 (30 June 2009:1,330,422,000).

16 RELATED PARTY TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Emirates NBD Group and with certain staff, shareholders, directors and entities in which the Bank, its shareholders and directors have significant interests.

Related party transactions are as follows:

	Un-Audited 30 June 2010 AED'000	Un-Audited 30 June 2009 AED'000
Statement of income		
Income/(Loss) from fund managed by Group Holding Company	12,011	(62,293)
Income from group holding company, net	101,994	21,322
Key management personnel compensations	6,510	4,344
Key management personnel compensations - Retirements benefits	211	113

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
Statement of financial position		
Due from Group Holding Company, net	5,962,927	1,656,526
Investment in funds managed by the Group	506,949	521,261
Financing receivables - Directors & affiliates	98,932	128,965
Financing receivables - Key management personnel	8,226	11,298
Current and Investment accounts - Directors	21,079	21,618
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550
Wakala- Group Holding Company	200,000	200,000

17 OPERATING SEGMENT

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

Corporate and Investment
Within 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
Retail segment provides a wide range of products and services to individuals and accepts their deposits.

Treasury
This segment mainly includes Murabaha deals with Emirates NBD PJSC.

Subsidiaries
The condensed consolidated interim financial statements include the following figures related to subsidiaries:

	Assets	Liabilities	(Loss)/profit
	AED'000	AED'000	AED'000
Emirates Islamic Financial Brokerage Co. LLC	33,929	1,227	(1,279)
Ithmar Real Estate Development Co. PSC	168,398	10,213	3,370

17 OPERATING SEGMENT *(Continued)*

	Corporate & Investment		Retail		Treasury		Total	
	Un-Audited For six-months period ended 30 June 2010	Un-Audited For six-months period ended 30 June 2009	Un-Audited For six-months period ended 30 June 2010	Un-Audited For six-months period ended 30 June 2009	Un-Audited For six-months period ended 30 June 2010	Un-Audited For six-months period ended 30 June 2009	Un-Audited For six-months period ended 30 June 2010	Un-Audited For six-months period ended 30 June 2009
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Statement of income								
Segment income	360,825	360,142	143,994	156,358	101,994	21,322	606,813	537,822
Inter segment wakala income	(171,820)	(213,656)	166,694	174,519	5,126	39,137	-	-
Commission, Fees & Other Income	87,710	88,653	77,505	60,942	-	14,591	165,215	164,186
Total income	**276,715**	**235,139**	**388,193**	**391,819**	**107,120**	**75,050**	**772,028**	**702,008**
General and administrative expenses	(64,568)	(65,715)	(128,245)	(133,461)	-	-	(192,813)	(199,176)
Depreciation of investment properties	(7,687)	(4,126)	-	-	-	-	(7,687)	(4,126)
Total expenses	**(72,255)**	**(69,841)**	**(128,245)**	**(133,461)**	**-**	**-**	**(200,500)**	**(203,302)**
Net operating income	**204,460**	**165,298**	**259,948**	**258,358**	**107,120**	**75,050**	**571,528**	**498,706**
Allowances for impairment, net of recoveries and reversals	(169,302)	(38,472)	(64,211)	(50,462)	-	-	(233,513)	(88,934)
	35,158	**126,826**	**195,737**	**207,896**	**107,120**	**75,050**	**338,015**	**409,772**
Investment, saving and wakala accounts' share of profit	(116,761)	(119,675)	(169,681)	(189,242)	-	-	(286,442)	(308,917)
Non-controlling interest	(2,022)	368	-	-	-	-	(2,022)	368
Shareholders' (loss)/ profit (net income)	**(83,625)**	**7,519**	**26,056**	**18,654**	**107,120**	**75,050**	**49,551**	**101,223**

17 OPERATING SEGMENT *(Continued)*

	Corporate & Investment		Retail		Treasury		Total	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Financial position								
Assets								
Segment assets	14,600,291	15,800,382	5,077,222	5,161,820	6,199,572	1,999,027	25,877,085	22,961,229
Central Bank Reserve Requirements	396,162	378,516	594,243	567,775	-	-	990,405	946,291
Unallocated assets	-	-	-	-	-	-	1,059,995	1,382,119
Total Assets	**14,996,453**	**16,178,898**	**5,671,465**	**5,729,595**	**6,199,572**	**1,999,027**	**27,927,485**	**25,289,639**
Liabilities and Equity								
Segment liabilities	9,554,412	6,832,606	14,834,313	15,019,842	2,875,189	2,782,014	27,263,914	24,634,462
Unallocated liabilities	-	-	-	-	-	-	569,186	562,814
Non-controlling interest	-	92,363	-	-	-	-	94,385	92,363
Total Liabilities and Equity	**9,554,412**	**6,924,969**	**14,834,313**	**15,019,842**	**2,875,189**	**2,782,014**	**27,927,485**	**25,289,639**

18 CAPITAL ADEQUACY RATIO

	Un-Audited 30 June 2010 AED'000	Audited 31 December 2009 AED'000
TIER I CAPITAL		
Share capital	2,430,422	2,314,688
Statutory reserve	200,738	200,738
General reserve	106,517	106,517
Retained earnings	99,051	165,234
Total tier I capital	**2,836,728**	**2,787,177**
TIER II CAPITAL		
Investment Wakala (Subordinated Term Loan)	1,081,872	1,081,872
Asset revaluation reserves	(23,082)	(6,679)
Total tier II capital	**1,058,790**	**1,075,193**
CAPITAL BASE	**3,895,518**	**3,862,370**
RISK WEIGHTED ASSETS		
Credit risk, on-balance sheet items	19,979,674	20,857,702
Credit risk, off-balance sheet items	1,625,436	1,675,837
	21,605,110	**22,533,539**
CAPITAL ADEQUACY RATIO	**18.03%**	**17.14%**

19 INTERIM MEASUREMENT

The nature of the Group's business is such that income earned or expenses incurred are in a manner which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements are prepared based upon an accrual concept, which requires income and expenses for the period to be recorded as earned or incurred in the same period not as received or paid throughout the period.

20 COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current period presentation.