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 OF 30 JUNE 2008

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (un-audited)
For the six months ended 30 June 2008

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 – 18

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Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors
Emirates Islamic Bank PJSC

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Emirates Islamic Bank PJSC ("the Bank") and its subsidiaries (referred to as "the Group") as at 30 June 2008, and the related consolidated condensed income statement, changes in equity and cash flows for the six months period then ended (the interim financial information). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 consolidated 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 consolidated interim financial information as at 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' also taking cognizance of relevant provisions of Federal Law No. 6 of 1985 applicable to Islamic Banks.

KPMG

Munther Dajani

Registration No: 268

20 JUL 2008

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (un-audited)

For the six months ended 30 June 2008

	Note	For 3 months ended 30 June 2008 AED'000	For 3 months ended 30 June 2007 AED'000	For 6 months ended 30 June 2008 AED'000	For 6 months ended 30 June 2007 AED'000
INCOME					
Income from financing activities, net		199,718	109,008	385,772	216,547
Income from investment securities designated at fair value		60,589	18,934	53,281	14,294
Income from other investments		24,550	11,185	58,787	21,413
Income from Group Holding Company, net		10,838	31,678	37,024	48,937
Property related income, net		5,340	3,869	11,504	16,910
Commissions and fees income, net		72,742	10,157	168,265	28,660
Other operating income		46,772	26,212	65,136	53,844
TOTAL INCOME		**420,549**	**211,043**	**779,769**	**400,605**
EXPENSES					
General and administrative expenses		95,905	66,422	178,308	118,861
Depreciation of investment properties		2,063	1,322	4,126	2,573
Allowances for impairment net of recoveries		9,933	18,925	12,458	36,253
TOTAL EXPENSES		**107,901**	**86,669**	**194,892**	**157,687**
NET OPERATING INCOME		**312,648**	**124,374**	**584,877**	**242,918**
Depositors' share of profit		(141,955)	(90,671)	(265,589)	(167,212)
Minority interest		105	-	105	-
SHAREHOLDERS' PROFIT (NET INCOME)		**170,798**	**33,703**	**319,393**	**75,706**
Earnings per share (Dirham)	6	**0.18**	**0.04**	**0.34**	**0.08**

The attached notes 1 to 23 form part of these financial statements.

The auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (un-audited)

At 30 June 2008

	Note	30 June 2008 AED'000	31 December 2007 AED'000
ASSETS			
Cash, and balances with U.A.E Central Bank		1,166,561	867,912
Due from banks		141,582	23,340
Due from Group Holding Company, net		4,053,339	985,482
Financing receivables	7	15,161,205	10,836,828
Loans and receivables		39,638	39,909
Investment securities designated at fair value	8	1,194,265	1,187,157
Other investments	9	2,646,571	1,592,993
Investment properties	10	329,936	262,472
Investment properties under development	11	628,112	427,470
Prepayments and other assets		526,944	536,353
Fixed Assets	12	54,202	193,993
TOTAL ASSETS		**25,942,355**	**16,953,909**
LIABILITIES			
Customers' accounts		22,277,338	13,909,058
Due to banks		325,943	158,200
Other liabilities		956,955	800,319
Zakat payable		-	13,426
Investment wakala	13	740,000	740,000
TOTAL LIABILITIES		**24,300,236**	**15,621,003**
SHAREHOLDERS' EQUITY			
Share capital	14	934,375	747,500
Statutory reserve		147,599	147,599
General reserve		74,750	74,750
Fair value reserve	15	40,925	-
Revaluation reserve	16	-	144,000
Mudaraba pool reserve		6,175	6,175
Retained earnings		345,400	212,882
TOTAL SHAREHOLDERS' EQUITY		**1,549,224**	**1,332,906**
MINORITY INTEREST	17	92,895	-
TOTAL EQUITY		**1,642,119**	**1,332,906**
TOTAL LIABILITES AND EQUITY		**25,942,355**	**16,953,909**
COMMITMENTS AND CONTINGENT LIABILIITES		**3,542,650**	**2,827,222**
ASSETS UNDER MANAGEMENT	18	**1,942,949**	**2,785,550**
RESTRICTED INVESTMENT ACCOUNTS	19	**-**	**519,177**

These financial statements were authorised for issue on 20th July 2008.

For Chairman

Chief Executive Officer

The attached notes 1 to 23 form part of these financial statements.
The auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

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

For the six months ended 30 June 2008

	For 6 months ended 30 June 2008 AED'000	For 6 months ended 30 June 2007 AED'000
OPERATING ACTIVITIES		
Profit for the period	319,393	75,707
Adjustments:		
Allowances for impairment on financing receivables	12,458	36,253
Gain on sale of investment properties	(669)	(9,430)
Gain on revaluation of investment securities	(27,744)	(5,009)
Dividend Income	(22,103)	(1,141)
Depreciation on investment properties	4,126	2,573
Depreciation on fixed assets	8,341	7,056
Operating profit before changes in assets and liabilities	**293,802**	**106,009**
Change in reserves with U.A.E Central Bank	(194,856)	(211,500)
Change in due from Group Holding Company	(4,360,550)	338,742
Change in financing receivables	(4,336,835)	(104,658)
Change in loans and receivables	271	1,602
Change in prepayments and other assets	9,409	(118,082)
Change in customers' accounts	8,277,188	2,381,505
Change in other liabilities	159,435	126,263
Directors' remuneration	(2,800)	(2,100)
Zakat paid	(13,426)	(4,249)
Net cash from operating activities	**(168,362)**	**2,513,532**
INVESTING ACTIVITIES		
Purchase of investment securities	(1,085,182)	(455,930)
Proceeds from sale/repayment of investment securities	156,513	-
Dividend received	22,103	1,141
Gain on revaluation of investment securities	27,744	5,009
Purchase of investment properties	(76,419)	(32,139)
Proceeds from sale of investments properties	5,500	28,797
Changes in investment properties under development	(200,642)	(32,471)
Additions to fixed assets	(12,550)	(10,708)
Net cash used in investing activities	**(1,162,933)**	**(496,301)**
FINANCING ACTIVITIES		
Minority interest	92,895	-
Net cash from financing activities	**92,895**	-
Net change in cash and cash equivalents	**(1,238,400)**	**2,017,231**
Cash and Cash equivalent at the beginning of the period	2,855,313	318,609
Cash and cash equivalents at the end of the period	**1,616,913**	**2,335,840**

The attached notes 1 to 23 form part of these financial statements.

Emirates Islamic Bank (PJSC)

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

For the six months ended 30 June 2008

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair Value Reserve Available for sale Investment AED'000	Revaluation reserve AED'000	Mudaraba Pool Reserve AED'000	Retained earning AED'000	Total AED'000
As of 1st 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	-	-	-	-	-	-	75,707	75,707
As of 30th June 2007	**747,500**	**123,746**	**65,000**	**-**	**120,000**	**-**	**105,333**	**1,161,579**
As of 1st January 2008	747,500	147,599	74,750	-	144,000	6,175	212,882	1,332,906
Issue of bonus shares	186,875	-	-	-	-	-	(186,875)	-
Fair value reserve	-	-	-	40,925	-	-	-	40,925
Revaluation reserve (Note 16)	-	-	-	-	(144,000)	-	-	(144,000)
Net income for the year	-	-	-	-	-	-	319,393	319,393
As of 30th June 2008	**934,375**	**147,599**	**74,750**	**40,925**	**-**	**6,175**	**345,400**	**1,549,224**

In accordance with the Ministry of Economy & Commerce interpretation of Article (118) of Commercial Companies Law No: (8) of 1984, Directors' remuneration has been treated as an appropriation from equity.

The attached notes 1 to 23 form part of these financial statements

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

In addition to its head office in Dubai, the Bank operates through 23 branches in the UAE. The accompanying consolidated financial statements combine the activities of the Bank's head office and its branches and its subsidiaries (together referred as "Group").

The Bank has the following subsidiaries:

	Date of Incorporation & Country	Activities	Ownership
Emirates Islamic Financial Brokerage LLC	26 April 2006, UAE	Brokerage Services	100%
Ithmar Real Estate Development PSC	9 June 2008, UAE	Real Estate holding and trust companies	40%

The Bank's control in Ithmar Real Estate Development PSC is presumed to exist on account of power to cast the majority of votes at the meeting of the Board of Directors.

The Bank's provides full commercial Islamic banking services in accordance with Islamic Sharia and offers a variety of products through Islamic financing and investing instruments. The bank is listed at Dubai Financial Market.

As of 30th of June 2008 the Bank employed 1,182 employees (31 December 2007: 929 employees).

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 2007.

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

3. SIGNIFICANT 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 2007.

i. New standards and interpretation

New standards and interpretation not yet adopted

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the Standing Interpretations Committee of the International Accounting Standards Board ("IASB").

New standards and interpretations that are issued but not yet effective for accounting periods beginning on 1 January 2008 are as follows:

i. IFRS – 8: Operating Segments (effective 1 January 2009);
ii. IAS – 23 (Revised): Borrowing costs (1 January 2009);
iii. IAS – 1 (Revised): Presentation of financial statements (1 January 2009) and
iv. IFRIC – 13: Customer loyalty programs (1 July 2008).

ii. 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.

iii. 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.

iv. 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.

v. Investment Wakala

Investment Wakala is an agreement whereby one party (the "Muwakkil" / "Principal") appoints an investment agent (the "Wakeel" / "Agent") to invest the Muwakkil's funds (the "Wakala Capital") on the basis of an agency contract (the "Wakala") 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 regardless if the said Wakala generates profit or loss; while the share of the profit, if any, is an incentive for the Wakeel to achieve a return higher than expected. The Wakala profit, if any, goes to the Muwakkil, and he bears the loss. However, the Wakeel bears the loss in cases of fraud, negligence or violation of the terms of the Investment Wakala.

The Bank, as an agent, is not bearing any substantial underlying risks, therefore the investment Wakala are excluded from these financial statements.

vi. 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 2007.

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 2007.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of AED 319,393,000 and AED 170,795,000 for the period of six months and three months respectively ended 30 June 2008 (30 June 2007: AED 75,707,000/AED 33,703,000), for the period divided by the weighted average of the number of shares outstanding during the period 934,375,000 (30 June 2007: 934,375,000 shares).

7. FINANCING RECEIVABLES

	30-June 2008 AED'000	Audited 31-December 2007 AED'000
Financing receivables comprise:		
Commodities murabaha	2,668,382	2,006,613
Vehicles murabaha	2,600,408	2,177,992
Syndication murabaha	213,070	360,589
Real Estate murabaha	250,262	261,262
Total murabaha	5,732,122	4,806,456
Istisnaa	1,046,356	739,659
Ijarah	3,848,090	2,578,078
Credit card receivables	361,067	292,089
Others	1,892,091	847,200
	12,879,726	9,263,482
Less: Deferred income	(731,402)	(545,594)
Less: Allowance for impairment	(174,063)	(157,748)
	11,974,261	**8,560,140**
Wakala	3,186,944	2,276,688
Total financing receivables	**15,161,205**	**10,836,828**
Analysis by economic activity		
Agriculture and related activities	4,264	8,017
Manufacturing	281,130	390,740
Construction	1,894,065	802,347
Trade	2,050,633	2,646,657
Transportation and communication	211,320	137,308
Services and personal	6,396,353	4,615,735
Real estate	4,418,280	2,472,700
Others	810,625	466,666
	16,066,670	11,540,170
Less: Deferred income	(731,402)	(545,594)
Less: Allowance for impairment	(174,063)	(157,748)
	15,161,205	**10,836,828**

	2008 AED'000	2007 AED'000
Movement in allowances for impairment:		
Balances at the beginning of the period/year	157,748	94,113
Allowances for impairment made during the period/year	27,858	73,728
Recoveries	(11,543)	(10,093)
Balance at the end of the period/year	**174,063**	**157,748**

8. INVESTMENT SECURITIES DESIGNATED AT FAIR VALUE

	30- June 2008 AED'000	Audited 31-December 2007 AED'000
Equity shares	318,673	317,223
Equity funds	691,683	665,388
Hybrid debt instruments	183,909	204,546
	1,194,265	**1,187,157**
Investment securities comprise:		
Quoted	869,591	862,516
Unquoted	324,674	324,641
	1,194,265	**1,187,157**

9. OTHER INVESTMENTS

	30- June 2008 AED'000	Audited 31-December 2007 AED'000
Held to maturity - sukuk	414,796	509,253
Available for sale	2,231,775	1,083,740
	2,646,571	**1,592,993**
Other investments comprise:		
Quoted	331,043	75,691
Unquoted	2,315,528	1,517,302
	2,646,571	**1,592,993**

10. INVESTMENT PROPERTIES

	30- June 2008 AED'000	Audited 31-December 2007 AED'000
Balance at the beginning of the period/ year	269,778	271,533
Properties purchased	76,419	367,045
Properties sold	(4,831)	(24,367)
Property reclassified as investment properties under development	-	(344,433)
	341,366	269,778
Less: Accumulated depreciation	(11,430)	(7,306)
	329,936	**262,472**
Investment properties comprise:		
Lands	96,535	24,947
Buildings, net	233,401	237,525
	329,936	**262,472**

Management has reclassified land under development totaling AED 344,433,000 as of 31 December 2007 to Investment properties under development to better reflect the underlying nature of these assets.

Management also assessed that the fair value of the investment properties are not materially changed as compared with the carrying value as of 30 June 2008.

11. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	30- June 2008 AED'000	Audited 31-December 2007 AED'000
Land under development	473,855	345,033
Civil work in progress	154,257	82,437
	628,112	**427,470**

As of 31 December 2007 land under development of AED 344,433,000 as well as land of AED 600,000 has been transferred from Investment properties and fixed assets respectively. Similarly civil work in progress of AED 82,437,000 has been transferred from property and equipment.

12. Fixed Assets

Land previously donated by the Government of Dubai valued at AED 144,000,000 as of 31 December 2007, has been used for the infrastructure projects by the Government of Dubai, accordingly this land has been written-off during the period.

Civil work in progress of AED 82,437,000 and land of AED 600,000 at 31 December 2007 have re-classified as investment property under development.

13. INVESTMENT WAKALA

The Bank (the "Wakeel") has arranged an Investment Wakala agreement up to AED 1 billion for a term of 10 years, with effect from 27th September 2007 with Deutsche Trust Company Limited (the "Muwakkil"), which is registered in the United Kingdom. The Muwakkil is the trustee pursuant to the Trust Deed made on the same said date between the trustee and the Group Holding Company, a beneficial owner of this Investment Wakala. The Wakeel has received AED 740,000,000 in trenches under the Investment Wakala during the year ended 31st December 2007.

14. SHARE CAPITAL

The Bank has increased its authorized capital to AED 934,375,000 through issuing 186,875,000 bonus shares based on the Annual General meeting resolution dated April 22nd 2008.

15. FAIR VALUE RESERVE

Fair value reserve represents revaluation surplus on available for sale investment for the period. AED 40,925,000 represents the shareholders' portion of the revaluation surplus. AED 91,092,000 is the customers' accounts' portion of revaluation surplus and it has been reported under customers' accounts. Customers' accounts' portion is not subject to distribution unless realized.

16. REVALUATION RESERVE

Revaluation reserve of AED 144,000,000 represents revaluation reserve of land donated by the Government of Dubai.
The Bank has reversed the revaluation gain previously recognized in the revaluation reserve balance as at 31 December 2007(refer to note 12 above).

17. MINORITY INTREST

Minority interest of AED 92,895,000 represents the 60% share of Ithmar Real Estate PSC not owned by the Bank (refer note 1).

18. 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, in his capacity, as a trustee, by the 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 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 subsidiary 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 30th June 2008 is AED 657,399,000 and belongs to the Group Holding Company. The risks of these investments are borne by investor.

19. 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 holders of such accounts except for the performance risk relating to cases of default or negligence or violation of the terms governing these accounts by the Bank.

20. RELATED PARTY TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Emirates Bank International 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:

	30- June 2008 AED'000	Audited 31 December 2007 AED'000
Balance sheet		
Due from Group Holding Company, net	4,053,399	985,482
Investment wakala	740,000	740,000
Investment in funds managed by Group	691,683	665,389
Financing receivables - directors	116,866	113,610
Financing receivables - key management personnel	60,269	31,382
Current and investment accounts - directors	3,800	-
Current and investment accounts - key management personnel	643	-

	For 6 months ended 30- June 2008	For 6 months ended 30 -June 2007
Income Statement		
Income from fund managed by Group Holding Company	31,064	9,365
Income from group holding company, net	37,024	48,937
Key management personnel compensation	5,294	3,993
Key management personnel compensation - retirements benefits	316	163

21. SEGMENT REPORTING

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 Bank International (PJSC).

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

Emirates Islamic Financial Brokerage LLC wholly owned subsidiary is a brokerage company engaged in offering brokerage services for trading in shares as approved by Fatwa and Sharia Supervisory board. The consolidated financial statement includes Assets, Liabilities and Net Profit of: AED 168,913,000, AED 136,084,000 and AED 2,925,000 respectively.

Ithmar Real Estate PSC is Real Estate Company, yet to commence its commercial operation. The consolidated financial statements include expenses of AED 175,000 related to company incorporation.

21. SEGMENT REPORTING" (Continued)

	6 months ended 30-June 2008 AED'000	6 months ended 30-June 2007 AED'000	6 months ended 30-June 2008 AED'000	6 months ended 30-June 2007 AED'000	6 months ended 30-June 2008 AED'000	6 months ended 30-June 2007 AED'000	6 months ended 30-June 2008 AED'000	6 months ended 30-June 2007 AED'000
	Corporate & Investment		Retail		Treasury		Total	
Income Statement								
Segment income	389,385	217,741	119,958	55,298	37,024	45,063	546,367	318,102
Inter segment wakala income	(157,191)	(84,584)	147,539	101,545	9,652	(16,961)	-	-
Commission, fees and other income	165,622	38,704	67,779	43,800	-	-	233,401	82,504
Total income	**397,816**	**171,861**	**335,276**	**200,643**	**46,676**	**28,102**	**779,768**	**400,606**
General and administrative expenses	(64,556)	(33,696)	(113,751)	(85,165)	-	-	(178,307)	(118,861)
Depreciation of investment properties	(4,126)	(2,573)	-	-	-	-	(4,126)	(2,573)
Total expenses	**(68,682)**	**(36,269)**	**(113,751)**	**(85,165)**	**-**	**-**	**(182,433)**	**(121,434)**
Net operating income	**329,134**	**135,592**	**221,525**	**115,478**	**46,676**	**28,102**	**597,335**	**279,172**
Allowance for impairment net of recoveries	(1,702)	1,975	(10,756)	(38,228)	-	-	(12,458)	(36,253)
	327,432	**137,567**	**210,769**	**77,250**	**46,676**	**28,102**	**584,877**	**242,919**
Depositors' share of profit	(109,553)	(63,549)	(156,036)	(103,663)	-	-	(265,589)	(167,212)
Minority interest	105	-	-	-	-	-	105	
Shareholders' profit (net income)	**217,984**	**74,018**	**54,733**	**(26,413)**	**46,676**	**28,102**	**319,393**	**75,707**

21. SEGMENT REPORTING" (Continued)

Balance Sheet	**30-June 2008 AED'000**	**31-December 2007 AED'000**	**30-June 2008 AED'000**	**31-December 2007 AED'000**	**30-June 2008 AED'000**	**31-December 2007 AED'000**	**30-June 2008 AED'000**	**31-December 2007 AED'000**
Assets	**Corporate & Investment**		**Retail**		**Treasury**		**Total**	
Segment assets	15,679,948	11,680,699	3,691,668	2,583,093	4,408,469	1,118,576	23,780,085	15,382,368
Central Bank reserve requirements	381,205	303,263	571,808	454,895	-	-	953,013	758,158
Unallocated assets	-	-	-	-	-	-	1,209,257	813,383
Total assets	**16,061,153**	**11,983,962**	**4,263,476**	**3,037,988**	**4,408,469**	**1,118,576**	**25,942,355**	**16,953,909**
Liabilities/equity								
Segment liabilities	8,417,930	4,248,028	14,001,339	9,661,030	2,615,167	2,231,106	25,034,436	16,140,164
Unallocated liabilities	-	-	-	-	-	-	815,024	813,745
Minority Interest	-	-	-		-	-	92,895	-
Total liabilities and equity	**8,417,930**	**4,248,028**	**14,001,339**	**9,661,030**	**2,615,167**	**2,231,106**	**25,942,355**	**16,953,909**

22. CAPITAL ADEQUACY RATIO

	As at 30 June 2008 AED'000	As at 31 December 2007 AED'000
TIER I CAPITAL		
Share capital	934,375	747,500
Legal reserves	147,599	147,599
General reserves	74,750	74,750
Mudaraba pool reserve	6,175	6,175
Retained earnings	345,400	212,882
Total tier I capital	**1,508,299**	**1,188,906**
TIER II CAPITAL		
Investment wakala (subordinated term Loan)	740,000	740,000
Asset revaluation reserves	18,416	54,000
Total tier II capital	**758,416**	**794,000**
CAPITAL BASE	**2,266,715**	**1,982,906**
RISK WEIGHTED ASSETS		
Credit risk (on-balance sheet)	18,828,319	15,266,397
Credit risk (off-balance sheet)	1,688,067	1,444,751
	20,516,386	**16,711,148**
CAPITAL ADEQUACY RATIO, BASEL I	**11.05**	**11.86**

23. 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.