EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Independent report on review of condensed consolidated interim financial information

The shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2008 and the related condensed consolidated interim statements of income, cash flows and changes in equity for the six month period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard 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 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*.

21 JUL 2008

Name:	Vijendra Nath Malhorta	Edward B Quinlan
Registration No:	48 B	93
	KPMG Dubai United Arab Emirates	Ernst & Young Dubai United Arab Emirates

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EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2008 (UNAUDITED)

	Notes	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
ASSETS			
Cash and deposits with Central Banks	3	28,431,204	29,226,054
Due from banks		18,472,238	12,800,902
Loans and receivables	4	169,290,852	151,952,233
Islamic financing and investment products	5	18,099,362	14,471,737
Trading securities	7	467,664	253,787
Investment securities	8	27,421,838	23,345,655
Investments in associates and joint venture	10	2,871,741	2,712,372
Investment properties		549,936	482,472
Property and equipment		2,436,895	1,982,687
Goodwill and intangibles	11 & 12	6,194,261	6,178,627
Positive fair value of derivatives		4,247,246	3,756,345
Customer acceptances		3,063,843	2,851,216
Other assets		3,970,130	3,798,165
TOTAL ASSETS		285,517,210	253,812,252
LIABILITIES			
Customer deposits		134,821,438	124,104,425
Islamic customer deposits		22,238,294	14,541,970
Collateral and other borrowings from Central Bank		9,595,785	-
Due to banks		46,180,930	48,583,966
Repurchase agreements with banks		1,170,900	5,610,043
Debt issued and other borrowed funds	13	29,867,777	25,406,321
Sukuk payable	14	1,267,185	1,267,185
Negative fair value of derivatives		2,798,169	2,750,833
Customer acceptances		3,063,843	2,851,216
Other liabilities		7,994,311	3,537,519
TOTAL LIABILITIES		258,998,632	228,653,478
EQUITY			
Issued capital		5,052,523	4,393,498
Treasury shares		(46,175)	(46,175)
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserves		1,260,205	1,260,205
Other reserves		3,258,385	3,917,410
Cumulative changes in fair value		1,019,307	863,890
Retained earnings		3,607,548	2,497,919
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	15	26,421,917	25,156,871
Minority interests		96,661	1,903
TOTAL EQUITY		26,518,578	25,158,774
TOTAL LIABILITIES AND EQUITY		285,517,210	253,812,252

The notes set out on pages 6 to 22 form part of these group condensed consolidated interim financial statements.
The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Chairman

21 JUL 2008

Chief Financial Officer

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Notes	Unaudited three months period ended 30 June 2008 AED 000	Unaudited three months period ended 30 June 2007 AED 000	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Interest income		2,450,910	1,447,256	5,410,867	2,745,884
Interest expense		(1,226,458)	(1,000,447)	(2,901,118)	(1,858,804)
Net interest income		1,224,452	446,809	2,509,749	887,080
Income from Islamic financing and investment products		283,171	167,866	524,806	297,537
Distribution to depositors and profit paid to Sukuk holders		(144,723)	(94,459)	(292,660)	(171,000)
Net income from Islamic financing and investment products		138,448	73,407	232,146	126,537
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,362,900	520,216	2,741,895	1,013,617
Fee and commission income		723,366	250,308	1,459,372	479,675
Fee and commission expense		(186,781)	(66,467)	(359,812)	(119,045)
Net fees and commission income		536,585	183,841	1,099,560	360,630
Net (loss) / gain on trading securities		(7,785)	26,776	(9,977)	28,384
Other operating income		603,811	261,121	847,215	484,297
Total operating income		2,495,511	991,954	4,678,693	1,886,928
General and administrative expenses		(931,027)	(379,998)	(1,751,147)	(711,250)
Impairment allowances on financial assets	6	(248,738)	(72,702)	(511,667)	(132,722)
Total operating expenses		(1,179,765)	(452,700)	(2,262,814)	(843,972)
Operating profit		1,315,746	539,254	2,415,879	1,042,956
Amortisation of intangibles		(20,465)	(465)	(40,930)	(1,085)
Share of profit of associates & joint venture		156,363	87,134	272,957	158,719
Group profit for the period		1,451,644	625,923	2,647,906	1,200,590
Attributable to:					
Equity holders of the Group		1,451,306	625,869	2,647,353	1,200,469
Minority interests		338	54	553	121
Group profit for the period		1,451,644	625,923	2,647,906	1,200,590

	Notes	Unaudited three months period ended 30 June 2008 AED	Unaudited three months period ended 30 June 2007 AED	Unaudited six months period ended 30 June 2008 AED	Unaudited six months period ended 30 June 2007 AED
Earnings Per Share	17	0.29	0.12	0.52	0.24

The notes set out on pages 6 to 22 form part of these group condensed consolidated interim financial statements.
The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Note	Unaudited 30 June 2008 AED 000	Unaudited 30 June 2007 AED 000
OPERATING ACTIVITIES			
Group profit for the period		2,647,906	1,200,590
Adjustment for non cash items			
Impairment allowances on loans and receivables		571,351	115,025
Impairment allowances on Islamic financing and investment products		27,858	40,642
Amortisation of intangibles		40,930	1,085
Depreciation on property and equipment		88,281	43,144
Share of profit of associates and joint venture		(272,957)	(158,719)
Operating profit before changes in operating assets and liabilities		3,103,369	1,241,767
Increase in statutory deposits		(469,898)	(617,325)
Decrease in due from banks maturing after 3 months		1,287,341	151,015
Increase/(decrease) in due to banks maturing after 3 months		1,136,275	(25,000)
Net change in other liabilities/other assets		4,284,827	(371,766)
Net change in fair value of derivatives		(421,736)	(55,458)
Increase in customer deposits		18,413,337	11,791,029
Increase in loans and receivables		(17,966,535)	(12,322,350)
Increase in Islamic financing and investment products		(3,655,483)	(1,394,596)
Net cash inflows/(outflows) from operating activities		5,711,497	(1,602,684)
INVESTING ACTIVITIES			
Increase in trading and investment securities (net)		(4,060,967)	(2,208,750)
Sale of investment in joint venture		18,083	-
Increase in investment properties (net)		(67,464)	(10,190)
Acquisition of subsidiaries		-	(27,013)
Additions to property and equipment (net)		(542,489)	(160,454)
Net cash flows used in investing activities		(4,652,837)	(2,406,407)
FINANCING ACTIVITIES			
Increase in Sukuk Borrowings		-	1,285,550
Increase in debt issued and other borrowed funds (net)		4,461,456	1,716,456
Decrease in deposits under repurchase agreement		(4,439,143)	-
Increase in minority interest		94,205	-
Dividends paid		(1,537,724)	(699,569)
Net cash (outflows)/inflows from financing activities		(1,421,206)	2,302,437
Decrease in cash and cash equivalents	20	(362,546)	(1,706,654)

The notes set out on pages 6 to 22 form part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2008 (UNAUDITED)

	Issued capital AED 000	Treasury shares AED 000	Share premium reserve AED 000	Legal and Statutory reserve AED 000	Other reserves AED 000	Cumulative changes in fair value AED 000	Retained earnings AED 000	Total AED 000	Minority interests AED 000	Group total AED 000
Balance as at 1 January 2007	2,331,896	-	-	982,205	4,294,484	343,285	924,611	8,876,481	1,566	8,878,047
Income and expense recognised directly in equity for available-for-sale securities	-	-	-	-	-	(8,460)	-	(8,460)	-	(8,460)
Income and expense recognised directly in equity for cash flow hedges	-	-	-	-	-	(23,221)	-	(23,221)	-	(23,221)
Group profit for the period	-	-	-	-	-	-	1,200,469	1,200,469	121	1,200,590
Total income and expense for the period	-	-	-	-	-	(31,681)	1,200,469	1,168,788	121	1,168,909
Dividends paid	-	-	-	-	-	-	(699,569)	(699,569)	-	(699,569)
Issuance of bonus shares	582,974	-	-		(582,974)	-	-	-	-	-
Balance as at 30 June 2007	2,914,870	-	-	982,205	3,711,510	311,604	1,425,511	9,345,700	1,687	9,347,387
Balance as at 1 January 2008	4,393,498	(46,175)	12,270,124	1,260,205	3,917,410	863,890	2,497,919	25,156,871	1,903	25,158,774
Income and expense recognised directly in equity for available-for-sale securities	-	-	-	-	-	133,588	-	133,588	-	133,588
Income and expense recognised directly in equity for cash flow hedges	-	-	-	-	-	21,829	-	21,829	-	21,829
Group profit for the period	-	-	-	-	-	-	2,647,353	2,647,353	553	2,647,906
Total income and expense for the period	-	-	-	-	-	155,417	2,647,353	2,802,770	553	2,803,323
Dividends paid	-	-	-	-	-	-	(1,537,724)	(1,537,724)	-	(1,537,724)
Issuance of bonus shares	659,025	-	-	-	(659,025)	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	94,205	94,205
Balance as at 30 June 2008	5,052,523	(46,175)	12,270,124	1,260,205	3,258,385	1,019,307	3,607,548	26,421,917	96,661	26,518,578

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2008 as this will be effected at the year end.

The notes set out on pages 6 to 22 form part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on Page 1.

1 LEGAL STATUS AND ACTIVITIES

Emirates NBD PJSC, ("ENBD" or "Emirates NBD" or the "Company") was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Company was incorporated principally to give effect to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"). The Company acts as holding company of both EBI and NBD (together referred to as the "Group"). The merger became effective from 16 October 2007.

The Company is listed on the Dubai Financial Market. The Company's principal business activity is investment holding.

The merger transaction was accounted for in accordance with IFRS 3 - Business Combinations. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. EBI was identified as the "deemed acquirer" in this transaction. The principles of reverse acquisition were used to reflect the acquisition of EBI by ENBD. No adjustments were made to the fair values of EBI's assets and liabilities in the consolidated balance sheet.

The registered address of the Company is Post Box 2923, Dubai, United Arab Emirates ("UAE").

The ultimate parent of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements of the Group for the year ended 31 December 2007.

The results for the six months period ended 30 June 2008 include the results of EBI and its subsidiaries and NBD and its subsidiaries. The comparative amounts for the six months period ended 30 June 2007 are those of EBI and its subsidiaries only.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2007.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

(a) 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 the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Cash	1,361,778	1,493,275
Interest free statutory and special deposits with Central Bank	11,039,426	11,834,779
Interest bearing certificates of deposit with Central Bank	16,030,000	15,898,000
	28,431,204	29,226,054

The reserve requirements are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without its approval. The level of reserve required changes every month in accordance with the Central Bank of the UAE directives.

4 LOANS AND RECEIVABLES

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Overdrafts	53,869,604	46,861,129
Time loans	106,009,557	93,962,781
Loans against trust receipts	4,679,502	4,168,196
Bills discounted	2,126,554	1,875,634
Others	2,156,558	2,212,021
Gross loans and receivables	168,841,775	149,079,761
Other debt instruments	2,719,950	4,686,528
Total loans and receivables	171,561,725	153,766,289
Less: Allowances for impairment	(2,270,873)	(1,814,056)
Net loans and receivables	169,290,852	151,952,233
Total of classified loans and receivables on which interest is not taken into income	1,825,688	1,594,761

4 LOANS AND RECEIVABLES (continued)

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Analysis by economic activity		
Agriculture and allied activities	103,666	89,755
Mining and quarrying	464,450	500,228
Manufacturing	10,620,997	8,710,293
Construction	10,824,883	12,225,947
Trade	11,089,133	10,131,887
Transport and communication	6,373,150	10,356,218
Services	22,541,019	21,575,254
Sovereign	37,668,382	29,811,428
Personal – Retail	21,173,309	18,171,402
Personal – Corporate	18,092,473	13,488,168
Real estate	11,112,903	9,258,703
Financial institutions and Investment companies	14,723,001	15,420,791
Others	6,774,359	4,026,215
Total loans and receivables	171,561,725	153,766,289
Less: Allowances for impairment	(2,270,873)	(1,814,056)
Net loans and receivables	169,290,852	151,952,233

Movement in allowances for impairment	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Balance as at 1 January	1,814,056	806,964
Impairment allowances during the period	571,351	115,025
Recoveries	(54,682)	(8,730)
Amounts written off	(59,852)	(19,096)
Balance as at end of period	2,270,873	894,163

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Murabaha	6,405,818	5,403,504
Ijara	5,278,719	4,137,925
Credit card receivables	361,067	292,089
Wakala	3,917,452	3,576,688
Istissna'a	1,046,356	739,659
Others	2,015,383	1,025,214
Total Islamic financing and investment products	19,024,795	15,175,079
Less: Deferred income	(751,370)	(545,594)
Less: Allowances for impairment	(174,063)	(157,748)
Net Islamic financing and investment products	18,099,362	14,471,737
Total of classified Islamic financing and investment products on which fees are not taken to income	209,505	246,644
Analysis by economic activity		
Agriculture and allied activities	4,264	8,017
Manufacturing	281,130	464,190
Construction	2,849,406	1,605,897
Trade	2,050,633	2,646,657
Transport and communication	211,321	137,308
Services and personal	5,287,283	3,853,787
Financial institutions and investment companies	1,766,469	2,802,218
Real estate	5,763,664	2,954,700
Others	810,625	702,305
Total	19,024,795	15,175,079
Less: Deferred income	(751,370)	(545,594)
Less: Allowances for impairment	(174,063)	(157,748)
Net Islamic financing and investment products	18,099,362	14,471,737

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Movement in allowances for impairment		
Balance as at 1 January	157,748	94,113
Impairment allowances during the period	27,858	40,642
Recoveries	(11,543)	(3,623)
Balance as at end of period	174,063	131,132

6 NET IMPAIRMENT ALLOWANCES

The charge to the income statement for net impairment allowances on financial assets is made up as follows:

	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Net impairment of loans and receivables	(516,669)	(106,295)
Net impairment of Islamic financing and investment products	(16,315)	(37,019)
Writeback of impairment allowances on investment securities	8,800	-
Net special asset recoveries	12,517	10,592
Net allowances for impairment losses for the period	(511,667)	(132,722)

7 TRADING SECURITIES

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Equities	467,664	253,787

8 INVESTMENT SECURITIES

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
HELD TO MATURITY:		
Government bonds	669,086	235,235
Corporate bonds	145,877	799,327
	814,963	1,034,562
AVAILABLE-FOR-SALE:		
Government bonds	1,470,975	1,451,960
Corporate bonds	14,057,591	13,260,948
Equities	5,118,527	2,052,206
Others (including mutual funds)	716,120	543,858
	21,363,213	17,308,972
FAIR VALUE THROUGH PROFIT AND LOSS:		
Corporate Bonds	759,755	127,206
Equities	332,743	330,125
Hybrid	614,681	634,423
Others	3,536,483	3,910,367
	5,243,662	5,002,121
Total investment securities	27,421,838	23,345,655

9 INVESTMENT IN SUBSIDIARIES

On 9 June 2008, Emirates Islamic Bank, a subsidiary of the Company, set up and subscribed to a 40% stake in Ithmar Real Estate Development PSC ('Ithmar'), a company engaged in real estate development, for a consideration of AED 62 million. Ithmar is being consolidated with the Group's financial statements under IAS 27 'Consolidated and Separate Financial Statements' (as the Group has the majority of the votes in the Board of Directors, which signifies management control.

On 6 February 2008, NBD Investment Bank Limited, a subsidiary of the Company, set up and subscribed to a 56.2% stake in NBD Sana Capital Limited, a DIFC registered company engaged in Private Equity management, for an initial cash consideration of AED 1.5 million.

10 INVESTMENT IN JOINT VENTURE

On 5 May 2008, the Group completed the sale of its investment in a joint venture, Mena Factors Limited for a total consideration of AED 19.3 million. A profit of AED 0.6 million, being the proceeds received on sale less the carrying value of the investment was recognized.

11 BUSINESS COMBINATIONS

As stated in Note 1, ENBD was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Company was created to effect the merger between EBI and NBD. Emirates NBD acquired the share capital of EBI and NBD in exchange for the new shares in Emirates NBD with the following exchange ratio:

- 1 share in EBI for 1 new share in Emirates NBD.
- 1 share in NBD for 0.95 new shares in Emirates NBD.

The merger was completed on 16 October 2007 with 99.11% and 97.63% of shareholders of EBI and NBD respectively exchanging their shareholding in the respective banks with new shares issued by Emirates NBD. Subsequently, on the same date, both EBI and NBD's shares were delisted for trading from the Dubai Financial Market ("DFM") and Emirates NBD's shares were listed on the DFM.

Emirates NBD subsequently received requisite approval from Emirates Securities & Commodities Authority ("ESCA") to automatically exchange the shares of EBI and NBD for new shares of Emirates NBD for the remaining shareholders whose acceptance could not be obtained due to lack of response. As at 31 December 2007, EBI and NBD became wholly owned subsidiaries of Emirates NBD.

Under IFRS 3 - Business Combinations, EBI has been identified as the "deemed acquirer" for the purposes of accounting under the purchase accounting method.

11 BUSINESS COMBINATIONS (continued)

The provisional fair values of the identifiable assets and liabilities of NBD acquired by the Group are as follows:

	Fair value recognised on acquisition	Carrying value
Assets:	AED 000	AED 000
Cash and balances with Central Bank	7,652,229	7,652,229
Due from banks	5,660,775	5,660,775
Securities	18,097,473	18,097,473
Loans and advances	57,842,834	57,485,231
Investment properties	220,000	157,136
Property and equipment	864,318	364,752
Other assets	1,396,275	1,396,275
Total assets acquired	91,733,904	90,813,871
Liabilities:		
Due to banks	11,630,074	11,630,074
Customer deposits	61,288,982	61,262,683
Debt issued and other borrowed funds	10,087,276	10,145,912
Other liabilities	1,081,628	1,081,628
Total liabilities acquired	84,087,960	84,120,297
Fair value of net assets acquired by the Group	7,645,944	
Goodwill and intangibles arising on acquisition	6,161,628	
Total acquisition cost	13,807,572	

The total acquisition cost of AED 13,807 million comprised 1,478,328,029 shares issued by ENBD amounting to AED 13,748 million and costs of AED 59 million directly attributable to the acquisition.

11 BUSINESS COMBINATIONS (continued)

The acquisition cost was calculated on the basis of EBI's closing price of AED 9.30 per share on the Dubai Financial Market on 7 October 2007, being the last traded day prior to the suspension from trading.

Cash inflow on acquisition:

	AED 000
Values of shares issued on acquisition	13,748,452
Acquisition costs	59,120
Net assets acquired on business combination (excluding cash)	(6,155,343)
Net cash inflow	7,652,229

The Group has provisionally recognized the fair value of assets, liabilities, and contingent liabilities, acquired through the acquisition of NBD and has not performed an impairment test on goodwill. The goodwill is attributable to the synergies expected to arise from the business combination. The intangible assets are attributable mainly to brands/trademarks and core deposit intangible ("CDI").

Adjustment to the provisional values and intangibles acquired will be finalized within 12 months of the acquisition date and recorded retrospectively as allowed by IFRS 3 - Business Combinations. An impairment test on the carrying values of goodwill and intangibles acquired will also be performed at that stage.

Other acquisitions

In addition to the acquisition of NBD, the Group has also acquired the following during the year 2007:

(i) Acquisition of Egyptian Company for Electronic Systems Development ("NPC")

On 1 January 2007 the Group acquired 100% of Egyptian Company for Electronic Systems Development ("NPC").

(ii) Acquisition of AbAcAs

During 2007, the Group was in the process of entering into a joint venture agreement with NSM Capital Management LLC ("NSM"), for the administration of AbAcAs Investments Limited ("AbAcAs"), a structured investment vehicle registered in the Cayman Islands. The joint venture resulted in the setting up of a 50:50 joint venture company, EBI/NSM Advisors Limited, which has a management agreement with AbAcAs. Subsequently, on 1 August 2007 the Group acquired the entire outstanding capital notes of AbAcAs.

11 BUSINESS COMBINATIONS (continued)

The Group has adopted the purchase method of accounting in respect of these acquisitions as required by IFRS 3 – Business Combinations.

12 GOODWILL AND INTANGIBLES

	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Cost:		
Balance as at 1 January	6,202,545	14,184
Reassessment of fair value	56,564	-
Acquisition of subsidiaries	-	26,733
Balance as at end of period	6,259,109	40,917
Amortisation and Impairment:		
Balance as at 1 January	23,918	-
Amortisation for the period	40,930	1,085
Balance as at end of period	64,848	1,085
Carrying Value:		
Balance as at end of period	6,194,261	39,832

The specific criteria which need to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either:

- is separable, that is, is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are amortised using the straight-line method over the useful life of the asset, which is estimated to be between 2 and 5 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Medium term note programme	24,358,277	19,896,821
Syndicated borrowings from banks	5,509,500	5,509,500
	29,867,777	25,406,321

The Group has outstanding medium and syndicated borrowings totalling AED 29,868 million which will be repaid as follows:

	Unaudited 30 June 2008 AED million	Audited 31 December 2007 AED million
2008	243	695
2009	5,485	4,075
2010	6,543	5,906
2011	4,989	4,821
2012	7,854	7,849
2013	1,283	-
2014	218	247
2016	1,813	1,813
2018	1,440	-
	29,868	25,406

14 SUKUK PAYABLE

On 12 June 2007, Emirates Islamic Bank PJSC ("EIB"), a subsidiary of the Group, through a sharia'a compliant Sukuk financing arrangement, raised medium term finance amounting to AED 1,285 million (USD 350 million), which is listed on the London Stock Exchange. An amount of AED 18 million has been adjusted on consolidation.

The terms of the arrangement include the transfer of certain leased assets (Ijara) of EIB, on a co-ownership basis, to a Sukuk company (EIB Sukuk Company Limited – "the issuer") specially formed for this transaction. The assets are in the control of EIB and shall continue to be serviced by EIB. The Sukuk certificates mature on 11 June 2012.

The issuer will pay the quarterly distribution amount from the returns received in respect of the leased assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to Sukuk holders on each quarterly distribution date. Upon maturity of this Sukuk, EIB has undertaken to repurchase the assets at the exercise price of USD 350 million.

15 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 23 March 2008, the following were approved and issued/paid subsequently:

(a) Issue of bonus shares for 2007 of 15% of the issued and paid up capital amounting to AED 659 million.

(b) Payment of a cash dividend of 35% of the issued and paid up capital amounting to AED 1,538 million.

16 COMMITMENTS AND CONTINGENCIES

At 30 June 2008 the Group's contingent liabilities and commitments are as follows:

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Letters of credit	21,683,869	19,405,990
Guarantees	46,430,263	34,064,323
Liability on risk participation	3,693,191	2,724,475
Irrevocable undrawn loan commitments	21,757,144	22,712,030
	93,564,467	78,906,818

17 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding during the period of 5,052,522,477 (2007: 4,393,497,806) of AED 1 each.

18 BUSINESS SEGMENT REPORTING (UNAUDITED)

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Other	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
30 June 2008						
Net interest income & income from Islamic products net of distribution to depositors	1,329,980	1,041,981	137,788	232,146	-	2,741,895
Net fees, commission and other income	914,339	308,216	(16,517)	302,082	428,678	1,936,798
Total income	2,244,319	1,350,197	121,271	534,228	428,678	4,678,693
General and administrative expenses						(1,751,147)
Impairment allowances on financial assets						(511,667)
Amortisation of intangibles						(40,930)
Share of profit of associates and joint venture						272,957
Group profit for the period						2,647,906
Segment assets	163,248,698	30,834,569	54,298,056	24,809,658	12,326,229	285,517,210
Segment liabilities and equity	104,154,870	46,395,254	98,244,006	28,249,820	8,473,260	285,517,210

Included in segment liabilities and equity are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

18 BUSINESS SEGMENT REPORTING (UNAUDITED) (continued)

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Other	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
30 June 2007						
Net interest income & income from Islamic products net of distribution to depositors	433,673	403,826	49,581	126,537	-	1,013,617
Net fees, commission and other income	449,386	99,911	219,730	104,284	-	873,311
Total income	883,059	503,737	269,311	230,821	-	1,886,928
General and administrative expenses						(711,250)
Impairment allowances on financial assets						(132,722)
Amortisation of intangibles						(1,085)
Share of profit of associates and joint venture						158,719
Group profit for the period						1,200,590
Segment assets	57,329,297	13,057,621	29,378,244	11,529,594	3,992,688	115,287,444
Segment liabilities and equity	28,019,948	21,514,190	48,193,823	14,304,071	3,255,412	115,287,444

Included in segment liabilities and equity are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

19 RELATED PARTY TRANSACTIONS

The Group has entered into transactions with certain related parties. Such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party transactions are as follows:

	Unaudited 30 June 2008 AED 000	Audited 31 December 2007 AED 000
Loans to the majority shareholder of the ultimate parent	27,721,470	27,571,295
Deposits from the majority shareholder of the ultimate parent	1,049,578	2,428,970
Investment in the majority shareholder of the ultimate parent	974	176,802
Loan to ultimate parent	367,300	-
Loans to directors and related companies	2,538,137	3,673,061
Loans to associates	1,927,734	3,196,065
Loans to and investments in funds managed by the Group	2,401,292	2,082,847

	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Payments made to associates	37,746	17,303
Fees received in respect of funds managed by the Group	60,217	14,424
Interest paid to funds managed by the Group	111	614

19 RELATED PARTY TRANSACTIONS (continued)

The total amount of compensation paid to directors and key management personnel of the Group during the period was as follows:

	Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
Short term and post employment benefits	16,239	15,041

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

20 NOTE TO THE CASH FLOW STATEMENT

		Unaudited six months period ended 30 June 2008 AED 000	Unaudited six months period ended 30 June 2007 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(11,802,558)	(9,528,277)
	Net cash outflow	(362,546)	(1,706,654)
	Balance at end of period	(12,165,104)	(11,234,931)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	28,431,204	4,802,403
	Due from banks	18,472,238	10,997,056
	Due to banks	(46,180,930)	(23,389,234)
	Collateral and other borrowings from Central Bank	(9,595,785)	-
		(8,873,273)	(7,589,775)
	Less : deposits with Central Bank for regulatory purposes	(7,069,347)	(2,742,775)
	Less : amounts due from banks maturing after 3 months	(1,090,977)	(902,381)
	Add : amounts due to banks maturing after 3 months	4,868,493	-
		(12,165,104)	(11,234,931)

21 COMPARATIVE FIGURES

A strategic investment, which on acquisition had been classified as available for sale, was grouped under investments carried at fair value through profit and loss. Since there has been no change in the decision to continue to hold this investment as a strategic investment this investment has be regrouped in these financial statements as part of investments held as available for sale. This regrouping did not result in any changes to reported income or shareholder's equity.

Certain other comparative figures have been reclassified and restated wherever appropriate. The reclassifications and restatements have been carried out in the financial statements for better presentation.

22 EVENTS SUBSEQUENT TO THE REPORTING DATE

The following changes have taken place subsequent to 30 June 2008:

- The Group has decided to liquidate Emirates Loyalty Company LLC (ELCO) with effect from 30 June 2008.

- Emirates Money Consumer Finance LLC, a subsidiary of the Group, received the requisite licenses from the Central Bank of the UAE on 1 July 2008, to conduct consumer finance business.