In the Name of Allah
The most Gracious and Merciful



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Condensed Consolidated Interim Financial Statements

(un-audited)

For the six months period ended 30 June 2011

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the six months period ended 30 June 2011

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

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 2011 and the related condensed consolidated interim statements of comprehensive income (comprising of a condensed consolidated interim statement of income and a separate condensed consolidated interim statement of comprehensive income), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in 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 2011 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Munther Dajani
Registration No.: 268

08 AUG 2011

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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
As at 30 June 2011

	Note	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
ASSETS			
Cash, and balances with U.A.E Central Bank		1,108,888	1,121,466
Due from banks	3	33,796	68,813
Due from Group Holding Company, net	4	7,050,503	12,372,274
Financing receivables	5	12,785,442	14,625,722
Investments	6	2,722,947	2,839,960
Investment properties	7	837,815	849,809
Investment properties under development	8	448,885	468,109
Prepayments and other assets		514,185	295,857
Fixed Assets		101,405	104,505
TOTAL ASSETS		**25,603,866**	**32,746,515**
LIABILITIES			
Customers' accounts	9	20,673,350	24,222,865
Due to banks		161,186	3,712,076
Other liabilities		750,674	790,822
Zakat payable		-	11,704
Investment wakala	10	1,081,872	1,081,872
TOTAL LIABILITIES		**22,667,082**	**29,819,339**
EQUITY			
Share capital	11	2,430,422	2,430,422
Statutory reserve		206,865	206,865
General reserve		112,644	112,644
Retained earnings		96,466	86,804
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**2,846,397**	**2,836,735**
Non-controlling interest	12	90,387	90,441
TOTAL EQUITY		**2,936,784**	**2,927,176**
TOTAL LIABILITES AND EQUITY		**25,603,866**	**32,746,515**
COMMITMENTS AND CONTINGENT LIABILIITES		**4,756,939**	**4,208,558**
ASSETS UNDER MANAGEMENT	13	**1,285,550**	**1,285,550**

These condensed consolidated interim financial statements were approved and authorised for issue on 08 August 2011 and signed on its behalf by:

Chairman **Chief Executive Officer**

The attached notes 1 to 19 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 the six months period ended 30 June 2011

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2011	2010	2011	2010
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing activities, net		178,483	241,928	370,283	483,683
(Loss)/income from investment securities, net		(8,558)	(2,721)	(13,256)	26,376
Income from Group Holding Company, net		76,540	67,003	176,660	101,994
Property related income, net		5,408	7,874	9,361	13,125
Commission and fee income, net		70,051	68,011	125,761	129,389
Other operating income, net		9,842	7,785	16,015	17,461
TOTAL INCOME		**331,766**	**389,880**	**684,824**	**772,028**
EXPENSES					
General and administrative expenses		(105,774)	(95,132)	(204,921)	(192,813)
Depreciation of investment properties		(6,270)	(4,447)	(12,539)	(7,687)
TOTAL EXPENSES		**(112,044)**	**(99,579)**	**(217,460)**	**(200,500)**
NET OPERATING INCOME BEFORE ALLOWANCES FOR IMPAIRMENT		**219,722**	**290,301**	**467,364**	**571,528**
Allowances for impairment, net of recoveries		(66,568)	(158,092)	(175,075)	(233,513)
NET OPERATING INCOME AFTER ALLOWANCES FOR IMPAIRMENT		**153,154**	**132,209**	**292,289**	**338,015**
Investment, saving and wakala accounts' share of profit		(123,478)	(147,199)	(282,681)	(286,442)
GROUP PROFIT/(LOSS) FOR THE PERIOD		**29,676**	**(14,990)**	**9,608**	**51,573**
Attributable to:					
Equity holders of the Bank		29,703	(17,078)	9,662	49,551
Non-controlling interest		(27)	2,088	(54)	2,022
GROUP PROFIT/(LOSS) FOR THE PERIOD		**29,676**	**(14,990)**	**9,608**	**51,573**
Earnings/(Loss) per share (Dirham)	14	0.012	(0.006)	0.004	0.021

The attached notes 1 to 19 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 the six months period ended 30 June 2011

	For the three months period ended 30 June		For the six months period ended 30 June	
	2011	**2010**	**2011**	**2010**
	AED'000	**AED'000**	**AED'000**	**AED'000**
GROUP PROFIT/(LOSS) FOR THE PERIOD	**29,676**	**(14,990)**	**9,608**	**51,573**
Other comprehensive income:				
Cumulative changes in fair value reserve	-	(13,113)	-	(16,403)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**29,676**	**(28,103)**	**9,608**	**35,170**
Attributable to:				
Equity holders of the Bank	29,703	(30,191)	9,662	33,148
Non-controlling interest	(27)	2,088	(54)	2,022
TOTAL RECOGNISED INCOME/(LOSS) FOR THE PERIOD	**29,676**	**(28,103)**	**9,608**	**35,170**

The attached notes 1 to 19 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 the six months period ended 30 June 2011

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						Non-Controlling Interest	Total equity
	Share capital	Statutory reserve	General reserve	Cumulative changes in fair value	Retained earnings	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2011	2,430,422	206,865	112,644	-	86,804	2,836,735	90,441	2,927,176
Net profit for the period	-	-	-	-	9,662	9,662	(54)	9,608
Other comprehensive (loss) for the Period	-	-	-	-	-	-	-	-
As at 30 June 2011	**2,430,422**	**206,865**	**112,644**	**-**	**96,466**	**2,846,397**	**90,387**	**2,936,784**
As at 1 January 2010	2,314,688	200,738	106,517	(6,679)	165,234	2,780,498	92,363	2,872,861
Net profit for the period	-	-	-	-	49,551	49,551	2,022	51,573
Other comprehensive (loss) for the Period	-	-	-	(16,403)		(16,403)	-	(16,403)
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**

The attached notes 1 to 19 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 the six months period ended 30 June 2011

	For the six months period ended 30 June	
	2011	**2010**
OPERATING ACTIVITIES	**AED'000**	**AED'000**
Group profit for the period	9,608	51,573
Adjustments:		
Allowances for impairment on financing receivables, net	127,655	112,447
Allowances for impairment on investments, net	26,420	21,066
Allowances for impairment on investment properties under development	21,000	100,000
Allowances for impairment on other assets	261	-
Dividend income	(9,774)	(4,338)
Gain on sale of investments	(2,204)	(18,360)
Gain on sale of investment properties	-	(3,772)
Unrealised loss on fair value of investment securities through profit and loss	45,939	24,083
Depreciation on investment properties	12,539	7,687
Depreciation on fixed assets	10,693	12,737
Cumulative changes in fair value	-	(16,403)
Operating profit before changes in operating assets and liabilities	**242,137**	**286,720**
Changes in reserve with U.A.E Central Bank	(2,397)	(44,114)
Changes in due from Group Holding Company	(3,346,354)	(1,788,025)
Changes in financing receivables	1,712,625	535,035
Changes in prepayments and other assets	(218,589)	66,849
Changes in customers' accounts	(3,549,515)	1,735,823
Changes in due to banks' investment wakala accounts	(3,628,083)	857,362
Changes in other liabilities	(40,148)	22,964
Zakat paid	(11,704)	(13,121)
Net cash (used in) / generated from operating activities	**(8,842,029)**	**1,659,493**
INVESTING ACTIVITIES		
Redemptions of investment securities' net of purchases	22,346	522,706
Proceeds from sale of investment securities	24,512	241,725
Dividend income received	9,774	4,338
Changes in investment properties	(545)	(239,168)
Proceeds from sale of investment properties	-	13,703
Changes in investment properties under development	(1,776)	221,684
Changes in fixed assets, net	(7,593)	(11,607)
Net cash generated from investing activities	**46,717**	**753,381**
Net change in cash and cash equivalents	**(8,795,312)**	**2,412,874**
Cash and cash equivalents at the beginning of the period	15,234,526	5,929,364
Cash and cash equivalents at the end of the period	**6,439,214**	**8,342,238**

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

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

1 LEGAL STATUS AND 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 re-registered 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, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai, the company in which the Government of Dubai is the major shareholders. The Bank is listed at Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 32 branches in the UAE. The 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 companies	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 2011 the Bank employed 1,045 employees (31 December 2010: 1,097 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 2010.

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

2 BASIS OF PREPARATION *(continued)*

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the investment in financial assets which are measured at fair value.

c) Significant accounting policies

Except for the requirement of IAS 24 (Revised) "Related Party Disclosures", 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 2010.

The Group has adopted IAS 24 – "Related party disclosures" (revised 2009) which supersedes the IAS 24, "Related party disclosures" issued in 2003. The revised standard is effective for periods beginning on or after 1 January 2011 and has been applied by the Group in the Group condensed consolidated interim financial statements.

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 for the year ended 31 December 2010.

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 2010.

3 DUE FROM BANKS

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Due from local banks	21	46
Due from foreign banks	33,775	68,767
	33,796	**68,813**

4 DUE FROM GROUP HOLDING COMPANY, NET

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Murabaha, short term	7,686,247	15,447,417
Wakala	(800,000)	(3,370,420)
Deposit exchange (profit free), net	(17,922)	30,820
Other balances	182,178	264,457
	7,050,503	**12,372,274**

5 FINANCING RECEIVABLES

Commodities Murabaha	1,885,484	1,832,801
Vehicles Murabaha	2,510,569	2,443,028
Syndication Murabaha	208,347	215,884
Real Estates Murabaha	304,584	360,664
Total Murabaha	4,908,984	4,852,377
Istisna'a	1,267,065	1,570,624
Ijarah	5,523,568	5,829,779
Credit card receivables	534,549	531,474
Financing Wakala	1,907,399	2,631,590
Secured Overdrafts	170,470	608,540
	14,312,035	16,024,384
Less: Deferred income	(576,605)	(576,329)
Less: Allowances for impairment	(949,988)	(822,333)
	12,785,442	**14,625,722**

5 FINANCING RECEIVABLES *(continued)*

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Analysis by Economic Activity		
Agriculture and related activities	578	629
Mining and quarrying	-	46
Manufacturing	326,417	319,907
Construction	742,852	773,486
Trade	770,455	674,356
Transportation and communication	175,542	195,299
Services	878,223	1,010,152
Personal	4,171,351	4,339,120
Real estates	5,669,514	6,723,216
Financial institutions	1,462,437	1,893,208
Others	114,666	94,965
	14,312,035	16,024,384
Less: Deferred income	(576,605)	(576,329)
Less: Allowances for impairment	(949,988)	(822,333)
	12,785,442	**14,625,722**
Movements in allowances for specific impairment:		
Balance at the beginning of the period/year	580,485	345,026
Allowances for impairment made during the period/year	127,216	264,560
Recoveries/write backs during the period/year	(16,846)	(29,101)
Balance at the end of the period/year	**690,855**	**580,485**
Movements in allowances for collective impairment:		
Balance at the beginning of the period/year	241,848	194,048
Allowances for impairment made during the period/year	17,285	47,800
Balance at the end of the period/year	**259,133**	**241,848**
	949,988	**822,333**

6 INVESTMENTS

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Fair value through profit and loss		
Equity shares	126,210	143,381
Funds	464,064	492,834
	590,274	636,215
Available-for-sale		
Equity shares	657,086	657,086
Funds	871,862	895,745
	1,528,948	1,552,831
Held-to-maturity		
Sukuks	755,941	776,710
	2,875,163	2,965,756
Less: Impairment on investments	(152,216)	(125,796)
	2,722,947	**2,839,960**
Investment securities comprise:		
Quoted	632,970	702,287
Unquoted	2,089,977	2,137,673
	2,722,947	**2,839,960**
Investments located at:		
Investments within UAE	1,078,362	1,118,008
Investments outside UAE	1,644,585	1,721,952
	2,722,947	**2,839,960**

Movements in allowances for impairment:		
Balance at the beginning of the period/year	125,796	17,871
Allowances for impairment made during the period/year	26,420	107,925
Balance at the end of the period/year	**152,216**	**125,796**

7 INVESTMENT PROPERTIES

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Balance at the beginning of the period/year	920,377	494,419
Addition during the period/year	545	-
Transfer from investment properties under development (note 8)	-	435,889
Properties sold	-	(9,931)
	920,922	920,377
Less: Accumulated depreciation	(55,068)	(42,529)
Less: Allowances for impairment	(28,039)	(28,039)
	837,815	**849,809**
Investment properties comprise:		
Lands	133,906	133,906
Buildings, net	703,909	715,903
Balance at the end of the period/year	**837,815**	**849,809**
Movements in allowances for impairment:		
Balance at the beginning of the period/year	28,039	10,283
Allowances for impairment made during the period/year	-	17,756
Balance at the end of the period/year	**28,039**	**28,039**

The management assessed that the fair value of the investment properties has not materially changed as compared to the fair value as of 31 December 2010.

All investment properties are located within the United Arab Emirates.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Balance at the beginning of the period/year	589,695	1,004,491
Addition during the year	1,776	21,693
Transfer to investment properties (note 7)	-	(435,889)
Transfer to other assets/fixed assets	-	(600)
	591,471	589,695
Less: Allowance for impairment	(142,586)	(121,586)
	448,885	**468,109**

The management has reassessed the carrying value of investment properties under development and increased the allowances for impairment by AED 21,000,000.

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

9 CUSTOMERS' ACCOUNTS

Customers' accounts concentrated as follows:		
Resident customer accounts	20,258,770	23,136,315
Non-Resident customer accounts	414,580	1,086,550
	20,673,350	**24,222,865**

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 authorised share capital of AED 3,000,000,000 and paid up capital of AED 2,430,422,000 (31 December 2010: AED 2,430,422,000).

12 NON-CONTROLLING INTEREST

Non-controlling interest of AED 90,387,000 as at 30 June 2011 (31 December 2010: AED 90,441,000) represents the 60% of shares of Ithmar Real Estate Development Co. not owned by the Bank (note 1).

13 ASSETS UNDER MANAGEMENT

During June 2007, the Bank has facilitated issuance of "Investment Sukuk" aggregating to amount of 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 an 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.

14 EARNINGS/(LOSS) PER SHARE

The calculation of earnings per share is based on profit of AED 29,676,000, for the three month period ended 30 June 2011 (30 June 2010: loss of AED 14,990,000) and the six month period ended 30 June 2011 of AED 9,608,000 (30 June 2010 AED 51,573,000) divided by the weighted average number of shares outstanding during the respective periods of 2,430,422,000.

15 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Investment Corporation of Dubai (55.6%), a company in which the Government of Dubai is the majority shareholder.

Customer accounts and financing to Government related entities other than those that have been individually disclosed amount to 26% and 3% of the total customer accounts and financing receivables of the Group respectively.

These entities are independently run business entities, and all the financial dealings with the Group are on an arm's length basis.

The Group has also entered into transactions with certain other related parties who are non government related entities. Such transactions were also made on substantially the same terms, including profit rates and collaterals, 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:

	Un-Audited For the six months period ended 30 June 2011 AED'000	Un-Audited For the six months period ended 30 June 2010 AED'000
Consolidated statement of income		
Loss from funds managed by Group Holding Company, net of dividend	(28,771)	(12,011)
Income from Group Holding Company, net	176,660	101,994
Key management personnel compensations	5,576	6,510
Key management personnel compensations - retirements benefits	208	211

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
Consolidated statement of financial position		
Due from Group Holding Company, net	7,050,503	12,372,274
Investment in funds managed by the Group	464,064	492,834
Financing receivables - Directors & affiliates	102,690	48,844
Financing receivables - Key management personnel & affiliates	12,675	14,404
Current and Investment accounts - Directors	19,812	15,546
Current and Investment accounts - Key management personnal	15,539	14,512
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550

16 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.

16 OPERATING SEGMENT *(continued)*

	Corporate & Investment		Retail		Treasury		Total	
	For the six months period ended 30 June		For the six months period ended 30 June		For the six months period ended 30 June		For the six months period ended 30 June	
	2011 AED'000	2010 AED'000	2011 AED'000	2010 AED'000	2011 AED'000	2010 AED'000	2011 AED'000	2010 AED'000
Consolidated statement of income								
Segment income	277,337	360,825	126,163	143,994	172,777	101,994	576,277	606,813
Inter segment wakala income	(29,691)	(171,820)	145,786	166,694	(116,095)	5,126	-	-
Commission, Fees & Other Income	42,477	87,710	58,332	77,505	7,738	-	108,547	165,215
Total income	**290,123**	**276,715**	**330,281**	**388,193**	**64,420**	**107,120**	**684,824**	**772,028**
General and administrative expenses	(67,279)	(64,568)	(134,842)	(128,245)	(2,800)	-	(204,921)	(192,813)
Depreciation of investment properties	(12,539)	(7,687)	-	-	-	-	(12,539)	(7,687)
Total expenses	**(79,818)**	**(72,255)**	**(134,842)**	**(128,245)**	**(2,800)**	**-**	**(217,460)**	**(200,500)**
Net operating income	**210,305**	**204,460**	**195,439**	**259,948**	**61,620**	**107,120**	**467,364**	**571,528**
Allowances for impairment, net of recoveries	(158,253)	(169,302)	(16,822)	(64,211)	-	-	(175,075)	(233,513)
	52,052	**35,158**	**178,617**	**195,737**	**61,620**	**107,120**	**292,289**	**338,015**
Investment, saving and wakala accounts' share of profit	(135,592)	(116,761)	(147,089)	(169,681)	-	-	(282,681)	(286,442)
Equity holders' profit/(loss) (net income)	**(83,540)**	**(81,603)**	**31,528**	**26,056**	**61,620**	**107,120**	**9,608**	**51,573**

16 OPERATING SEGMENT *(continued)*

	Corporate & Investment		Retail		Treasury		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Consolidated statement of financial position								
Assets								
Segment assets	12,220,653	13,881,925	4,574,437	4,901,677	7,182,052	12,553,814	23,977,142	31,337,416
Central Bank Reserve Requirements	404,454	403,495	606,681	605,243	-	-	1,011,135	1,008,738
Unallocated assets	-	-	-	-	-	-	615,589	400,361
Total Assets	**12,625,107**	**14,285,420**	**5,181,118**	**5,506,920**	**7,182,052**	**12,553,814**	**25,603,866**	**32,746,515**
Liabilities and Equity								
Segment liabilities	7,136,178	12,262,204	14,898,307	16,928,118	2,846,397	2,875,983	24,880,882	32,066,305
Unallocated liabilities	-	-	-	-	-	-	632,597	589,769
Non-controlling interest	90,387	90,441	-	-	-	-	90,387	90,441
Total Liabilities and Equity	**7,226,565**	**12,352,645**	**14,898,307**	**16,928,118**	**2,846,397**	**2,875,983**	**25,603,866**	**32,746,515**

17 CAPITAL ADEQUACY RATIO

	Un-Audited 30 June 2011 AED'000	Audited 31 December 2010 AED'000
TIER I CAPITAL		
Share capital	2,430,422	2,430,422
Statutory reserve	206,865	206,865
General reserve	112,644	112,644
Retained earnings	96,466	86,804
Total tier I capital	**2,846,397**	**2,836,735**
TIER II CAPITAL		
Investment Wakala from the Ministry of Finance	**1,081,872**	**1,081,872**
CAPITAL BASE	**3,928,269**	**3,918,607**
RISK WEIGHTED ASSETS		
Credit risk, on-balance sheet items	17,997,230	20,284,321
Credit risk, off-balance sheet items	2,369,998	1,490,648
	20,367,228	**21,774,969**
CAPITAL ADEQUACY RATIO (BASEL I)	**19.29%**	**18.00%**

18 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.

19 COMPARATIVE FIGURES

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