

Emirates Islamic Financial Brokerage LLC

Condensed interim financial statements (Un-audited)
For the nine-month period ended 30 September 2011

Emirates Islamic Financial Brokerage LLC

Condensed interim financial statements

For the nine-month period ended 30 September 2011 (un-audited)

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Independent auditors' report on review of condensed interim financial information

The Shareholders
Emirates Islamic Financial Brokerage LLC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Emirates Islamic Financial Brokerage LLC (the "Company") as at 30 September 2011 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flows for the nine-month period then ended ("the condensed interim financial information"). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed 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 interim financial information as at and for the nine-month period ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

27 OCT 2011

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

Emirates Islamic Financial Brokerage LLC

Condensed interim statement of financial position

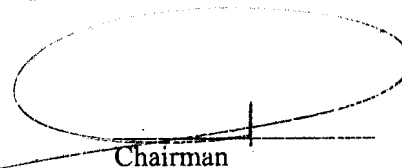
As at 30 September 2011

	Notes	(Un-audited) 30 September 2011 AED	(Audited) 31 December 2010 AED
Assets			
Cash and cash equivalent	5	543,156	1,888,019
Due from financial institution	6	28,500,000	28,500,000
Property and equipment		826,936	981,087
Other receivable		428,052	660,267
Total assets		30,298,144	32,029,373
Liabilities			
Due to a related party	9	1,171,466	720,536
Other liabilities	7	1,146,449	931,128
Total liabilities		2,317,915	1,651,664
Equity			
Share capital		30,000,000	30,000,000
Accumulated losses		(2,790,965)	(393,485)
Legal reserve		771,194	771,194
Total equity		27,980,229	30,377,709
Total equity and liabilities		30,298,144	32,029,373

These condensed interim financial statements were approved and authorized for issue by Board of Directors on _____ and signed on its behalf by:

27 OCT 2011


General Manager


Chairman

The notes on page 6 to 9 form an integral part of these condensed interim financial statements.

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

Emirates Islamic Financial Brokerage LLC

Condensed interim statement of comprehensive income
for the nine-month period ended 30 September 2011 (un-audited)

		Nine-month period ended 30 September 2011 AED	Nine-month period ended 30 September 2010 AED	Three-month period ended 30 September 2011 AED	Three-month period ended 30 September 2010 AED
	<i>Notes</i>				
Commission income		1,548,644	3,394,184	410,548	481,008
Other income		858,958	897,118	285,790	291,334
Total income		<u>2,407,602</u>	<u>4,291,302</u>	<u>696,338</u>	<u>772,342</u>
Administrative and general expense	8	<u>(4,805,082)</u>	<u>(6,865,583)</u>	<u>(1,433,332)</u>	<u>(2,067,809)</u>
Net loss for the period		<u>(2,397,480)</u>	<u>(2,574,281)</u>	<u>(736,994)</u>	<u>(1,295,467)</u>
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		<u><u>(2,397,480)</u></u>	<u><u>(2,574,281)</u></u>	<u><u>(736,994)</u></u>	<u><u>(1,295,467)</u></u>

The notes on pages 6 to 9 form an integral part of these condensed interim financial statements.

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

Emirates Islamic Financial Brokerage LLC

Condensed interim statement of changes in equity
for the nine-month period ended 30 September 2011 (un-audited)

	Share capital AED	Legal Reserves AED	Retained earnings AED	Total AED
Balance at 1 January 2010	30,000,000	771,194	3,209,339	33,980,533
Total comprehensive loss for the period	-	-	(2,574,281)	(2,574,281)
At 30 September 2010	<u>30,000,000</u>	<u>771,194</u>	<u>635,058</u>	<u>31,406,252</u>
Balance at 1 January 2011	30,000,000	771,194	(393,485)	30,377,709
Total comprehensive loss for the period	-	-	(2,397,480)	(2,397,480)
At 30 September 2011	<u>30,000,000</u>	<u>771,194</u>	<u>(2,790,965)</u>	<u>27,980,229</u>

The notes on pages 6 to 9 form an integral part of these condensed interim financial statements.

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

Emirates Islamic Financial Brokerage LLC

Condensed interim statement of cash flows

for the nine-month period ended 30 September 2011 (un-audited)

	Nine-month period ended 30 September 2011 AED	Nine-month period ended 30 September 2010 AED
Cash flows from operating activities		
Net loss for the period	(2,397,480)	(2,574,281)
<i>Adjustment for:</i>		
Depreciation	253,162	853,206
	<u>(2,144,318)</u>	<u>(1,721,075)</u>
Changes in other receivables	232,215	(299,601)
Changes in due to a related party	450,930	(331,763)
Changes in other liabilities	215,321	154,125
	<u>(1,245,852)</u>	<u>(2,198,314)</u>
Cash flows from investing activity		
Acquisition of property and equipment	(99,011)	(38,206)
	<u>(99,011)</u>	<u>(38,206)</u>
Net increase/(decrease) in cash and cash equivalents	(1,344,863)	(2,236,520)
Cash and cash equivalents at beginning of the period	1,888,019	5,021,923
	<u>543,156</u>	<u>2,785,403</u>
Cash and cash equivalents at end of the period (refer note 5)	543,156	2,785,403

The notes on pages 6 to 9 form part of these condensed interim financial statements.

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

Emirates Islamic Financial Brokerage LLC

Notes

(forming part of the condensed interim financial statements)

1 Legal status and activities

Emirates Islamic Financial Brokerage LLC ("the Company") is a fully owned subsidiary of Emirates Islamic Bank (the Holding Company) and is registered in Emirates of Dubai as a limited liability company under UAE Federal Law No.8 of 1984, (as amended). The Company was established on 26th April 2006 and commenced operations on 18th February 2007.

The principal activity of the Company is to conduct intermediation in dealing in local market shares.

The principal office of the Company is located at P O Box 119191, Elegenza Apartment, Oud Metha Road, Dubai, United Arab Emirates.

The shareholding pattern of the Company is as follows:

	Percentage Holding
1. Emirates Islamic Bank PJSC	99%
2. Mr. Saeed Abdulla Yousuf Al Jasmi	1%

2 Basis of preparation

a) Statement of compliance

These condensed 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 financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2010.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional currency.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its most recent audited annual financial statements for the year ended 31 December 2010.

The Company adopted IAS 24 (Revised): Related Party Disclosures. The change does not have any material impact on the Company's condensed interim statement of financial position, its statement of comprehensive income and earnings per share.

Emirates Islamic Financial Brokerage LLC

Notes (continued)

3 Significant accounting policies (continued)

3.1 Financial risk management

The Company's financial risk management objective, policies and procedure are consistent with those disclosed in the audited financial statement as at and for the year ended 31 December 2010.

3.2 End of service benefit

Staff terminal benefits are calculated in accordance with UAE Labour Law and are paid to the Holding Company which settles these liabilities on the Company's behalf.

4 Estimates

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

In preparing condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2010.

5 Cash and cash equivalents

	(Un-audited) 30 September 2011 AED	(Audited) 31 December 2010 AED
Cash at bank	543,156	1,888,019

6 Due from financial institution

	(Un-audited) 30 September 2011 AED	(Audited) 31 December 2010 AED
Wakala deposit	28,500,000	28,500,000

Emirates Islamic Financial Brokerage LLC

Notes (continued)

6 Due from financial institution (continued)

Wakala deposits comprise of Wakala agreement whereby the Company has invested with Amlak Finance PJSC (an agent). During September 2011, Wakala deposit was renewed with a revised maturity of one month (2010: 6 months). The profit is receivable on a monthly basis at the rate of 3.125% (2010: 4.0%-4.5%). The deposit is renewable, unsecured and due for maturity in one month.

7 Other Liabilities

	(Un-audited) 30 September 2011 AED	(Audited) 31 December 2010 AED
Sundry creditors	994,161	739,839
Accruals	152,288	191,289
	<u>1,146,449</u>	<u>931,128</u>

8 Administrative and general expenses

	(Un-audited) Nine-month period ended 30 September 2011 AED	(Un-audited) Nine-month period ended 30 September 2010 AED
Staff salaries and benefits	3,247,943	4,407,924
Rent expenses	299,328	412,506
Depreciation	253,162	853,206
Telephone and postage	131,709	235,245
Operational losses	3,694	30,230
Trade licenses	380,189	425,171
Others	489,057	501,301
	<u>4,805,082</u>	<u>6,865,583</u>

9 Related party transactions

The Company, in the normal course of business, enters into transactions with the Holding Company and with other business enterprises or individuals including key management personnel who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). The Holding Company also acts as a banker to the Company and provides other administrative services to the Company at agreed terms and conditions. Moreover, the Company maintains an Inter-Group account with its Holding Company which is governed as per the Holding Company's policy.

Emirates Islamic financial brokerage LLC

Notes (continued)

9 Related party transactions (continued)

An analysis of transactions and balances with the related parties during the period is shown below:

	(Un-audited) Nine-month period ended 30 September 2011 AED	(Un-audited) Nine-month period ended 30 September 2010 AED
Commission income	-	49,580
Salary and short term benefits	573,750	382,500
Post-employment benefits	29,256	19,504
	<u> </u>	<u> </u>
Balance with related parties:		
	(Un-audited) 30 September 2011 AED	(Audited) 31 December 2010 AED
Due to holding Company	1,171,466	720,536
Bank account	532,431	1,877,578
Letters of guarantee	175,000,000	175,000,000
	<u> </u>	<u> </u>

- 9.1 Emirates Islamic Bank PJSC (“the Holding Company”) has provided a guarantee of AED 175 million (31 December 2010: AED 175 million) on behalf of Emirates Islamic Financial Brokerage LLC to Dubai Financial Market amounting to AED 125 million and Abu Dhabi Securities Exchange amounting to AED 50 million.

10 Interim measurement

The nature of the Company’s business is such that income and expenses are incurred in a manner, which is not impacted by any form of seasonality.

The condensed interim financial statements were prepared based upon an accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the year.

11 Comparative figures

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in these condensed interim financial statements.