

Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2008 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC*Introduction*

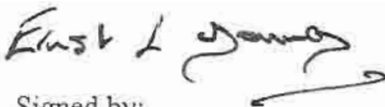
We have reviewed the accompanying interim condensed consolidated financial statements of Abu Dhabi Islamic Bank PJSC ("the Bank") and its subsidiaries (together "the Group") as at 30 September 2008, comprising of the interim consolidated balance sheet as at 30 September 2008 and the related interim consolidated income statement for the three-month and nine-month periods then ended and the related consolidated statement of changes in equity and interim consolidated cash flow statement for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Richard Mitchell
Partner
Ernst & Young
Registration No. 446

20 October 2008
Abu Dhabi

INTERIM CONSOLIDATED INCOME STATEMENT

Three months and nine months ended 30 September 2008 (Unaudited)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2008 AED '000	2007 AED '000	2008 AED '000	2007 AED '000
OPERATING INCOME					
Income from Murabaha and Mudaraba with financial institutions, net		81,816	172,592	320,405	509,076
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net		558,100	421,636	1,538,937	1,272,629
Fees, commissions and foreign exchange income, net		56,536	14,877	105,532	81,426
Gain from sale of investments, net		10,094	6,195	30,826	17,947
Investment and other income		<u>65,703</u>	<u>59,905</u>	<u>288,465</u>	<u>190,542</u>
		<u>772,249</u>	<u>675,205</u>	<u>2,284,165</u>	<u>2,071,620</u>
OPERATING EXPENSES					
Staff costs		(139,466)	(88,436)	(380,073)	(251,789)
General and administrative expenses		(112,634)	(49,998)	(237,128)	(154,270)
Depreciation		(9,044)	(6,610)	(24,267)	(18,028)
Provision for impairment		<u>(107,575)</u>	<u>(36,841)</u>	<u>(307,261)</u>	<u>(77,559)</u>
		<u>(368,719)</u>	<u>(181,885)</u>	<u>(948,729)</u>	<u>(501,646)</u>
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS AND SUKUK HOLDERS					
		403,530	493,320	1,335,436	1,569,974
Distribution to depositors and sukuk holders		<u>(187,022)</u>	<u>(356,114)</u>	<u>(598,763)</u>	<u>(1,086,911)</u>
PROFIT FOR THE PERIOD					
		<u>216,508</u>	<u>137,206</u>	<u>736,673</u>	<u>483,063</u>
Attributable to:					
Equity holders of the Bank		216,464	137,240	736,185	483,062
Minority interests		<u>44</u>	<u>(34)</u>	<u>488</u>	<u>1</u>
		<u>216,508</u>	<u>137,206</u>	<u>736,673</u>	<u>483,063</u>
Basic and diluted earnings per share (AED)	5	<u>0.110</u>	<u>0.070</u>	<u>0.374</u>	<u>0.265</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET

At 30 September 2008 (Unaudited)

		<i>30 September</i>	<i>Audited</i>
		<i>2008</i>	<i>31 December</i>
	<i>Notes</i>	<i>AED '000</i>	<i>2007</i>
		<i>AED '000</i>	<i>AED '000</i>
ASSETS			
Balances with financial institutions, Central Bank and cash	10	3,210,050	2,298,850
Murabaha and Mudaraba with financial institutions	6	7,693,239	12,879,414
Murabaha and other Islamic financing		16,081,112	12,880,320
Ijara financing		16,003,496	11,895,702
Investments	7	1,648,994	1,226,092
Investment in associates		769,610	443,164
Investment properties		269,940	870,809
Development properties		664,709	301,214
Other assets		2,459,666	878,370
Property and equipment		<u>314,170</u>	<u>368,244</u>
TOTAL ASSETS		<u>49,114,986</u>	<u>44,042,179</u>
LIABILITIES			
Due to financial institutions		4,488,411	4,185,157
Depositors' accounts		33,649,516	29,628,826
Other liabilities		2,440,661	1,869,318
Sukuk payable		<u>2,938,000</u>	<u>2,938,000</u>
Total liabilities		<u>43,516,588</u>	<u>38,621,301</u>
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank			
Share capital	8	1,970,588	1,500,000
Share premium	8	1,529,412	-
Convertible Islamic Sukuk	8	-	2,000,000
Legal reserve		224,578	224,578
General reserve		224,578	224,578
Retained earnings		1,513,786	871,719
Proposed dividends		-	300,000
Proposed dividends to charity		-	1,028
Other reserves	9	<u>132,215</u>	<u>295,942</u>
		5,595,157	5,417,845
Minority interests		<u>3,241</u>	<u>3,033</u>
Total equity		<u>5,598,398</u>	<u>5,420,878</u>
TOTAL LIABILITIES AND EQUITY		<u>49,114,986</u>	<u>44,042,179</u>
COMMITMENTS AND CONTINGENT LIABILITIES	3	<u>15,971,469</u>	<u>12,697,374</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2008 (Unaudited)

Notes	Attributable to the equity holders of the Bank											
	Share capital AED '000	Share premium AED '000	Legal reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividends AED '000	Proposed dividends to charity AED '000	Other reserves June 09 AED '000	Convertible Islamic Sukuk issued AED '000	Total AED '000	Month started AED '000	Total AED '000
Balance at 1 January 2008	1,500,000	—	224,578	224,578	471,719	200,000	1,028	295,942	2,000,000	5,417,845	3,033	5,420,878
Realised gains and losses in available-for-sale investments	9	—	—	—	—	—	—	(30,820)	—	(30,820)	—	(30,820)
Net movement in fair values of available-for-sale investments	9	—	—	—	—	—	—	(152,465)	—	(152,465)	(289)	(152,754)
Foreign currency translation difference	9	—	—	—	—	—	—	19,564	—	19,564	—	19,564
Total expense for the period recognised directly in equity	—	—	—	—	—	—	—	(163,727)	—	(163,727)	(289)	(164,016)
Profit for the period	—	—	—	—	236,185	—	—	—	—	236,185	488	236,673
Total income for the period	—	—	—	—	236,185	—	—	(163,727)	—	72,458	208	72,666
Islamic Sukuk converted into shares	8	470,588	—	—	—	—	—	—	(470,588)	—	—	—
Share premium on conversion of shares	8	—	1,529,412	—	—	—	—	—	(1,529,412)	—	—	—
Dividends paid	8	—	—	—	(94,118)	(700,000)	—	—	—	(794,118)	—	(794,118)
Dividends to charity paid	—	—	—	—	—	—	(1,028)	—	—	(1,028)	—	(1,028)
Balance at 30 September 2008 (Unaudited)	1,970,588	1,529,412	224,578	224,578	1,511,780	—	—	132,215	—	5,993,157	3,241	5,996,398
Balance at 1 January 2007	1,500,000	—	147,730	147,730	361,468	150,000	11,420	250,011	—	2,367,159	1,256	2,368,415
Realised gains and losses in available-for-sale investments	9	—	—	—	—	—	—	(17,943)	—	(17,943)	—	(17,943)
Net movement in fair values of available-for-sale investments	9	—	—	—	—	—	—	23,817	—	23,817	405	24,222
Total income for the period recognised directly in equity	—	—	—	—	—	—	—	5,874	—	5,874	406	6,280
Profit for the period	—	—	—	—	483,062	—	—	—	—	483,062	3	483,065
Total income for the period	—	—	—	—	483,062	—	—	5,874	—	488,936	409	489,345
Convertible Islamic Sukuk issued	—	—	—	—	—	—	—	—	2,000,000	2,000,000	—	2,000,000
Dividends paid	—	—	—	—	—	(150,000)	—	—	—	(150,000)	—	(150,000)
Dividends to charity paid	—	—	—	—	—	—	(11,420)	—	—	(11,420)	—	(11,420)
Increase in share capital of subsidiary	—	—	—	—	—	—	—	—	—	—	1,000	1,000
Balance at 30 September 2007 (Unaudited)	1,500,000	—	147,730	147,730	1,044,530	—	—	255,901	2,000,000	3,093,891	2,362	3,096,253

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Nine months ended 30 September 2008 (Unaudited)

	<i>Note</i>	<i>Nine months ended 30 September 2008 AED '000</i>	<i>Nine months ended 30 September 2007 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		736,185	483,062
Adjustments for:			
Depreciation		24,267	18,028
Provision for impairment		307,261	76,129
Revaluation of investments through income statement		2,837	-
Gain on sale of investments, net		(30,826)	(19,072)
Gain on sale of investment properties		(136,630)	(11,790)
Gain on sale of development properties		<u>(19,370)</u>	<u>-</u>
Operating profit before changes in operating assets and liabilities		883,724	546,357
Murabaha and Mudaraba with financial institutions		382,221	275,728
Murabaha and other Islamic financing		(3,386,716)	(1,174,154)
Ijara financing		(4,134,978)	(1,195,808)
Other assets		(1,687,689)	(184,305)
Due to financial institutions		(85,662)	(347,298)
Depositors' accounts		4,020,690	4,659,329
Other liabilities		<u>571,343</u>	<u>43,368</u>
Net cash (used in) from operating activities		<u>(3,437,067)</u>	<u>2,623,217</u>
INVESTING ACTIVITIES			
Purchase of investments		(1,099,711)	(303,468)
Proceeds from sale of investments		533,746	230,340
Investment in associates		(306,882)	-
Purchase of investment properties		(123,403)	(50,377)
Purchase of development properties		(104,709)	-
Proceeds from sale of investment properties		510,797	236,623
Proceeds from sale of development properties		147,924	-
Purchase of property, plant and equipment		<u>(7,427)</u>	<u>(113,497)</u>
Net cash used in investing activities		<u>(449,665)</u>	<u>(379)</u>
FINANCING ACTIVITIES			
Convertible Islamic Sukuk issued		-	2,000,000
Dividends paid		(394,118)	(150,000)
Dividends to charity paid		(1,028)	(11,420)
Net movement in minority interests		<u>208</u>	<u>1,106</u>
Net cash (used in) from financing activities		<u>(394,938)</u>	<u>1,839,686</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,281,670)	4,462,524
Cash and cash equivalents at beginning of the period		<u>7,943,269</u>	<u>2,468,339</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	10	<u>3,661,599</u>	<u>6,930,863</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

1.1 ACTIVITIES

Abu Dhabi Islamic Bank PJSC ("the Bank") is incorporated in the Emirate of Abu Dhabi, United Arab Emirates in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997.

The principal activities of the Bank consist of Islamic financing, investments, commercial and other banking services activities in accordance with Islamic Shari'a as approved by the Bank's Fatwa and Shari'a Supervisory Board.

The interim condensed consolidated financial statements of Abu Dhabi Islamic Bank and its subsidiaries ("the Group") for the period ended 30 September 2008 comprise of the financial statements of the Bank and the following entities controlled by the Bank:

	<i>Activity of incorporation</i>	<i>Country</i>	<i>Percentage of holding</i>	
			<i>2008</i>	<i>2007</i>
Abu Dhabi Islamic Financial Services LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
ADIB Sukuk Company Ltd	Issuance of Sukuk	Cayman Island	100%	100%
Kawader Services Company LLC	Manpower supply	United Arab Emirates	100%	-

The registered office of the Bank is at P O Box 313, Abu Dhabi, United Arab Emirates (U.A.E).

The interim condensed consolidated financial statements of the Group were authorised for issue by management on 20 October 2008.

1.2 DEFINITIONS

Murabaha

An agreement whereby the Group sells to a customer a commodity or asset, which the Group has purchased and acquired based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

Istisna'a

An agreement between the Group and a customer whereby the Group would sell to the customer a developed property according to agreed upon specifications. The Group would develop the property either on its own or through a subcontractor and then hand it over to the customer against an agreed price.

Ijarah

An agreement whereby the Group (lessor) purchases or constructs an asset for lease according to the customer's request (lessee), based on his promise to lease the asset for a specific period and against certain rent instalments. Ijarah could end by transferring the ownership of the asset to the lessee.

Qard Hasan

Qard Hasan is a non-profit bearing financing intended to allow the borrower to use the loaned funds for a period of time with the understanding that the same amount of the loaned funds would be repaid at the end of the Qard period.

Musharaka

An agreement between the Group and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital in the enterprise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

1.2 DEFINITIONS continued

Mudaraba

An agreement between the Group and a third party whereby one party would provide a certain amount of funds, which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba.

Wakalah

An agreement whereby the Group provides a certain sum of money to an agent, who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2007. In addition, results for the nine months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

The interim condensed consolidated financial statements are presented in UAE Dirhams ("AED"), which is the functional currency of the Bank and all values have been rounded to the nearest thousand (AED '000') except when otherwise indicated.

Accounting policies

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

The Bank's accounting policies for investments are as follows:

Trading investments

These are initially recognised at cost and subsequently remeasured at fair value. All related realised and unrealised gains or losses are included in the consolidated income statement as gains or losses from trading securities.

Non-trading investments

These are classified as follows:

- Held to maturity
- Investments carried at fair value through income statement
- Available for sale

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Held to maturity

Investments which have fixed or determinable payments and fixed maturity and which are intended to be held to maturity are carried at amortised cost, less provision for impairment in value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Accounting policies continued

Investments carried at fair value through income statement

Investments are classified as fair value through income statement if the fair value of the investment can be reliably measured and the classification as fair value through income statement is as per the documented strategy of the Bank. Investments classified as "Investments at fair value through income statement" upon initial recognition are remeasured at fair value with all changes in fair value being recorded in the consolidated income statement.

Available for sale investments

After initial recognition, securities which are classified "available for sale" are normally remeasured at fair value unless fair value cannot be reliably determined in which case they are measured at cost less impairment. Fair value changes are reported as a separate component of equity until the security is derecognised or the security is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported as "cumulative changes in fair value" within equity is included in the consolidated income statement for the period.

3 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September</i>	<i>Audited</i>
	<i>2008</i>	<i>31 December</i>
	<i>AED '000</i>	<i>2007</i>
		<i>AED '000</i>
Letters of credit	1,640,201	1,458,197
Letters of guarantee	4,261,200	3,112,320
Irrevocable commitments to extend credit	9,483,116	7,672,760
Acceptances	93,677	68,182
Buy back commitments	352,415	328,861
Commitment for future capital expenditure	<u>140,860</u>	<u>57,054</u>
	<u>15,971,469</u>	<u>12,697,374</u>

4 SEGMENTAL INFORMATION

A segment represents a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Primary segment information

For management purposes the Bank is organised into three major business segments:

Retail and commercial banking - Principally handling individual customers' deposits, and providing consumer type financing, Islamic credit cards facilities and funds transfer facilities.

Corporate banking - Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers.

Treasury, including investment operations - Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of government securities and placements and deposits with other banks. It also includes real estate activities principally the leasing, brokerage, management and resale of properties carried out through its subsidiaries and associate companies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

4 SEGMENTAL INFORMATION continued

Business segments information for the period is as follows:

	<i>Retail and commercial banking AED '000</i>	<i>Corporate banking AED '000</i>	<i>Investment and treasury AED '000</i>	<i>Other operations AED '000</i>	<i>Total AED '000</i>
Nine months ended 30 September 2008 (Unaudited)					
Operating income	734,529	701,000	733,559	115,077	2,284,165
Unallocated costs					<u>(948,729)</u>
Profit from operations					1,335,436
Profit distribution to depositors and Sukuk holders					<u>(598,763)</u>
Profit for the period before minority interests					736,673
Minority interests					<u>(488)</u>
Profit for the period attributable to the parent					<u>736,185</u>
Assets					
Segmental assets	16,394,440	15,695,827	16,405,413	-	48,495,680
Unallocated assets					<u>619,306</u>
Total assets					<u>49,114,986</u>
Liabilities					
Segmental liabilities	15,103,953	16,764,038	10,294,686	-	42,162,677
Unallocated liabilities					<u>1,353,911</u>
Total liabilities					<u>43,516,588</u>
Nine months ended 30 September 2007 (Unaudited)					
Operating income	580,792	765,194	724,663	971	2,071,620
Unallocated costs					<u>(501,646)</u>
Profit from operations					1,569,974
Profit distribution to depositors and Sukuk holders					<u>(1,086,911)</u>
Profit for the period before minority interests					483,063
Minority interests					<u>(1)</u>
Profit for the period attributable to the parent					<u>483,062</u>
Assets					
Segmental assets	9,770,438	13,077,560	17,513,817	-	40,361,815
Unallocated assets					<u>624,670</u>
Total assets					<u>40,986,485</u>
Liabilities					
Segmental liabilities	11,423,279	18,178,156	5,801,535	-	35,402,970
Unallocated liabilities					<u>485,262</u>
Total liabilities					<u>35,888,232</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the income and shares data used in the earnings per share computations:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>Unaudited</i> <i>2008</i>	<i>Unaudited</i> <i>2007</i>	<i>Unaudited</i> <i>2008</i>	<i>Unaudited</i> <i>2007</i>
Profit for the period attributable to equity holders (AED 000)	<u>216,464</u>	<u>137,240</u>	<u>736,185</u>	<u>483,062</u>
Weighted average number of ordinary shares in issue (000's)	<u>1,970,590</u>	<u>1,970,590</u>	<u>1,970,590</u>	<u>1,822,346</u>
Basic and diluted earnings per share (AED)	<u>0.110</u>	<u>0.070</u>	<u>0.374</u>	<u>0.265</u>

As of 30 September 2008, the Bank has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

On 29 March 2007, the Bank issued a mandatorily convertible Islamic Sukuk to a shareholder amounting to AED 2 billion which was fully paid by 29 March 2007.

6 MURABAHA AND MUDARABA WITH FINANCIAL INSTITUTIONS

Geographical concentration of murabaha and mudaraba with financial institutions is as follows:

	<i>30 September</i> <i>2008</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2007</i> <i>AED '000</i>
Within UAE	2,847,908	5,676,250
Outside UAE	<u>4,845,331</u>	<u>7,203,164</u>
	<u>7,693,239</u>	<u>12,879,414</u>

7 INVESTMENTS

	<i>30 September</i> <i>2008</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2007</i> <i>AED '000</i>
Investments at fair value through income statement	6,775	11,150
Available for sale	1,540,206	1,220,983
Held to maturity	<u>139,210</u>	<u>43,396</u>
	1,686,191	1,275,529
Less: provision for impairment	<u>(37,197)</u>	<u>(49,437)</u>
	<u>1,648,994</u>	<u>1,226,092</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

7 INVESTMENTS continued

	<i>30 September 2008 AED '000</i>	<i>Audited 31 December 2007 AED '000</i>
Geographical concentration of investments is as follows:		
Within UAE	811,135	503,805
Outside UAE	<u>837,859</u>	<u>722,287</u>
	<u>1,648,994</u>	<u>1,226,092</u>

8 SHARE CAPITAL

As of 30 September 2008, the authorised, issued and paid up share capital of the Bank is 1,970,588 thousand shares of AED 1 each (31 December 2007: 150,000 thousand shares of AED 10 each) amounting to AED 1,970,588 thousand (31 December 2007: AED 1,500,000 thousand).

On 26 February 2008, a shareholder exercised its rights to convert the mandatory convertible Islamic Sukuk of AED 2 billion to 47,059 thousand ordinary shares of AED 10 each at the rate of AED 42.50 per share. Accordingly, with effect from that date, the paid up share capital of the Bank increased by AED 470,588 thousand, with the balance of AED 1,529,412 thousand being credited to share premium.

A cash dividend of 20% (2007: 10%) of the paid up capital amounting to AED 394,118 thousand (2007: AED 150,000 thousand), which includes AED 94,118 thousand on the converted shares, was paid during the period after the approval of the shareholders in the Annual General Meeting held on 11 March 2008.

The Board of Directors approved a share split of 10 shares of AED 1 for each ordinary share of AED 10 in their meeting held on 18 March 2008.

9 OTHER RESERVES

	<i>Cumulative changes in fair values AED '000</i>	<i>Revaluation reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Total AED '000</i>
At 1 January 2008 (audited)	166,703	129,239	-	295,942
Realised gains on available for sale investments	(30,826)	-	-	(30,826)
Net movement in fair values of available-for-sale investments	(152,465)	-	-	(152,465)
Foreign currency translation differences	-	-	19,564	19,564
At 30 September 2008	<u>(16,588)</u>	<u>129,239</u>	<u>19,564</u>	<u>132,215</u>
At 1 January 2007 (audited)	120,772	129,239	-	250,011
Realised gains on available for sale investments	(17,947)	-	-	(17,947)
Net movement in fair values of available-for-sale investments	23,837	-	-	23,837
At 30 September 2007	<u>126,662</u>	<u>129,239</u>	<u>-</u>	<u>255,901</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2008 (Unaudited)

10 CASH AND CASH EQUIVALENTS

	<i>30 September 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Balances with financial institutions, Central Bank and cash Murabaha and Mudaraba with financial institutions	3,210,050 <u>4,109,521</u>	1,856,026 <u>7,688,285</u>
Less: due to financial institutions	7,319,571 <u>(3,657,972)</u>	9,544,311 <u>(2,613,448)</u>
	<u>3,661,599</u>	<u>6,930,863</u>

The following significant non-cash items have been excluded from the cash flow statement:

	<i>30 September 2008 AED '000</i>	<i>30 September 2007 AED '000</i>
Transfers from investment properties to development properties, net	387,339	-
Transfer from property and equipment to investment properties	37,234	-