

EMIRATES GLOBAL ISLAMIC BANK LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2007**

Director's Review

The Board of Directors is pleased to present the half yearly financial statements of Emirates Global Islamic Bank Limited for the half year ending June 30, 2007. These financial statements have been reviewed by the statutory auditors of the Bank M/s. A. F. Ferguson & Co., Chartered Accountants as required under the Code of Corporate Governance. These financial statements are accompanied by an independent limited review report of the statutory auditors for the half year then ended.

Economic Outlook

The Pakistan's economy continues to perform well boasting one of the fastest growing economies in the region with a 7 per cent GDP growth rates, per capita income of \$925, foreign investment of US\$ 6 billion and home remittances above \$5.5 billion, revenue collection exceeding the target, increasing home remittances and foreign investment on the rise coupled with a booming stock market and a good country's credit rating.

On the other hand higher inflation rate and ballooning trade and current account deficits remains a cause of concern besides poverty alleviation prompting of a Pak rupee devaluation to control the deficit. However the Government has responded that devaluation was not necessary in view of a fixed exchange rate policy while the current policy is floating. Nevertheless, prompt and timely action to arrest both the inflationary as well as the trade and the current account deficit is required.

Financial Sector Review

The banking industry of Pakistan in 2006 enjoyed another year of high profitability and deposits. It experienced brisk growth in assets in recent years standing at over \$70 billion. Measures were initiated by the State Bank of Pakistan to strengthen the financial sector active, one such measure is the increase in paid-up capital of banks to Rs 6 billion which has resulted in mergers and acquisitions in the financial sector, with at least five banks opting for merger/acquisition and several more on the anvil. The financial reform initiated by the State Bank of Pakistan has made the domestic banking industry highly competitive and dynamic.

In order to keep a check on the inflation and encourage mobilization of long term deposits, State Bank of Pakistan recently announced its monetary policy in August 2007. It raised the discount rate by 50 basis points to 10%, the immediate impact of which was a yield increase in the short treasury paper and KIBOR benchmark rates. Recognizing the shortage of Shariah-compatible papers Islamic Banks can now use their cash in hand and balances with NBP for SLR. Besides several other initiatives to curb inflationary pressures were also announced.

Business Outlook

The bank has a vision to establish itself as a dynamic and a premier oriented financial service provider offering a diversified and broad range of Shariah compliant products to serve the varied need of its customers. The Bank is committed to provide best-in-class

products and integrated Shariah compliant solutions that meet the complete financial needs of our clients and customers in both wholesale and retail markets.

Several new milestones were achieved during the period under review, significant of which was the permission from the State Bank of Pakistan to open four more branches in 2007. This permission will enable the bank to raise the total number of branches to 10 by the end of 2007. With the grant of this permission, a branch was opened at M. M. Alam Road, Lahore on July 2, 2007. Two other branches at Gujranwala and Peshawar will be completed in Q3 while a location is being finalised in Islamabad.

Pakistan Credit Rating Agency assigned a long-term rating of Single A Minus and a short-term rating of A2 to Emirates Global Islamic Bank Limited. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments. The rating is indicative of financially strong sponsors and a well-conceived business plan, which envisages a gradual growth while maintaining sound capitalization in initial years. The rating will improve the image of the bank and are a healthy indicator of business growth potential of the bank.

Review of Operations

The Bank has focused its attention both on business and developing a banking platform. During the period under review, total assets of the bank were Rs.4,010 million, deposits were Rs.864 million, financing to customers Rs.1,501 million, investments Rs.177 million and financing to financial institutions at Rs.950 million.

Since the bank is in the establishment phase, the profitability of the bank is likely to remain under pressure till bank reaches a sizeable amount in deposits. This will not only require intensive marketing efforts but also a large branch network. The bank earned a revenue from financing amounting to Rs.120 million with net interest margin at Rs.117 million, non fund based income at Rs.12 million and administrative and other expenses at Rs.143 million, while provisioning amounted to Rs.4 million. During the half year ending June 2007, the bank's loss before tax was Rs.18 million while the loss after tax was Rs.11 million.

Acknowledgement

We thank our shareholders for their support patronage and help and the management and the staff for their hard work and commitment to establish the bank. We would also like to express our gratitude and thanks to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan for their professional support and guidance.

Karachi
August 22, 2007

On behalf of the Board



Syed Tariq Husain
President/CEO

A.F.FERGUSON & CO.

A member firm of

PRICEWATERHOUSECOOPERS 

A.F.Ferguson & Co
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Emirates Global Islamic Bank Limited** as at June 30, 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2007 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2007.

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 as of and for the half year ended June 30, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants 

Karachi

Date

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2007

	Note	(Un-audited) June 30, 2007	(Audited) December 31, 2006
----- Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks		231,576	34
Balances with other banks		98,327	51,069
Due from Financial Institutions	5	950,000	1,597,947
Investments	6	177,626	-
Financing	7	1,501,508	32,907
Operating fixed assets		800,012	656,971
Deferred tax assets		89,180	71,780
Other assets		161,546	37,590
		4,009,775	2,448,298
LIABILITIES			
Bills payable		43,829	-
Due to Financial Institutions		-	-
Deposits and other accounts		863,959	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		43,145	41,265
Deferred tax liabilities		-	-
Other liabilities		176,835	47,359
		1,127,768	88,624
NET ASSETS		<u>2,882,007</u>	<u>2,359,674</u>
REPRESENTED BY			
Share capital	9	3,000,000	250,533
Share subscription money		23,781	2,239,942
Reserves		-	-
Accumulated loss		(141,774)	(130,801)
		2,882,007	2,359,674
Surplus / (Deficit) on revaluation of assets		-	-
		<u>2,882,007</u>	<u>2,359,674</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 14 form an integral part of these financial statements

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Syed Tariq Husain
President / Chief Executive



Mubarak Balaswad
Mubarak Humaid Balaswad
Director



Abdul Gaffar Fancy
Director



Zubair Daruwal
Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & HALF YEAR ENDED JUNE 30, 2007

	Quarter ended June 30, 2007	Half year ended June 30, 2007	Quarter ended June 30, 2006	Half year ended June 30, 2006
----- Rupees in '000 -----				
Profit / return earned on financings, investments and placements	64,507	119,708	4,076	4,076
Return on deposits and other dues expensed	2,943	3,179	-	-
Net spread earned	61,564	116,529	4,076	4,076
Provision against non-performing commodity murabaha	-	-	-	-
Provision against non-performing financings	340	389	-	-
Provision for diminution in the value of investments	3,240	3,240	-	-
Bad debts written off directly	-	-	-	-
	3,580	3,629	-	-
Net spread after provisions	57,984	112,900	4,076	4,076
Other income				
Fee, Commission and Brokerage Income	809	812	-	-
Dividend Income	-	-	-	-
Income from dealing in foreign currencies	(33)	(33)	-	-
Capital gain / (loss) on sale of securities	-	-	-	-
Unrealized gain / (loss) on revaluation of investments classified as 'held for trading'	-	-	-	-
Other Income	11,282	11,354	-	-
Total other income	12,058	12,133	-	-
	70,042	125,033	4,076	4,076
Other expenses				
Administrative expenses	89,820	143,441	32,321	50,813
Other provisions / write offs	-	-	-	-
Other charges	6	6	-	-
Total other expenses	89,826	143,447	32,321	50,813
	(19,784)	(18,414)	(28,245)	(46,737)
Extra ordinary / unusual items	-	-	-	-
Loss before taxation	(19,784)	(18,414)	(28,245)	(46,737)
Taxation				
- Current - for the period	(1,226)	(9,959)	-	-
- Prior	-	-	-	-
- Deferred	8,430	17,400	15,858	15,858
	7,204	7,441	15,858	15,858
Loss after taxation	(12,580)	(10,973)	(12,387)	(30,879)
Accumulated loss brought forward	(129,194)	(130,801)	(40,558)	(22,066)
Accumulated loss carried forward	(141,774)	(141,774)	(52,945)	(52,945)
Basic and diluted loss per share	(0.04)	(0.05)	(0.49)	(1.23)

The annexed notes 1 to 14 form an integral part of these financial statements

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Director



Abdul Gaffar Fancy
Director



Zubair Daruwala
Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007

	Half year ended June 30, 2007	Half year ended June 30, 2006
----- Rupees in '000-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(18,414)	(46,737)
Adjustments for non-cash charges		
Depreciation	12,439	3,432
Amortisation	5,035	-
Provision against non-performing financings	389	-
Provision for diminution in the value of investments	3,240	-
Finance charges on leased assets	2,193	623
Provision against non-performing commodity murabaha	-	-
	23,296	4,055
	4,882	(42,682)
(Increase) / Decrease in operating assets		
Due from financial institutions	647,947	(25,771)
Financing	(1,468,990)	(26,137)
Others assets	(123,956)	(23,456)
	(944,999)	(75,364)
Increase / (Decrease) in operating liabilities		
Bills payable	43,829	-
Deposits and other accounts	863,959	-
Other liabilities	127,369	2,516
	1,035,157	2,516
Income tax paid	(7,852)	(49)
Net cash flow from operating activities	87,188	(115,579)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(180,866)	-
Net investments in operating fixed assets	(152,853)	(320,905)
Net cash flow from investing activities	(333,719)	(320,905)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(7,975)	(2,045)
Receipt of shares subscription money	533,306	721,723
Net cash flow from financing activities	525,331	719,678
Increase in cash and cash equivalents	278,800	283,194
Cash and cash equivalents as at January 01	51,103	11,637
Cash and cash equivalents as at June 30	329,903	294,831

The annexed notes 1 to 14 form an integral part of these financial statements

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Syed Tariq Husain
President / Chief Executive



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Mubarak Humaid Balaswad
Director



Abdul Gaffar Fancy
Director



Zubair Daruwala
Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2007

	Share capital	Share subscription money	Capital reserve	Statutory reserve	Revenue reserve	Accumulated loss	Total
Rupees in '000							
Balance as at January 1, 2006	-	19,103	-	-	-	(22,066)	(2,963)
Receipt of subscription money	-	721,723	-	-	-	-	721,723
Loss for the period	-	-	-	-	-	(30,879)	(30,879)
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of share capital	250,533	(250,533)	-	-	-	-	-
Balance as at June 30, 2006	250,533	490,293	-	-	-	(52,945)	687,881
Receipt of subscription money	-	1,749,649	-	-	-	-	1,749,649
Loss for the period	-	-	-	-	-	(77,856)	(77,856)
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Balance as at December 31, 2006	250,533	2,239,942	-	-	-	(130,801)	2,359,674
Loss for the period	-	-	-	-	-	(10,973)	(10,973)
Receipt of subscription money	-	533,306	-	-	-	-	533,306
Issue of right shares	2,749,467	(2,749,467)	-	-	-	-	-
Balance as at June 30, 2007	3,000,000	23,781	-	-	-	(141,774)	2,882,007

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EMIRATES GLOBAL ISLAMIC BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007

1. STATUS AND NATURE OF BUSINESS

The bank was incorporated in Pakistan on December 20, 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the bank is to carry on Islamic banking business in and outside Pakistan in accordance and in conformity with Islamic Shariah. The bank was granted an Islamic Banking License BL(i)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan vide their letter no. BPRD (LCGD-02)/625-76/D/2007/521 dated January 18, 2007 under section 27 of the Banking Companies Ordinance, 1962 read with Islamic Banking Department circular no. 2 of 2004. Subsequently, the bank was also granted approval for commencement of business as a scheduled bank with effect from February 13, 2007 by the State Bank of Pakistan vide their letter no. BPRD (LCGD-02)/625-76/X/JD/2007/1269 dated February 12, 2007.

The bank's registered office is located at the Hotel Arcade, Sheraton Hotels and Towers, Karachi.

2. BASIS OF PRESENTATION

The Bank provides financing mainly through Murabaha, Ijarah, and Musharaka. Under Murabaha the goods are purchased and are then sold to the customers on credit. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Board.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Financial Reporting Standards and Islamic Financial Accounting Standard 1 (IFAS 1) - Murabaha as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in these financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 02 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2006.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2006 except for the following accounting policies which have been adopted in the current period:

4.1 Investments

The Bank classifies its investments as follows:



(a) Held for trading

These are securities, which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

(b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

(c) Available for sale

These are investments, other than those in subsidiaries and associates, that do not fall under the held for trading or held to maturity categories.

Investments other than those categorised as held for trading are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as held for trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the bank commits to purchase or sell the investment.

In accordance with the requirements of the State Bank of Pakistan, quoted securities other than those classified as 'held to maturity', investments in subsidiaries and investments in associates (which qualify for accounting under International Accounting Standard - 28), are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities classified as 'available for sale', is taken to a separate account shown in the balance sheet below equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account.

Unquoted equity securities excluding investments in subsidiaries and associates are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. In cases where the break up value of such shares is less than the cost, the difference of the cost and break up value is classified as loss and provided for accordingly by charging to the profit and loss account. Investments classified as 'held to maturity' are carried at amortized cost.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value.

4.2 Financing

Financings are stated net of specific and general provisions against non-performing financings, if any, which are charged to the profit and loss account.

Murabaha is the sale of commodities and assets at cost plus an agreed profit whereby the seller informs the purchaser of the price at which he purchases the product and also stipulates an amount of profit. Funds disbursed for purchase of goods are recorded as 'advance for murabaha'. On culmination of murabaha i.e. sale of goods to customers, murabaha financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the balance sheet date are recorded as inventories.

Provision against non-performing financing is determined on a prudent basis in accordance with the Prudential Regulations issued by the State Bank of Pakistan.

Financings are written off when it is considered that there is no realistic prospect of recovery.

4.3 Revenue recognition

Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately.

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The bank follows the finance method in recognizing income on ijarah contracts. Under this method the unearned income under ijarah facility is deferred and then amortized over the term of the ijarah, so as to produce a constant rate of return on net investment in ijarah. Gains/losses on termination of ijarah contracts are recognized as income on a receipt basis. Income on ijarah is recognized from the date of delivery of the respective assets to the mustajir.

Income earned from shariah non-compliant avenues is not recognised in the profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Board.

Profit on diminishing musharaka is recognised on accrual basis.

Commission on letters of credit, acceptances and letters of guarantee is recognized on receipt basis.

Dividend income is recognised when the Bank's right to receive the dividend is established.

Profit and loss on sale of investments is included in income currently.

4.4 Staff retirement benefits

Defined benefit plan

The Bank operates a funded gratuity scheme for all permanent employees who have completed the minimum qualifying period of service.

Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the bank and the employees, to the fund at a rate of 10 percent of basic salary.

	Note	June 30, 2007	December 31, 2006
----- Rupees in '000-----			
5. DUE FROM FINANCIAL INSTITUTIONS			
Call money lendings		-	-
Repurchase agreement lendings (Reverse Repo)		-	-
Receivable against commodity murabaha	5.1	950,000	1,597,947
		<u>950,000</u>	<u>1,597,947</u>
5.1 Receivable against commodity murabaha			
Gross amount receivable against commodity murabaha		993,373	1,650,191
Less: Profits for future periods		8,808	24,992
Profits receivable as at June 30, 2007 - shown under other receivables		9,565	2,252
		<u>975,000</u>	<u>1,622,947</u>
Provision against commodity murabaha	5.2	25,000	25,000
		<u>950,000</u>	<u>1,597,947</u>
5.2			
This represents provision made by the bank in respect of commodity murabaha transaction with a leasing company. The amount due from the leasing company has been classified by the bank as "Loss" under the Prudential Regulations issued by the State Bank of Pakistan.			
6. INVESTMENTS			
		Held by Bank	Given as collateral
		----- Rupees in '000-----	
Balance as at June 30, 2007		177,626	-
		<u>177,626</u>	<u>177,626</u>
Balance as at December 31, 2006		-	-
		<u>-</u>	<u>-</u>
Balance as at June 30, 2006		-	-
		<u>-</u>	<u>-</u>

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6.1 Investments by types	Note	Held by	Given as	Total
		Bank	collateral	
----- Rupees in '000-----				
Available-for-sale securities				
Musharaka Certificates		100,000	-	100,000
Sukuk Bonds		45,666	-	45,666
Ordinary shares of unlisted company		35,200	-	35,200
		180,866	-	180,866
Less: Provision for diminution in value of investments	6.1.1	(3,240)	-	(3,240)
Investments (net of provisions)		177,626	-	177,626

6.1.1 This represents the excess of the cost of ordinary shares of unlisted company over the breakup value and is classified as loss in accordance with the requirements of BPRD circular letter no. 21 dated August 4, 2007.

7. FINANCING	Note	June 30,	December
		2007	31, 2006
----- Rupees in'000-----			
In Pakistan			
- Murabaha financings	7.1	885,327	-
- Net investment in Ijarah		511,551	-
- Diminishing musharaka financings - housing		52,660	32,845
- Diminishing musharaka financings - others		47,600	-
- Loans and running finances		4,759	62
Financing - gross		1,501,897	32,907
Provision for non-performing financing - general	7.2	389	-
Financing - net of provision		1,501,508	32,907
7.1 Murabaha receivable - gross	7.1.1	939,486	-
Less: Deferred murabaha income		42,356	-
Profit receivable as at June 30, 2007		11,803	-
Murabaha financings		885,327	-

7.1.1 This includes advance for murabaha aggregating Rs 255.249 million.

7.2 This represents general provision against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

8. OPERATING FIXED ASSETS	Half year	Half year
	ended June 30, 2007	ended June 30, 2006
----- Rupees in'000-----		
Additions - cost [including net additions to capital work in progress amounting to Rs 84.104 million (2006: Rs 276.536 million)]	160,531	345,804
Disposals		
- cost	-	-
- net book value	-	-

9. SHARE CAPITAL

9.1 Authorized Capital

June 30,	December 31,	June 30,	December
2007	2006	2007	31, 2006
----- Rupees in'000-----			
Number of shares			
600,000,000	400,000,000	6,000,000	4,000,000
Ordinary shares of Rs 10 each			

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9.2 Issued, subscribed and paid up capital

June 30, 2007	December 31, 2006		June 30, 2007	December 31, 2006
Number of shares			----- Rupees in'000-----	
		Ordinary shares of Rs 10 each		
300,000,000	25,053,300	Fully paid in cash	3,000,000	250,533
-	-	Issued as bonus shares	-	-
-	-	Issued for consideration other than cash	-	-
<u>300,000,000</u>	<u>25,053,300</u>		<u>3,000,000</u>	<u>250,533</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Commitments in respect of forward exchange contracts

Purchase	889,411	-
Sale	825,747	-

10.2 Commitments for acquisition of operating fixed assets

Commitments in respect of lease of vehicle	1,302	2,047
Commitments in respect of purchase of property	480,067	-
Commitments in respect of acquisition of software license	-	8,656

10.3 Transaction related contingent liabilities

Guarantees	15,604	-
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10.4 Trade related contingent liabilities

Letter of credit	173,187	-
Acceptances	540	-

11. RELATED PARTY TRANSACTIONS

11.1 Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions and include subsidiary companies, associated companies with or without common directors, directors and key management personnel.

11.2 Details of transactions with related parties and balances as at the year end are as follows:

	June 30, 2007	December 31, 2006
	----- Rupees in'000-----	
Share subscription money		
Opening Balance	2,239,942	19,103
Received during the year	533,306	2,471,372
Shares allotted during the year	(2,749,467)	(250,533)
Closing Balance	<u>23,781</u>	<u>2,239,942</u>
Remittances of share subscription money received from		
Sheikh Tariq Bin Faisal Khalid Al Qassemi	440,410	595,590
Emirates Financial Holdings LLC	28,896	302,018
Syed Tariq Husain	15,410	10,000
Mubarak Balaswad	32,395	-
Abdul Ghaffar Fancy	16,195	-
Mal Al Khaleej Investment Company LLC	-	1,523,764
Orix Leasing Pakistan Limited	-	20,000
Bank of Punjab Limited	-	20,000
	<u>533,306</u>	<u>2,471,372</u>

AJCo

	June 30, 2007	December 31, 2006
	----- Rupees in'000-----	
Amount payable to		
Emirates Financial Holdings LLC	12,012	12,325
Emirates Global Investments Limited	18,304	18,408
Emirates International Holdings Limited	2,500	2,500
Trust Securities Brokerage Limited	560	619
Advances to Employees		
Housing musharaka	52,660	30,560
Ijarah	3,993	2,284
Qarz-e-Hasna	4,759	62
Ijarah Financing to Takaful Pakistan Limited	3,903	-
Investment in Takaful Pakistan Limited	35,200	-
	For the Half year ended June 30, 2007	For the Half year ended June 30, 2006
	----- Rupees in'000-----	
Profit / return on advances to employees	631	192
Provision for diminution in the value of investment in Takaful Pakistan Limited	3,240	-

	June 30, 2007			
	Corporate Finance / Commercial Banking	Retail Banking	Treasury	Others
	----- Rupees in'000-----			
12. SEGMENT BY CLASS OF BUSINESS				
Total income	16,841	112	103,720	11,168
Total expenses	18,563	25,154	11,290	95,248
Net income (loss)	(1,722)	(25,042)	92,430	(84,080)
Segment Assets (Gross)	1,319,840	363,914	1,426,038	899,983
Segment Non Performing Loans	-	-	-	-
Segment Provision Required	-	-	-	-
Segment Liabilities	478,609	556,567	107	92,485
Segment Return on net Assets (ROA) (%)	11.50%	12.00%	11.00%	5.50%
Segment Cost of funds (%)	5.34%	3.41%	9.00%	0.00%

13. DATE OF AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Directors of the bank.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

APCO



Syed Tariq Husain
President / Chief Executive



Mubarak Balaswad
Mubarak Humaid Balaswad
Director



Abdul Gaffar Fancy
Director



Zubair Daruwala
Director