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Abu Dhabi Islamic Bank posts record half year profits

- *Half year results show record 50.4% increase on same period in 07*
- *Second quarter profits grow an unprecedented 53%*
- *Bank grows net profits by 13% in Q2, compared to Q1*

Abu Dhabi, 15/07/2008 – Abu Dhabi Islamic Bank (ADIB) has released its financial results for Second Quarter, confirming a record net profit of AED 520 million for the half year ended 30 June 2008. This figure represents an increase of 50.4% compared to the same period in 2007.

Second Quarter net profit was AED 276 million and this represents an increase of 53% compared to the same period in 2007, and a 13% growth on the previous quarter.

Earning per share for the half year ended 30 June 2008 is AED 0.264 per share, a 15% growth in comparison to AED 0.229 per share for the same period last year.

Mr Tirad Mahmoud, Chief Executive Officer of ADIB, comments: "These results reflect continuing strong performance by Abu Dhabi Islamic Bank. The drive to optimize our financial infrastructure is showing results that have contributed to an improving bottom line."

The operating revenue stood at AED 1,512 million during the half year ended 30 June 2008, of which the contribution of the core banking operations represented 85%.

The total assets also have grown from AED 41.1 billion in June 2007 up to AED 48.1 billion as of June 2008, representing an increase of 17%. Islamic financing has grown to AED 39.8 billion as of 30 June 2008, compared to AED 35.1 billion for the same period in the previous year, achieving a growth of 13%.

Customers' deposits currently stand at AED 33.7 billion at the end of June 2008, a 20% growth in comparison to AED 28.1 billion on the same date last year. Shareholders' equity as of 30 June 2008 has grown to AED 5.5 billion, as opposed to the AED 5.0 billion of 30 June 2007, recording a growth of 10%.



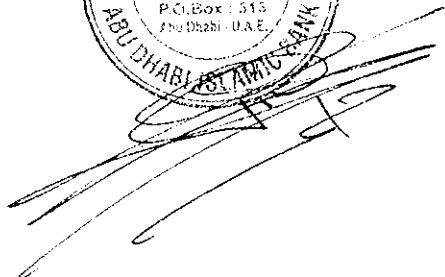


Tirad Mahmoud attributes the Bank's strong performance as the result of a combination of enhanced internal financial processes, efforts by employees and customer confidence in the organization.

ADIB has increased its provisioning in the first half of 2008. This is the result of enhanced risk management policies and is in line with global best practice.

Tirad Mahmoud, who joined ADIB in February 2008, continues: "Looking ahead, we will focus on driving external growth, all the time staying true to the principles of Sharia'a. We recently redefined our mission as providing Islamic financing solutions to the global community; we will achieve this through a relentless pursuit of innovation, delighting our valued customers with superb service and expanding our operations both within the UAE and outside it."

He concludes: "There is passion and determination within the Bank to take ADIB to its full potential as a top tier Islamic finance institution. I pay tribute to the important role that the whole staff, from senior management to branch personnel, is playing in the growth of our operation."



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Handwritten signature: *TTT*

Official stamp of Abu Dhabi Islamic Bank, Head Office, P.O. Box 515, Abu Dhabi, U.A.E. The stamp is circular with Arabic text at the top and English text at the bottom. Below the stamp is a large, stylized handwritten signature.

Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 JUNE 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 June 2008, comprising of the interim consolidated balance sheet as at 30 June 2008 and the related interim consolidated income statement for the three-month and six-month periods then ended and the related consolidated statement of changes in equity and consolidated cash flow statement for the six-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

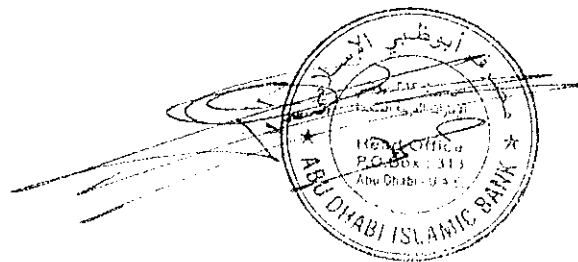
15 July 2008

Abu Dhabi

INTERIM CONSOLIDATED INCOME STATEMENT

Three months and six months ended 30 June 2008 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2008	2007	2008	2007
		AED '000	AED '000	AED '000	AED '000
OPERATING INCOME					
Income from Murabaha and Mudaraba with financial institutions, net		91,751	117,032	238,589	336,484
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net		499,723	484,140	980,837	850,993
Fees, commissions and foreign exchange income, net		15,591	41,860	48,996	66,549
Gain from sale of investments, net		13,495	2,588	20,732	11,752
Investment and other income		<u>171,483</u>	<u>93,881</u>	<u>222,762</u>	<u>130,637</u>
		792,043	739,501	1,511,916	1,396,415
OPERATING EXPENSES					
Staff costs		(127,487)	(86,562)	(240,607)	(163,353)
General and administrative expenses		(51,563)	(68,844)	(124,494)	(104,272)
Depreciation		(7,665)	(5,989)	(15,223)	(11,418)
Provision for impairment		(161,708)	(23,380)	(199,686)	(40,718)
		<u>(348,423)</u>	<u>(184,775)</u>	<u>(580,010)</u>	<u>(319,761)</u>
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS, AND SUKUK HOLDERS		443,620	554,726	931,906	1,076,654
Distribution to depositors and sukuk holders		(167,915)	(374,601)	(411,741)	(730,797)
PROFIT FOR THE PERIOD		<u>275,705</u>	<u>180,125</u>	<u>520,165</u>	<u>345,857</u>
Attributable to:					
Equity holders of the Bank		275,470	180,047	519,721	345,822
Minority interests		<u>235</u>	<u>78</u>	<u>444</u>	<u>35</u>
		<u>275,705</u>	<u>180,125</u>	<u>520,165</u>	<u>345,857</u>
Basic and diluted earnings per share (AED)	5	<u>0.140</u>	<u>0.119</u>	<u>0.264</u>	<u>0.229</u>



The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET

At 30 June 2008 (Unaudited)

		<i>30 June</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>
ASSETS			
Balances with financial institutions, Central Bank and cash		2,837,048	2,298,850
Murabaha and Mudaraba with financial institutions		9,633,354	12,879,414
Murabaha and other Islamic financing		16,062,004	12,880,320
Ijara financing		14,078,435	11,895,702
Investments		1,791,325	1,226,092
Investment in associates		773,835	443,164
Investment properties		331,790	870,809
Development properties		570,715	301,214
Other assets		1,694,467	878,370
Property and equipment		<u>305,716</u>	<u>368,244</u>
TOTAL ASSETS		<u>48,078,689</u>	<u>44,042,179</u>
LIABILITIES			
Due to financial institutions		4,142,466	4,185,157
Depositors' accounts		33,710,075	29,628,826
Other liabilities		1,786,609	1,869,318
Sukuk payable		<u>2,938,000</u>	<u>2,938,000</u>
Total liabilities		<u>42,577,150</u>	<u>38,621,301</u>
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the Bank			
Share capital	6	1,970,588	1,500,000
Share premium	6	1,529,412	-
Convertible Islamic Sukuk	6	-	2,000,000
Legal reserve		224,578	224,578
General reserve		224,578	224,578
Retained earnings		1,297,322	871,719
Proposed dividends		-	300,000
Proposed dividends to charity		-	1,028
Other reserves	7	<u>251,693</u>	<u>295,942</u>
		5,498,171	5,417,845
Minority interests		<u>3,368</u>	<u>3,033</u>
Total equity		<u>5,501,539</u>	<u>5,420,878</u>
TOTAL LIABILITIES AND EQUITY		<u>48,078,689</u>	<u>44,042,179</u>
COMMITMENTS AND CONTINGENT LIABILITIES	3	<u>6,945,014</u>	<u>6,517,312</u>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2008 (Unaudited)

<i>Attributable to the equity holders of the Bank</i>												
Notes	Share capital AED '000	Share premium AED '000	Convertible islamic sukuk 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 AED '000	Total AED '000	Minority interests AED '000	Total AED '000
Balance at 1 January 2008 (audited)	1,500,000	-	2,000,000	224,578	224,578	871,719	300,000	1,028	295,942	5,417,845	3,033	5,420,878
Realised gains and losses in available-for-sale investments	7	-	-	-	-	-	-	-	(20,732)	(20,732)	-	(20,732)
Net movement in fair values of available-for-sale investments	7	-	-	-	-	-	-	-	(49,647)	(49,647)	(109)	(49,756)
Foreign currency translation difference	7	-	-	-	-	-	-	-	26,130	26,130	-	26,130
Total income and expense for the period recognised directly in equity		-	-	-	-	-	-	-	(44,249)	(44,249)	(109)	(44,358)
Profit for the period		-	-	-	-	519,721	-	-	-	519,721	444	520,165
Total income for the period		-	-	-	-	519,721	-	-	(44,249)	475,472	335	475,807
Islamic Sukuk converted to shares	6	470,588	(470,588)	-	-	-	-	-	-	-	-	-
Shares premium on conversion of shares	6	1,529,412	(1,529,412)	-	-	-	-	-	-	-	-	-
Dividends paid	6	-	-	-	-	(94,118)	(300,000)	-	-	(394,118)	-	(394,118)
Dividends to charity paid		-	-	-	-	-	-	(1,028)	-	(1,028)	-	(1,028)
Balance at 30 June 2008 (Unaudited)		1,970,588	1,529,412	-	224,578	224,578	1,297,322	-	251,693	5,498,171	3,368	5,501,539
Balance at 1 January 2007 (audited)		1,500,000	-	-	147,730	147,730	561,468	150,000	11,420	2,768,359	1,256	2,769,615
Realised gains and losses in available-for-sale investments	7	-	-	-	-	-	-	-	(9,164)	(9,164)	-	(9,164)
Net movement in fair values of available-for-sale investments	7	-	-	-	-	-	-	-	56,297	56,297	116	56,413
Total income and expense for the period recognised directly in equity		-	-	-	-	-	-	-	47,133	47,133	116	47,249
Profit for the period		-	-	-	-	345,822	-	-	-	345,822	35	345,857
Total income for the period		-	-	-	-	345,822	-	-	47,133	392,955	151	393,106
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 June 2007 (Unaudited)		1,500,000	-	2,000,000	147,730	147,730	907,290	-	297,144	4,999,894	2,407	5,002,301

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2008 (Unaudited)

	<i>Six months ended 30 June 2008 AED '000</i>	<i>Six months ended 30 June 2007 AED '000</i>
OPERATING ACTIVITIES		
Profit for the period	519,721	345,822
Adjustments for:		
Depreciation	15,223	11,418
Provision for impairment	199,686	39,439
Gain on sale of investments, net	(20,732)	(9,164)
Gain on sale of investment properties	<u>(153,758)</u>	<u>(11,349)</u>
Operating profit before changes in operating assets and liabilities	560,140	376,166
Murabaha and Mudaraba with financial institutions	(1,113,472)	(4,455,531)
Murabaha and other Islamic financing	(3,319,588)	(761,268)
Ijara financing	(2,203,558)	(529,385)
Other assets	(869,294)	(105,614)
Due to financial institutions	684,194	(891,190)
Depositors' accounts	4,081,249	4,273,144
Other liabilities	<u>(82,709)</u>	<u>60,031</u>
Net cash used in operating activities	<u>(2,263,038)</u>	<u>(2,033,647)</u>
INVESTING ACTIVITIES		
Purchase of investments	(863,878)	(221,236)
Proceeds from sale of investments	261,238	75,250
Investment in associates	(304,541)	-
Purchase of investment properties	(221,037)	(62,113)
Proceeds from sale of investment properties	655,028	233,134
Additions to development properties	(10,715)	-
Purchase of property and equipment	<u>47,305</u>	<u>(57,841)</u>
Net cash used in investing activities	<u>(436,600)</u>	<u>(32,806)</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>335</u>	<u>1,151</u>
Net cash (used in) from financing activities	<u>(394,811)</u>	<u>1,839,731</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(3,094,449)	(226,722)
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	<u>4,848,820</u>	<u>2,241,617</u>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 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 June 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 15 July 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 June 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 six months ended 30 June 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.

3 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June</i>	<i>Audited</i>
	<i>2008</i>	<i>31 December</i>
	<i>AED '000</i>	<i>AED '000</i>
Letters of credit	1,697,105	1,458,197
Letters of guarantee	3,676,587	3,112,320
Irrevocable commitments to extend credit	1,097,050	1,492,698
Acceptances	100,510	68,182
Buy back commitments	328,861	328,861
Commitment for future capital expenditure	<u>44,901</u>	<u>57,054</u>
	<u>6,945,014</u>	<u>6,517,312</u>

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

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 acquisition, leasing, brokerage, management and resale of properties carried out through its subsidiaries and associate companies.

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>
Six months ended 30 June 2008 (Unaudited)					
Operating income	508,856	471,981	484,217	46,862	1,511,916
Unallocated costs					<u>(580,010)</u>
Profit from operations					931,906
Profit distribution to depositors and Sukuk holders					<u>(411,741)</u>
Profit for the period before minority interests					520,165
Minority interests					<u>(444)</u>
Profit for the period attributable to the parent					<u>519,721</u>
Assets					
Segmental assets	14,141,046	15,954,069	15,986,113	-	46,081,228
Unallocated assets					<u>1,997,461</u>
Total assets					<u>48,078,689</u>
Liabilities					
Segmental liabilities	15,132,047	20,328,754	5,208,026	-	40,668,827
Unallocated assets					<u>1,908,323</u>
Total liabilities					<u>42,577,150</u>

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

4 SEGMENTAL INFORMATION continued

	<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>
Six months ended 30 June 2007 (Unaudited)					
Operating income	377,471	526,072	492,125	747	1,396,415
Unallocated costs					<u>(319,761)</u>
Profit from operations					1,076,654
Profit distribution to depositors and Sukuk holders					<u>(730,797)</u>
Profit for the period before minority interests					345,857
Minority interests					<u>(35)</u>
Profit for the period attributable to the parent					<u>345,822</u>
Assets					
Segmental assets	8,451,713	13,618,144	18,699,334	-	40,769,191
Unallocated assets					<u>376,293</u>
Total assets					<u>41,145,484</u>
Liabilities					
Segmental liabilities	10,632,806	18,534,274	6,572,909	-	35,739,989
Unallocated liabilities					<u>403,194</u>
Total liabilities					<u>36,143,183</u>

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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>Unaudited 2008</i>	<i>Unaudited 2007</i>	<i>Unaudited 2008</i>	<i>Unaudited 2007</i>
Profit for the period attributable to equity holders (AED '000)	<u>275,470</u>	<u>180,047</u>	<u>519,721</u>	<u>345,822</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,970,590</u>	<u>1,510,457</u>	<u>1,970,590</u>	<u>1,510,458</u>
Basic and diluted earnings per share (AED)	<u>0.140</u>	<u>0.119</u>	<u>0.264</u>	<u>0.229</u>

As of 30 June 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.

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

6 SHARE CAPITAL

As of 30 June 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.

7 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	(20,732)	-	-	(20,732)
Net movement in fair values of available-for-sale investments	(49,647)	-	-	(49,647)
Foreign currency translation differences	-	-	26,130	26,130
At 30 June 2008	<u>96,324</u>	<u>129,239</u>	<u>26,130</u>	<u>251,693</u>
At 1 January 2007 (audited)	120,772	129,239	-	250,011
Realised gains on available for sale investments	(9,164)	-	-	(9,164)
Net movement in fair values of available-for-sale investments	<u>56,297</u>	<u>-</u>	<u>-</u>	<u>56,297</u>
At 30 June 2007	<u>167,905</u>	<u>129,239</u>	<u>-</u>	<u>297,144</u>