

**AL DHABI BROKERAGE
SERVICES L.L.C.**

**Reports and financial
statements for the year
ended 31 December 2007**

AL DHABI BROKERAGE SERVICES L.L.C.

Reports and financial Statements for the year ended 31 December 2007

	Page
Directors' report	1
Independent auditor's report	2 - 3
Balance sheet	4
Income statement	5
Statement of changes in shareholder's equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 23

**Report of the Directors
for the year ended 31 December 2007**

The Directors have pleasure in submitting their report, together with the audited financial statements of the Company for the year ended 31 December 2007.

Principal activity

The principal activity of the Company is to provide Brokerage Services pertaining to financial instruments and commodities.

Results and appropriation

Revenue for the year was AED 37.6 million (2006 – AED 34.4 million). Net profit for the year was AED 18.1 million (2006 – AED 21.6 million).

The appropriation of profits is as follows:

	2007 AED'000	2006 AED'000
Retained earnings at the beginning of the year	26,115	6,646
Net profit for the year	18,140	21,632
Less: Transfer to statutory reserve	(1,814)	(2,163)
	<hr/>	<hr/>
Retained earnings at the end of the year	42,441	26,115
	<hr/>	<hr/>

Directors

The Directors through out the year were Mr. Ala'a Eraiqat and Jasim Al Darmaki. The Directors fall for reappointment for 2008.

Auditors

The Directors propose the reappointment of Deloitte & Touche as auditors of the Company for the year ending 31 December 2008.

.....
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of
Al Dhabi Brokerage Services L.L.C.
Abu Dhabi, UAE

Report on the financial statements

We have audited the financial statements of Al Dhabi Brokerage Services L.L.C. (the "Company"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes shareholder's equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit, Tax, Consulting, Financial Advisory.

Member of
Deloitte Touche Tohmatsu

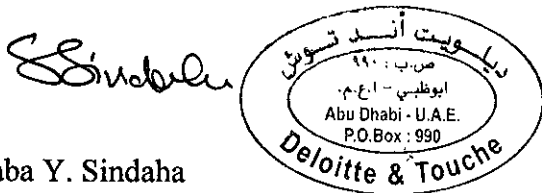
INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account are maintained by the Company, and the information included in the Directors' Report is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) or the Articles of Association of the Company which might have a material effect on the financial position of the Company or on the results of its operations for the year.



Saba Y. Sindaha
Registration Number 410
31 January 2008

Balance sheet
as at 31 December 2007

	Notes	2007 AED'000	2006 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	10,348	5,441
Available-for-sale investments	6	9,008	1,459
Total non-current assets		19,356	6,900
Current assets			
Trade receivables	7	295,523	32,163
Prepayments		150	364
Bank and cash		23,922	5,544
Total current assets		319,595	38,071
Total assets		338,951	44,971
EQUITY AND LIABILITIES			
Equity			
Share capital	8	30,000	10,000
Statutory reserve	9	4,716	2,902
Cumulative change in fair value		7,549	-
Retained earnings		42,441	26,115
Total equity		84,706	39,017
Non-current liabilities			
Provision for end of service benefit		555	145
Current liabilities			
Trade and other payables	10	253,690	5,809
Total liabilities		254,245	5,954
Total equity and liabilities		338,951	44,971


Ala'a Eraiqat
Chairman


Nabil Juma
General Manager

The accompanying notes form an integral part of these financial statements.

Income statement
for the year ended 31 December 2007

	2007 AED'000	2006 AED'000
Income		
Brokerage commission	37,612	34,412
Interest income	128	36
Other operating income	-	11
	<hr/>	<hr/>
	37,740	34,459
	<hr/>	<hr/>
Expenses		
Staff expenses	(10,858)	(8,356)
Other operating expenses	(8,742)	(4,471)
	<hr/>	<hr/>
	(19,600)	(12,827)
	<hr/>	<hr/>
Net profit for the year	<u>18,140</u>	<u>21,632</u>

The accompanying notes form an integral part of these financial statements.

**Statement of changes in shareholder's equity
for the year ended 31 December 2007**

	Notes	Share capital AED'000	Statutory reserve AED'000	Cumulative changes in fair value AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2006		10,000	739	-	6,646	17,385
Net profit for the year		-	-	-	21,632	21,632
Transfer to statutory reserve		-	2,163	-	(2,163)	-
Balance at 1 January 2007		10,000	2,902	-	26,115	39,017
Additional capital introduced	8	20,000	-	-	-	20,000
Net profit for the year		-	-	-	18,140	18,140
Transfer to statutory reserve	9	-	1,814	-	(1,814)	-
Increase in fair value of available for sale investments		-	-	7,549	-	7,549
Balance at 31 December 2007		30,000	4,716	7,549	42,441	84,706

The accompanying notes form an integral part of these financial statements.

**Statement of cash flows
for the year ended 31 December 2007**

	2007 AED'000	2006 AED'000
Operating activities		
Net profit for the year	18,140	21,632
Adjustment for:		
Depreciation of property and equipment	1,391	278
Net movement in end of service benefit	410	79
Operating cash flows before changes in operating assets and liabilities	<u>19,941</u>	<u>21,989</u>
(Increase)/decrease on trade receivables	(263,360)	41,417
Decrease/(increase) in prepayments	214	(289)
Increase/(decrease) in trade and other payables	<u>247,881</u>	<u>(60,035)</u>
Net cash from operating activities	<u>4,676</u>	<u>3,082</u>
Investing activities		
Purchase of available-for-sale investments	-	(1,459)
Purchase of property and equipment	(6,298)	(4,713)
Net cash used in investing activities	<u>(6,298)</u>	<u>(6,172)</u>
Financing activities		
Additional capital introduced	<u>20,000</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	<u>18,378</u>	<u>(3,090)</u>
Cash and cash equivalents at beginning of the year	5,544	8,634
Cash and cash equivalents at end of the year	<u><u>23,922</u></u>	<u><u>5,544</u></u>

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2007****1 General**

Al Dhabi Brokerage Services L.L.C. (the "Company") is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates. The Company was established on 7 February 2005 and commenced its operations on 14 May 2005 and is a wholly owned subsidiary of Abu Dhabi Commercial Bank, a public joint stock company incorporated and registered in the United Arab Emirates. The registered head office of the Company is P.O. Box 939, Abu Dhabi, United Arab Emirates.

The Company is registered as a brokerage company in accordance with United Arab Emirates Federal Law No. 4 of 2000.

The principal activity of the Company is to provide Brokerage Services pertaining to financial instruments and commodities.

2 Adoption of new and revised Standards**2.1 Standards and interpretation effective in the current period**

In the current year, the Company has adopted IFRS 7 *Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 *Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements relating to the Company's financial instruments and management of capital (see note 13). In accordance with the transitional requirements of the amendments, the Company has provided full comparative information.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year as follows:

- IFRIC 7: *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*
- IFRIC 8: *Scope of IFRS 2*
- IFRIC 9: *Reassessment of Embedded Derivatives; and*
- IFRIC 10: *Interim Financial Reporting and Impairment*

The adoption of these interpretations has not led to any changes in the Company's accounting policies.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

2 Adoption of new and revised Standards (continued)

2.2 Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IAS 1 (Revised): <i>Presentation of Financial Statements</i>	Effective for annual periods beginning on or after 1 January 2009
• IAS 23 (Revised): <i>Borrowing Costs</i>	Effective for annual periods beginning on or after 1 January 2009
• IFRS 8: <i>Operating segments</i>	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 11 <i>IFRS2: Company and Treasury Share Transactions</i>	Effective for annual periods beginning on or after 1 March 2007
• IFRIC 12: <i>Service Concession Arrangements</i>	Effective for annual periods beginning on or after 1 January 2008
• IFRIC 13: <i>Customer Loyalty Programmes</i>	Effective for annual periods beginning on or after 1 July 2008
• IFRIC 14 <i>IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction</i>	Effective for annual periods beginning on or after 1 January 2008

Management anticipates that all of the above Standards and Interpretation will be adopted in the Company's financial statements for the period commencing 1 January 2008 or as and when it is applicable, and the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Company in the initial period of application.

3 Summary of significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of the Laws of the U.A.E.

The significant accounting policies adopted are as follows:

**Notes to the financial statements
for the year ended 31 December 2007 (continued)****3 Summary of significant accounting policies (continued)****3.2 Accounting convention**

The financial statements are prepared under the historical cost convention except for available-for-sale investments which are carried at fair value.

3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The cost of property and equipment is their purchase costs, together with any incidental costs of acquisition.

Depreciation is charged so as to write off the cost of property and equipment on a straight line basis over the expected useful economic lives of the assets concerned.

Freehold improvement	5 to 10 years
Computer and office equipment	4 to 10 years
Furniture and fixtures	5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3.4 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)****3 Summary of significant accounting policies (continued)****3.4 Impairment (continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

3 Summary of significant accounting policies (continued)

3.6 Available for sale investments

Investments not classified as either “trading” or “held to maturity” are classified as “available for sale”.

After initial recognition, investments which are classified as “available for sale” are measured at fair value. Unrealised gains and losses on remeasurement to fair value of investments which are not part of an effective hedging relationship are reported as a separate component of equity until the investment is sold, collected or otherwise disposed off, or the investment is determined to be impaired, at which time the cumulative gains or losses previously reported in equity are included in the income statement.

3.7 Revenue recognition

Brokerage commission revenue is recognised when the service has been rendered and when the Company’s right to receive the income has been established.

Interest income is accrued on a time and proportion basis, by reference to principal outstanding and at the effective interest rate applicable.

3.8 Foreign currencies

For the purpose of these financial statements U.A.E Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in income statement in the period in which they arise.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)****3 Summary of significant accounting policies (continued)****3.9 Trade and settlement date accounting**

The "regular way" purchases and sales of financial assets and liabilities are recognised on the trade date basis i.e. the date that the Company physically enters into the contract. Regular way purchases or sales are those that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3.10 Provision for end of service benefits

Provision for end of service benefit is made in accordance with local labour legislation and is based on current remuneration rates and cumulative service at the balance sheet date.

3.11 Offsetting

Financial assets and financial liabilities are only offset and the net amount disclosed in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Financial assets

Financial assets are bank and cash, available-for-sale investments (AFS) and trade receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with banks in current accounts or deposits which mature within three months of the date of placement.

Available-for-sale financial assets

Unquoted shares and quoted shares held by the Company that are traded in an active market but not intended to be traded frequently are classified as being available for sale and are stated at fair value. The fair value of investment in securities is determined by reference to quoted market prices at the close of business on the balance sheet date where available. In the absence of quoted market prices, fair value is determined with reference to the latest available financial information of the investee.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

3 Summary of significant accounting policies (continued)

3.12 Financial assets (continued)

Available-for-sale financial assets (continued)

Gains and losses arising from changes in fair value are recognised directly in equity as a separate component under cumulative changes in fair value with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised is included in income statement for the period.

Trade receivables

Trade receivables that have fixed or determinable payments that are not quoted in an active market are classified as trade receivables. Trade receivables are measured at amortised cost, less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

3.13 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

3 Summary of significant accounting policies (continued)

3.13 Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, the management of the Company makes judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimate made by management are summarised as follows:

Investment in securities

As described in note 3, investments are classified as available for sale. In judging whether investments are available for sale, management has considered the detailed criteria for determination of such classification as set out in IAS 39 "*Financial Instruments: Recognition and Measurement*".

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

**4 Critical accounting judgements and key sources of estimation uncertainty
(continued)**

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, is discussed below:

Trade receivables

Management has estimated the recoverability of trade receivable balances and has considered any allowance required for doubtful receivables. Management has estimated the allowance for doubtful receivables on the basis of prior experience, the current economic environment and other conditions including customer credit-worthiness, the personal guarantee of an Owner, undertakings of specific customers and the net realisable value of customer portfolios which the Company has the ability to liquidate under current market regulations.

For individually significant amounts, this estimation is performed on an individual basis. Management has not considered any impairment on trade and other receivables at the year end.

Useful lives and residual values of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. As described in Note 3 above, the useful lives and residual values are reviewed for reasonableness by management on an annual basis.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

5 Property and equipment

	Freehold improvement AED'000	Computer and office equipment AED'000	Furniture and fixtures AED'000	Total AED'000
Cost				
Balance at 1 January 2006	-	986	31	1,017
Additions	1,879	1,864	970	4,713
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2007	1,879	2,850	1,001	5,730
Additions	4,375	515	1,408	6,298
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2007	6,254	3,365	2,409	12,028
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
Balance at 1 January 2006	-	10	1	11
Charge for the year	5	265	8	278
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2007	5	275	9	289
Charge for the year	320	550	521	1,391
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2007	325	825	530	1,680
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
31 December 2007	5,929	2,540	1,879	10,348
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2006	1,874	2,575	992	5,441
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

6 Available-for-sale investments

	2007 AED'000	2006 AED'000
Quoted		
At 1 January	1,459	1,459
Increase in fair value	7,549	-
Fair value at 31 December	<u>9,008</u>	<u>1,459</u>

The above represent investment of 1,416,341 shares in Dubai Financial Market PJSC made on 8 December 2006.

7 Trade receivables

	2007 AED'000	2006 AED'000
Trade receivables from customers	183,061	3,539
Clearing accounts receivables	68,486	660
Due from related party (note 11)	43,976	27,964
	<u>295,523</u>	<u>32,163</u>

The credit period for trade receivables is two days (Trade date plus two working days)

Before accepting any new customer, it is the Company policy that customer hold current account with Abu Dhabi Commercial Bank (ADCB), a related party.

Trade receivables from customers consists of only those customers holding a current account with ADCB, a related party. The settlement date of these balances is after two days from transaction date, and is settled by the customer through ADCB's current account.

There are no receivables which are past due at the balance sheet date.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

8 Share capital

	Authorised AED'000	Issued and fully paid	
		2007 AED'000	2006 AED'000
Ordinary shares of AED 10 each	30,000	30,000	10,000

In accordance with the Securities & Commodities Authority decision No. 176/R for 2006 the Company has increased its issued and fully paid up share capital from AED 10 million to AED 30 million.

9 Statutory reserve

In accordance with the UAE Federal Commercial Companies law number (8) of 1984 (as amended) and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of the annual net profits until the reserve is equalled to 50% of the share capital. This reserve is not available for distribution.

10 Trade and other payables

	2007 AED'000	2006 AED'000
Payables to other brokers	5,669	568
Trade payables to customers	245,237	3,621
Other payables	2,784	1,620
	<u>253,690</u>	<u>5,809</u>

Trade payable to customers consists of only those customers holding a current account with ADCB, a related party. The settlement date of these balances is after two days from transaction date, and is settled to the customer through ADCB's current account.

**Notes to the financial statements
for the year ended 31 December 2007 (continued)**

11 Related party transactions

Related parties comprise the parent company – Abu Dhabi Commercial Bank PJSC (“ADCB”), its Directors and entities in which they have significant influence in operating and financial decisions. Details of material transactions with such related parties in the normal course of business are as follows:

	2007 AED’000	2006 AED’000
Brokerage commission	4,925	1,996
Interest income	128	36
Commission expense on bank guarantee	1,752	1,500
Rent expenses	626	484

Bank balances include AED 23.9 million (31 December 2006 – AED 5.5 million) with ADCB.

12 Contingent liabilities

	2007 AED’000	2006 AED’000
Bank guarantees	700,000	700,000

The above bank guarantees have been issued by ADCB, a related party (note 11) in the normal course of business.

**Notes to the financial statements
for the year ended 31 December 2007****13 Financial instruments****13.1 Capital risk management**

The Company manages its capital to ensure to be able to continue as a going concern while maximizing the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Company's overall strategy remains unchanged from 2006.

13.2 Financial risk management objectives

The Company is exposed to the following risks related to financial instruments- credit risk, and liquidity risk. In addition to these risks, the bank balance exposes the Company to cash flow interest rate risk due to the variable interest rate liability. However, the magnitude of the risk is not considered to be significant in line with the volume of the balance held at the year end.

The Company's executive management function supports the business activities of the Company by ensuring that sufficient liquidity is maintained at all times, and by deploying liquid balances at optimum rates, within the risk parameters set by management and the governing laws and regulations.

13.3 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's trade and other receivables and bank balances. The Company has adopted a policy of only dealing with creditworthy counterparties and with customers holding a current account with ADCB, the parent company, for whom the credit risk is assessed to be low. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

13.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. ADCB is the major source of funding for the Company and liquidity risk for the Company is assessed to be low.

The table below summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the balance sheet date based on contractual repayment arrangements was as follows:

**Notes to the financial statements
for the year ended 31 December 2007**

13 Financial instruments (continued)

13.4 Liquidity risk (continued)

The maturity profile of the financial assets and financial liabilities at 31 December 2007 was as follows:

	Total AED'000	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	Over 180 days AED'000
Trade receivables	295,523	251,547	-	-	43,976
Bank and cash	23,922	23,922	-	-	-
	<u>319,445</u>	<u>275,469</u>	<u>-</u>	<u>-</u>	<u>43,976</u>
Trade and other payables	253,690	250,906	-	2,784	-
Liquidity gap	65,755	24,563	-	(2,784)	43,976

The maturity profile of the financial assets and financial liabilities at 31 December 2006 was as follows:

	Total AED'000	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	Over 180 days AED'000
Trade and receivables	32,163	4,199	-	-	27,964
Bank and cash	5,544	5,544	-	-	-
	<u>37,707</u>	<u>9,743</u>	<u>-</u>	<u>-</u>	<u>27,964</u>
Trade and other payables	5,809	4,189	-	1,620	-
Liquidity gap	31,898	5,554	-	(1,620)	27,964

**Notes to the financial statements
for the year ended 31 December 2007****13 Financial instruments (continued)****13.5 Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes market variables such as interest rates, foreign exchange rates, and equity prices. The Company does not maintain a significant portfolio of interest bearing assets and liabilities and quoted and unquoted securities whereby it is exposed to market risk, as its main activity is to provide Brokerage Services pertaining to financial instruments and commodities.

13.6 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net interest income of the Company. However, the Company does not maintain interest bearing assets that have a significant impact on its interest income.

13.7 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as almost all the assets and liabilities are denominated in the reporting currency UAE Dirhams (AED).

13.8 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit and taking insurance coverage to cover possible insurable operational risks.

Fair value of financial instruments

Management considers that the carrying amounts of financial assets and liabilities in the financial statements approximate their fair values.

14 Approval of financial statements

The financial statements were approved by management and authorised for issue on 31 January 2008.