

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

**Reports and financial statements for the year  
ended December 31, 2012**

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for the year ended December 31, 2012**

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**Directors' report**

On behalf of the board of directors, I present the audited financial statements of Al Dhabi Brokerage Services L.L.C. for the year ended December 31, 2012.

**Financial results**

Al Dhabi Brokerage Services L.L.C. has reported a net loss of AED 9,154 thousand for the year ended December 31, 2012 compared to a net loss of AED 9,910 thousand for last year.

Net worth at the end of the reporting period was AED 56,258 thousand depicting a decrease of 13.9% over last year.

**Directors**

The Directors who served during the year are:

Mr. Ala'a Mohamed Atta Khalil Eraiqat  
Mr. Hassan Salem Saeed Abdulla Al Hossani  
Mr. Ali Ahmed Ghulam Darwish Al Baloushi  
Mr. Al Sadig Muatasam Abdul Rahman Al Magboul  
Mr. Nabil F. A. Juma  
Mr. Sultan Al Mahmoud

Chairman  
Director  
Director  
Director  
Director  
Director

**Business continuity**

Although the Company has incurred a total comprehensive loss amounting to AED 9,079 thousand for the current year (2011: AED 10,189 thousand), the Board of Directors are submitting their recommendation to shareholders for a resolution on the Company's continuity.

**On behalf of the Board of Directors**



.....  
**Ala'a Eraiqat**  
**Chairman**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Al Dhabi Brokerage Services L.L.C.  
Abu Dhabi,  
United Arab Emirates

### Report on the financial statements

We have audited the financial statements of Al Dhabi Brokerage Services L.L.C. (the "Company"), which comprise the statement of financial position as at December 31, 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### 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, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

### 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.

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T: +971 (0)2 694 6800, F: +971 (0)2 645 6610, [www.pwc.com/middle-east](http://www.pwc.com/middle-east)*

W Hunt, AH Nasser, P Suddaby and JE Fakhoury are registered as practising auditors with the UAE Ministry of Economy



## INDEPENDENT AUDITOR'S REPORT (continued)

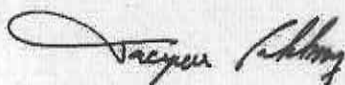
### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2012 and 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

As required by the UAE Federal Law No. (8) of 1984, as amended, we report that we have obtained all the information we considered necessary for the purposes of our audit, the financial statements of the Company comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended, and its Articles of Association, the information contained in the director's report relating to the financial statements is in agreement with the books, the Company has maintained proper books of account and the financial statements are in agreement therewith, and nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended, or of its Articles of Association which would materially affect its activities or its financial position as of December 31, 2012.


For PricewaterhouseCoopers  
29 January 2013

A handwritten signature in black ink, appearing to read 'Jacques E. Fakhoury'.

Jacques E. Fakhoury  
Registered Auditor Number 379  
Abu Dhabi, United Arab Emirates

**Statement of financial position  
as at December 31, 2012**

	Notes	2012 AED'000	2011 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	3,061	3,673
Available for sale investment	6	425	350
<b>Total non-current assets</b>		<b>3,486</b>	<b>4,023</b>
<b>Current assets</b>			
Trade and other receivables	7	9,935	9,731
Due from Parent company	12	33,495	43,464
Cash and bank balances	12	20,938	21,749
<b>Total current assets</b>		<b>64,368</b>	<b>74,944</b>
<b>Total assets</b>		<b>67,854</b>	<b>78,967</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	30,000	30,000
Statutory reserve	9	5,621	5,621
Investment revaluation reserve		(4)	(79)
Retained earnings		20,641	29,795
<b>Total equity</b>		<b>56,258</b>	<b>65,337</b>
<b>Non-current liabilities</b>			
Provision for employees' end of service benefit	10	1,126	1,269
<b>Current liabilities</b>			
Trade and other payables	11	10,470	12,361
<b>Total liabilities</b>		<b>11,596</b>	<b>13,630</b>
<b>Total equity and liabilities</b>		<b>67,854</b>	<b>78,967</b>

  
Ala'a Eraiqat  
Chairman

  
Hassan Salem Al Hossani  
General Manager

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

**Statement of comprehensive income  
for the year ended December 31, 2012**

	Notes	2012 AED'000	2011 AED'000
<b>Income</b>			
Brokerage commission		3,469	3,209
Interest income		496	254
		<u>3,965</u>	<u>3,463</u>
<b>Expenses</b>			
Staff expenses		(9,176)	(9,255)
Depreciation expense	5	(924)	(1,227)
Other operating expenses		(3,019)	(2,891)
		<u>(13,119)</u>	<u>(13,373)</u>
<b>Net loss for the year</b>		<b>(9,154)</b>	<b>(9,910)</b>
Fair value changes on available for sale investment	6	75	(279)
<b>Total comprehensive loss for the year</b>		<b>(9,079)</b>	<b>(10,189)</b>

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



**Statement of changes in equity  
for the year ended December 31, 2012**

	Notes	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2011		30,000	5,621	200	39,705	75,526
Net loss for the year		-	-	-	(9,910)	(9,910)
Fair value changes on available for sale investment	6	-	-	(279)	-	(279)
Total comprehensive loss for the year		-	-	(279)	(9,910)	(10,189)
<b>Balance at January 1, 2012</b>		<b>30,000</b>	<b>5,621</b>	<b>(79)</b>	<b>29,795</b>	<b>65,337</b>
Net loss for the year		-	-	-	(9,154)	(9,154)
Fair value changes on available for sale investment	6	-	-	75	-	75
Total comprehensive loss for the year		-	-	75	(9,154)	(9,079)
<b>Balance at December 31, 2012</b>		<b>30,000</b>	<b>5,621</b>	<b>(4)</b>	<b>20,641</b>	<b>56,258</b>

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



**Statement of cash flows  
for the year ended December 31, 2012**

	2012 AED'000	2011 AED'000
<b>Operating activities</b>		
Net loss for the year	(9,154)	(9,910)
<b>Adjustment for:</b>		
Depreciation of property and equipment (Note 5)	924	1,227
Net movement in employees' end of service benefit	(143)	310
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>(8,373)</b>	<b>(8,373)</b>
Decrease in trade and other receivables	(204)	(4,171)
Decrease in amounts due from Parent company	9,969	7,303
(Decrease)/increase in trade and other payables	(1,891)	4,437
<b>Net cash used in operating activities</b>	<b>(499)</b>	<b>(804)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(312)	(37)
<b>Net cash used in investing activities</b>	<b>(312)</b>	<b>(37)</b>
<b>Decrease in cash and bank balances</b>	<b>(811)</b>	<b>(841)</b>
Cash and bank balances at beginning of the year	21,749	22,590
<b>Cash and bank balances at end of the year</b>	<b>20,938</b>	<b>21,749</b>
<b>(*) Non- cash transaction</b>		
Transfer of employees' end of service benefits (to)/ from related party (Note 10)	(325)	93

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

**Notes to the financial statements  
for the year ended December 31, 2012****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 (U.A.E.). The Company was established on February 7, 2005 and commenced its operations on May 14, 2005 and is a wholly owned subsidiary of Abu Dhabi Commercial Bank ("ADCB"), a public joint stock company incorporated and registered in the U.A.E. The registered head office of the Company is at Level 5, Abu Dhabi Commercial Bank Head Office Building, Salam Street, Plot C-33, Sector E-11, P.O. Box 939, Abu Dhabi, U.A.E.

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

The Company is registered as a brokerage company in accordance with the U.A.E. Federal Law No. 4 of 2000.

*Significant undertaking*

As disclosed on notes 7 and 11, the Company is conducting a significant portion of its business through its Parent Company and customers which are holding current accounts with ADCB.

**2 Application of new and revised International Financial Reporting Standards (IFRSs)****2.1 New and revised IFRSs effective for accounting periods beginning January 1, 2012**

There are no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning January 1, 2012 that have had a material impact on these financial statements.

**2.2 Standards and Interpretations in issue not yet effective**

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

**New Standards and amendments to Standards:**

**Effective for  
annual periods  
beginning on or  
after**

The amendments to IFRS 7, Financial Instruments: Disclosures – The amendment to IFRS 7 introduces disclosure requirements for financial assets and liabilities that are offset in statement of financial position or are subject to master netting arrangements or similar agreements.

January 1, 2013

## Notes to the financial statements

for the year ended December 31, 2012 (continued)

**2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)****2.2 Standards and Interpretations in issue not yet effective (continued)**

**Effective for  
annual periods  
beginning on or  
after**

**New Standards and amendments to Standards:**

Amendments to IAS 19, Employee Benefits — Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects, requiring recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, with all actuarial gains and losses recognized immediately through other comprehensive income.

January 1, 2013

IAS 27, Separate Financial Statements (revised 2011) and IAS 28, Investments in Associates and Joint Ventures (revised 2011) – Revision as required by IFRS 10, IFRS 11 and IFRS 12.

January 1, 2013

The amendments to IAS 32, Financial Instruments: Presentation – The amendments clarify the offsetting criteria in IAS 32 to address inconsistencies in their application. An entity will have a legally enforceable right to set off only if it is non-contingent in nature and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

January 1, 2014

IFRS 10, Consolidated Financial Statements - Replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. Under IFRS 10 there is only one basis of consolidation that is control, for which a new definition has been included.

January 1, 2013

IFRS 11, Joint Arrangements - Replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. It deals with how a joint arrangement of which two or more parties have joint control should be classified and requires that joint ventures are accounted for using the equity method of accounting.

January 1, 2013

IFRS 12, Disclosure of Interests in Other Entities - Replaces the requirements previously included in IAS 27 – Consolidated and Separate Financial Statements, IAS 31 – Interests in Joint Ventures and IAS 28 – Investments in Associates. In general, the disclosure requirements are more extensive than the current standards.

January 1, 2013



**Notes to the financial statements  
for the year ended December 31, 2012 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRSs)  
(continued)****2.2 Standards and Interpretations in issue not yet effective (continued)****Effective for  
annual periods  
beginning on or  
after****New Standards and amendments to Standards:**

IFRS 13, Fair Value measurement - represents the completion of the joint project to establish a single source for the requirements on how to measure fair value under IFRS. The Standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and improving disclosure requirements for use across IFRSs.

January 1, 2013

IFRS 9, Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39)

January 1, 2015

Management anticipates that these IFRSs and amendments will be adopted in the financial statements in the initial period when they become mandatorily effective. An initial assessment of the potential impact indicates that application of most of these standards is not expected to have significant impact on amounts reported in the financial statements, but it is expected that additional disclosures will be required. The Company is yet to assess IFRS 9's full impact, particularly as the impairment aspects of IFRS 9 are still outstanding, and intends to adopt IFRS 9 in the initial period when it becomes mandatorily effective.



**Notes to the financial statements  
for the year ended December 31, 2012 (continued)****3 Summary of significant accounting policies****3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**3.2 Basis of preparation**

The financial statements have been prepared on the historical cost basis except for the revaluation of available for sale investments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Certain items have been reclassified from the Company's prior year financial statements to conform to the current year's presentation and improve the transparency of certain line items of the statement of financial position, statement of comprehensive income and notes to the accounts. Notes 7, 11 and 12 have been impacted by these changes.

**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 of non-financial assets**

At each reporting 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 Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

**Notes to the financial statements  
for the year ended December 31, 2012 (continued)****3 Summary of significant accounting policies (continued)****3.4 Impairment of non-financial assets (continued)**

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.

**3.6 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.

Dividends on AFS equity instruments are recognised in income statement when the Company's right to receive the dividends is established.

**Notes to the financial statements****for the year ended December 31, 2012 (continued)****3 Summary of significant accounting policies (continued)****3.7 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 the income statement in the period in which they arise.

**3.8 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.

**3.9 Provision for employees' end of service benefits**

The company provides end of service benefits for its expatriate employees. The entitlement to these benefits is based upon the employee's length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for the U.A.E and GCC citizens are made by the company in accordance with Federal Law No. 7 of 1999.

**3.10 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.

**3.11 Financial assets**

Financial assets are cash and cash equivalents, 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.



**Notes to the financial statements  
for the year ended December 31, 2012 (continued)**

**3 Summary of significant accounting policies (continued)**

**3.11 Financial assets (continued)**

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

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.

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 the income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised is included in the 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 reporting 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.



**Notes to the financial statements  
for the year ended December 31, 2012 (continued)**

**3 Summary of significant accounting policies (continued)**

**3.12 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.

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.

**Notes to the financial statements  
for the year ended December 31, 2012 (continued)****4 Critical accounting judgments 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 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*".

**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 December 31, 2012 (continued)

5 Property and equipment

	Freehold improvement AED'000	Computer and office equipment AED'000	Furniture and fixtures AED'000	Total AED'000
<b>Cost</b>				
At January 1, 2011	6,290	5,900	2,450	14,640
Additions	-	37	-	37
	<hr/>	<hr/>	<hr/>	<hr/>
At January 1, 2012	6,290	5,937	2,450	14,677
Additions	-	312	-	312
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2012	6,290	6,249	2,450	14,989
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At January 1, 2011	2,219	5,780	1,778	9,777
Charge for the year	633	111	483	1,227
	<hr/>	<hr/>	<hr/>	<hr/>
At January 1, 2012	2,852	5,891	2,261	11,004
Charge for the year	633	112	179	924
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2012	3,485	6,003	2,440	11,928
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
At December 31, 2012	2,805	246	10	3,061
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2011	3,438	46	189	3,673
	<hr/>	<hr/>	<hr/>	<hr/>



Notes to the financial statements  
for the year ended December 31, 2012 (continued)

**6 Available for sale investments**

	2012 AED'000	2011 AED'000
<b>Quoted</b>		
At January 1,	350	629
Increase / (Decrease) in fair value	75	(279)
<b>Fair value at December 31,</b>	<b>425</b>	<b>350</b>

The above represent investment of 416,341 shares in Dubai Financial Market P.J.S.C.

**7 Trade and other receivables**

	2012 AED'000	2011 AED'000
Trade receivables from customers	5,535	9,603
Receivables from exchanges	4,004	-
Other receivable	396	128
	<b>9,935</b>	<b>9,731</b>

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 customers hold current accounts with Abu Dhabi Commercial Bank (ADCB), the Parent company.

There are no receivables which are past due at the reporting date.

An amount of AED 33,741 thousand of Due from Parent company has been reclassified in the statement of financial position as at December 31, 2011 from Trade and other receivables to Due from Parent company to be consistent and comparable to current year's presentation

**8 Share capital**

	Authorised AED'000	Issued and fully paid	
		2012 AED'000	2011 AED'000
Ordinary shares of AED 10 each	30,000	30,000	30,000



## Notes to the financial statements

for the year ended December 31, 2012 (continued)

**9 Statutory reserve**

In accordance with the U.A.E. 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 Provision for employees' end of service benefit**

	2012 AED'000	2011 AED'000
Balance as at January 1,	1,269	959
Charge for the year	305	280
Settlement done during the year	(123)	(63)
Transfers during the year	(325)	93
	<hr/>	<hr/>
Balance as at December 31,	1,126	1,269
	<hr/>	<hr/>

**11 Trade and other payables**

	2012 AED'000	2011 AED'000
Trade payables to customers	9,517	2,451
Payables to exchanges	-	7,136
Other payables	953	2,774
	<hr/>	<hr/>
	10,470	12,361
	<hr/>	<hr/>

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

An amount of AED 219 thousand of other payables has been netted off against Due from Parent company as of December 31, 2011 to be consistent and comparable to current year's presentation.

**Notes to the financial statements****for the year ended December 31, 2012 (continued)****12 Transactions and balances with related parties**

Related parties comprise the parent company – Abu Dhabi Commercial Bank P.J.S.C. ("ADCB"), its Directors and entities in which they have significant influence in operating and financial decisions.

<b>Related party balances</b>	<b>2012 AED'000</b>	<b>2011 AED'000</b>
<b>Bank balances with ADCB</b>		
Short term deposit	<b>20,100</b>	15,546
Current account	<b>838</b>	6,203
	<hr/>	<hr/>
<b>Cash and cash equivalents</b>	<b>20,938</b>	21,749
	<hr/>	<hr/>

The short term deposit is placed at an interest rate of 2.40% per annum, with maturity of less than 3 months.

	<b>2012 AED'000</b>	<b>2011 AED'000</b>
Due from the Parent company	<b>33,495</b>	43,464
	<hr/>	<hr/>

Significant transactions with related parties during the year are as follows:

	<b>2012 AED'000</b>	<b>2011 AED'000</b>
Brokerage commission	<b>482</b>	456
	<hr/>	<hr/>
Interest income	<b>496</b>	254
	<hr/>	<hr/>
Bank charges & commission on bank guarantee	<b>1,019</b>	1,054
	<hr/>	<hr/>
Rent expenses	<b>233</b>	294
	<hr/>	<hr/>
Remuneration of key management employee	<b>1,156</b>	1,853
	<hr/>	<hr/>

**Notes to the financial statements  
for the year ended December 31, 2012 (continued)**

**13 Contingent liabilities**

	<b>2012</b>	<b>2011</b>
	<b>AED'000</b>	<b>AED'000</b>
Bank guarantees	<b>205,000</b>	<b>205,000</b>

The above bank guarantees have been issued by ADCB, a related party (Note 12) in the normal course of business.

The Company has commitment for future capital expenditure of AED 587,680 (December 31, 2011 - AED nil).

**14 Financial Instruments**

**14.1 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 2011.

**14.2 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.

**14.3 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.



Notes to the financial statements  
for the year ended December 31, 2012 (continued)

14 Financial instruments (continued)

14.4 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 reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

December 31, 2012	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	Over 180 days AED'000	Total AED'000
Trade and other receivables	9,935	-	-	-	9,935
Due from Parent company	33,495	-	-	-	33,495
Cash and bank balances	20,938	-	-	-	20,938
	<u>64,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,368</u>
Trade and other payables	(9,585)	(885)	-	-	(10,470)
Liquidity gap	<u>54,783</u>	<u>(885)</u>	<u>-</u>	<u>-</u>	<u>53,898</u>

December 31, 2011	Less than 30 Days AED'000	30-90 days AED'000	90-180 days AED'000	Over 180 days AED'000	Total AED'000
Trade and other receivables	9,731	-	-	-	9,731
Due from Parent company	43,464	-	-	-	43,464
Cash and bank balances	21,749	-	-	-	21,749
	<u>74,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,944</u>
Trade and other payables	(10,705)	(1,627)	-	(29)	(12,361)
Liquidity gap	<u>64,239</u>	<u>(1,627)</u>	<u>-</u>	<u>(29)</u>	<u>62,583</u>



**Notes to the financial statements  
for the year ended December 31, 2012 (continued)****14 Financial instruments (continued)****14.5 Market Risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in 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.

**14.6 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.

**14.7 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 all the assets and liabilities are denominated in the reporting currency AED.

**14.8 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.

**14.9 Fair value of financial instruments**

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

**15 Approval of financial statements**

The financial statements were approved by management and authorised for issue on January 29, 2013.