

AL DHABI BROKERAGE SERVICES L.L.C.

**Reports and financial statements for the year
ended December 31, 2013**



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, 2013, 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 statements 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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W Hani, Ali Nazari, P. Soudki and JF Fakhoury are registered as practicing 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, 2013 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, 2013.

For PricewaterhouseCoopers
30 January 2014

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

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

Al Dhabi Brokerage Services L.L.C.

**Reports and financial statements
for the year ended December 31, 2013**

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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. (the "Company") for the year ended December 31, 2013.

Financial results

Al Dhabi Brokerage Services L.L.C. has reported a net profit of AED 5,932 thousand for the year ended December 31, 2013 compared to a net loss of AED 9,154 thousand for last year. The turnaround in the net profit is on account of increased market share and investors confidence in the equity market leading to higher trading volumes. In late December 2013, the Company soft launched margin trading and is expected to be fully operational in year 2014.

Net worth at the end of the reporting period was AED 63,794 thousand depicting an increase of 13.4% over last year.


Directors

The Directors who served during the year are:

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

On behalf of the Board of Directors

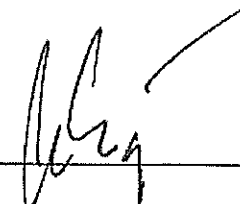
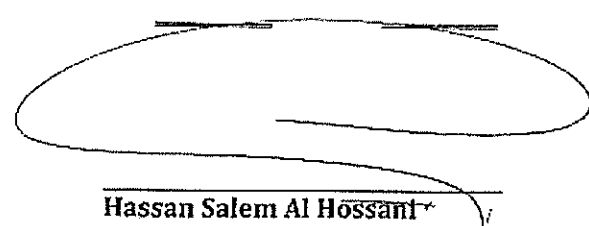
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Ala'a Eraiqat
Chairman



Al Dhabi Brokerage Services L.L.C.**Statement of financial position**

As at December 31, 2013

	Notes	2013 AED'000	2012 AED'000
ASSETS			
Non-current assets			
Property and equipment net	5	3,039	3,061
Available for sale investments	6	1,029	425
Total non-current assets		<u>4,068</u>	<u>3,486</u>
Current assets			
Trade and other receivables	7	107,620	9,935
Due from parent company	12	40,529	33,495
Cash and bank balances	12	20,056	20,938
Total current assets		<u>168,205</u>	<u>64,368</u>
Total assets		<u>172,273</u>	<u>67,854</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	31,000	30,000
Statutory reserve	9	6,215	5,621
Investment revaluation reserve		600	(4)
Retained earnings		25,979	20,641
Total equity		<u>63,794</u>	<u>56,258</u>
Non-current liabilities			
Provision for employees' end of service benefit	10	1,537	1,126
Current liabilities			
Trade and other payables	11	106,942	10,470
Total liabilities		<u>108,479</u>	<u>11,596</u>
Total equity and liabilities		<u>172,273</u>	<u>67,854</u>


Ala'a Eraiqat
Chairman
Hassan Salem Al Hossani
General Manager

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

Al Dhabi Brokerage Services L.L.C.**Statement of comprehensive income**
for the year ended December 31, 2013

	Notes	2013 AED'000	2012 AED'000
Income			
Brokerage commission	12	17,793	3,469
Interest income	12	391	496
Other income		14	2
		<u>18,198</u>	<u>3,967</u>
Expenses			
Staff expenses	12	(8,460)	(9,176)
Depreciation expense	5	(778)	(924)
Other operating expenses	12	(3,028)	(3,021)
		<u>(12,266)</u>	<u>(13,121)</u>
Net profit / (loss) for the year		5,932	(9,154)
Fair value changes on available for sale investment	6	604	75
Total comprehensive profit / (loss) for the year		<u>6,536</u>	<u>(9,079)</u>

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

Al Dhabi Brokerage Services L.L.C.

Statement of changes in equity

for the year ended December 31, 2013

	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, 2012		30,000	5,621	(79)	29,795	65,337
Net loss for the year		-	-	-	(9,154)	(9,154)
Fair value changes on available for sale investment	6	-	-	75	-	75
Total comprehensive profit/(loss) for the year		-	-	75	(9,154)	(9,079)
Balance at January 1, 2013		30,000	5,621	(4)	20,641	56,258
Net profit for the year		-	-	-	5,932	5,932
Fair value changes on available for sale investment	6	-	-	604	-	604
Total comprehensive profit for the year		-	-	604	5,932	6,536
Increase in share capital		1,000	-	-	-	1,000
Transfer during the year		-	594	-	(594)	-
Balance at December 31, 2013		31,000	6,215	600	25,979	63,794

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

Al Dhabi Brokerage Services L.L.C.
Statement of cash flows
for the year ended December 31, 2013

	2013 AED'000	2012 AED'000
Operating activities		
Net profit/(loss) for the year	5,932	(9,154)
Adjustment for:		
Depreciation of property and equipment (Note 5)	778	924
Employees' end of service benefit charge	513	305
Operating cash flows before changes in operating assets and liabilities	7,223	(7,925)
Increase in trade and other receivables	(97,685)	(204)
(Increase)/decrease in amounts due from parent company *	(7,080)	9,644
Increase/(decrease) in trade and other payables	96,472	(1,891)
Payment of employees' end of service benefit	(56)	(123)
Net cash used in operating activities	(1,126)	(499)
Investing activities		
Purchase of property and equipment	(756)	(312)
Net cash used in investing activities	(756)	(312)
Financing activities		
Additional capital subscribed	1,000	-
Net cash from finance activities	1,000	-
Net decrease in cash and cash equivalents	(882)	(811)
Cash and cash equivalents at beginning of the year	20,938	21,749
Cash and cash equivalents at end of the year	20,056	20,938
(*) Non- cash transaction		
Transfer of employees' end of service benefits a related party (Note 10)	(46)	(325)

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

Al Dhabi Brokerage Services L.L.C.

Notes to the financial statements

December 31, 2013

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)

With effect from January 1, 2013, the Company has adopted following new standards:

1. IFRS 10 Consolidated Financial Statements, IFRS 12, 'Disclosures of interests in other entities' and other related Standards and amendments effective from January 1, 2013.
2. IFRS 13, Fair value Measurement which aims to improve consistency and reduce complexity by providing a precise definition of fair value and improving disclosure requirements for use across IFRSs. It applies to both financial and non-financial instruments carried at fair value and requires additional disclosures in the financial statements.

Other than the above, there are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning January 1, 2013 that have had a material impact on the Company's financial statements.

Standards and Interpretations in issue not yet effective

The Company has not early adopted 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 January 1, 2014:

- (a) Amendments to IAS 32 - Financial Instruments require presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:
- the meaning of 'currently has a legally enforceable right of set-off'
 - the application of simultaneous realisation and settlement
 - the offsetting of collateral amounts
 - the unit of account for applying the offsetting requirements

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

New Standards and amendments to Standards (continued):

Effective for annual periods beginning on or after January 1, 2014 (continued):

- (b) Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements relate only to investment entities, therefore will not apply to company.
- (c) Amendment to IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.
- (d) Amendment to IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.
- (e) Amendment to IAS 19, Employee benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

These amendments will not have a material impact on the Company's financial statements.

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

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 - Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

An effective date will be announced once the standard is complete with a new impairment model and finalisation of any limited amendments to classification and measurement.

These amendments will not have a material impact on the Company's financial statements.

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 Summary of significant accounting policies (continued)

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.

The financial statements are presented in U.A.E. Dirhams (AED) since this is the functional and presentation currency of the Company. Except as indicated, financial information presented in AED, has been rounded to the nearest thousand.

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, software and office equipment	4 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.

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.

3 Summary of significant accounting policies (continued)

3.4 Impairment of non-financial assets (continued)

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.

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 Summary of significant accounting policies (continued)

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.

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.

3 Summary of significant accounting policies (continued)

3.11 Financial assets (continued)

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.

3.12 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.

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:

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

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.

Al Dhabi Brokerage Services L.L.C.

Notes to the financial statements

December 31, 2013

5 Property and equipment, net

	Freehold improvement AED'000	Computer, Software and office equipment AED'000	Furniture and fixtures AED'000	Total AED'000
Cost				
At January 1, 2012	6,290	5,937	2,450	14,677
Additions	-	312	-	312
	<hr/>	<hr/>	<hr/>	<hr/>
At January 1, 2013	6,290	6,249	2,450	14,989
Additions	-	756	-	756
Write off	-	(14)	-	(14)
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2013	6,290	6,991	2,450	15,731
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
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 January 1, 2013	3,485	6,003	2,440	11,928
Charge for the year	628	142	8	778
Write off	-	(14)	-	(14)
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2013	4,113	6,131	2,448	12,692
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At December 31, 2013	2,177	860	2	3,039
	<hr/>	<hr/>	<hr/>	<hr/>
At December 31, 2012	2,805	246	10	3,061
	<hr/>	<hr/>	<hr/>	<hr/>

6 Available for sale investments

	2013 AED'000	2012 AED'000
Quoted		
At January 1,	425	350
Increase in fair value	604	75
	<hr/>	<hr/>
Fair value at December 31,	1,029	425
	<hr/>	<hr/>

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

Al Dhabi Brokerage Services L.L.C.**Notes to the financial statements**

December 31, 2013

7 Trade and other receivables

	2013 AED'000	2012 AED'000
Trade receivables from customers	65,462	5,535
Receivables from exchanges	41,865	4,004
Other receivable	293	396
	<u>107,620</u>	<u>9,935</u>

The credit period for trade receivables is two days (trade date plus two working days). There are no receivables which are past due at the reporting date.

Before accepting any new customer, it is the Company policy that customers hold current accounts with Abu Dhabi Commercial Bank (ADCB), the Parent company.

8 Share capital

	Authorised		Issued and fully paid	
	2013 AED'000	2012 AED'000	2013 AED'000	2012 AED'000
Ordinary shares of AED 1,000 each	<u>31,000</u>	<u>30,000</u>	<u>31,000</u>	<u>30,000</u>

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

	2013 AED'000	2012 AED'000
Balance as at January 1,	1,126	1,269
Charge for the year	513	305
Settlements during the year	(56)	(123)
Transfers during the year	(46)	(325)
	<u>1,537</u>	<u>1,126</u>

Al Dhabi Brokerage Services L.L.C.**Notes to the financial statements**

December 31, 2013

11 Trade and other payables

	2013 AED'000	2012 AED'000
Trade payables to customers	105,755	9,517
Other payables	1,187	953
	<u>106,942</u>	<u>10,470</u>

Trade payable to customers consist 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.

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.

Details of material balances/transactions with such related parties in the normal course of business are as follows.

	2013 AED'000	2012 AED'000
Balances :		
Cash and cash equivalents with ADCB :		
Short term deposit	14,315	20,100
Current account	5,741	838
Due from Parent company	40,529	33,495
Transactions :		
Brokerage commission	3,613	482
Interest income	391	496
Bank charges & commission on bank guarantee	1,025	1,019
Rent expenses	233	233
Remuneration of key management employee	1,425	1,156

13 Contingent liabilities

	2013 AED'000	2012 AED'000
Bank guarantees	205,000	205,000

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 352,608 (December 31, 2012 - AED 587,680).

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 2012.

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.

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 assets and liabilities based on contractual repayment obligations. The contractual maturities of the financial assets and liabilities 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, 2013	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	Over 180 days AED'000	Total AED'000
Property and equipment	-	-	-	3,039	3,039
Available for sale investments	-	-	-	1,029	1,029
Trade and other receivables	107,620	-	-	-	107,620
Due from Parent company	40,529	-	-	-	40,529
Cash and bank balances	20,056	-	-	-	20,056
	<u>168,205</u>	<u>-</u>	<u>-</u>	<u>4,068</u>	<u>172,273</u>
Provision for employees' end of service benefit	-	-	-	1,537	1,537
Trade and other payables	106,942	-	-	-	106,942
Equity	-	-	-	63,794	63,794
	<u>106,942</u>	<u>-</u>	<u>-</u>	<u>65,331</u>	<u>172,273</u>
Liquidity gap	<u>61,263</u>	<u>-</u>	<u>-</u>	<u>(61,263)</u>	<u>-</u>

Al Dhabi Brokerage Services L.L.C.**Notes to the financial statements**

December 31, 2013

14 Financial instruments (continued)**14.4 Liquidity risk (continued)**

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
Property and equipment	-	-	-	3,061	3,061
Available for sale investments	-	-	-	425	425
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>3,486</u>	<u>67,854</u>
Provision for employees' end of service benefit	-	-	-	1,126	1,126
Trade and other payables	9,585	885	-	-	10,470
Equity	-	-	-	56,258	56,258
	<u>9,585</u>	<u>885</u>	<u>-</u>	<u>57,384</u>	<u>67,854</u>
Liquidity gap	<u>54,783</u>	<u>(885)</u>	<u>-</u>	<u>(53,898)</u>	<u>-</u>

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.

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Notes to the financial statements

December 31, 2013

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 30, 2014.