Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated financial statements
For the year ended 31 December 2014

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(Company Only)

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تأسست سنة 2006 برأسمال 130 مليون درهم إماراتي

ALSAFWA ISLAMIC FINANCIAL SERVICES

(شركة مساهمة خاصة)

DIRECTOR'S REPORT

The directors have pleasure in presenting their report together with the audited Financial Statements of AL Safwa Islamic Financial Services PJSC (the "Company") for the year ended December 31, 2014.

Al Safwa Islamic Financial Services PJSC was incorporated on March 11, 2006 in accordance with provision of UAE Federal Companies law No.1984. The registered office of the company is PO Box No.185085, Dubai, United Arab Emirates.

Financial Results

The company has reported a net profit of AED 8.32 million for the year ended December 31, 2014.

On behalf of the Board, I would like to appreciate the services of the management and employees for dedications and hard work and expect them to perform better in future.

Auditors

KPMG has been eligible to be re-appointed as auditor of the Company.

Dr. Yaqoub Ali Saeed
CEO

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Independent Auditors' Report

The Shareholders
Al Safwa Islamic Financial Services (PJSC)

Report on the unconsolidated financial statements

We have audited the accompanying unconsolidated financial statements of Al Safwa Islamic Financial Services PJSC ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2014, the unconsolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the unconsolidated financial statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these unconsolidated 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 about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements.

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

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2014, and its unconsolidated financial performance and its unconsolidated 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 further confirm that we have obtained all information and explanations necessary for our audit; the unconsolidated financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these unconsolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG

KPMG Lower Gulf Limited
Date: 28 JAN 2013

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Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated statement of financial position

As at 31 December 2014

	Note	2014 AED	2013 AED
Assets			
Non-current assets			
Property and equipment	4	4,202,393	4,822,800
Investment in subsidiary	5	-	-
Total non-current assets		4,202,393	4,822,800
Current assets			
Available-for-sale investment	6	4,648,709	3,923,864
Trade receivables, deposits, prepayments and other receivables	7	34,425,091	67,991,645
Amount due from related parties	8	33,902,492	29,494,194
Cash and bank balances	9	53,203,085	26,810,217
Total current assets		126,179,377	128,219,920
Total Assets		130,381,770	133,042,720
Equity			
Share capital	10	129,841,748	129,841,748
Statutory reserve	10	3,287,825	2,455,519
General reserve	18	-	-
Treasury shares	11	(2,000,000)	(2,000,000)
Accumulated losses		(40,532,162)	(41,090,829)
Total Equity		90,597,411	89,206,438
Liabilities			
Non-current liabilities			
Employees' end of service benefits	12	416,055	410,168
Current liabilities			
Trade and other payables	13	28,708,031	33,136,114
Amount due to related parties	8	10,660,273	10,290,000
Zakat payable	16	-	-
Total current liabilities		39,368,304	43,426,114
Total Liabilities		39,784,359	43,836,282
Total Equity and Liabilities		130,381,770	133,042,720

The notes on pages 8 to 28 are an integral part of these unconsolidated financial statements.

These unconsolidated financial statements were approved and authorised for issue by the Board of Directors on 28 JAN 2015 and signed on its behalf by

Chairman

The independent auditors' report is set out on page 2.

Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Note	2014 AED	2013 AED
Commission income	17	13,370,347	7,690,349
Other income		329,507	379,548
Dividend income	6	177,968	-
Total income		13,877,912	8,069,897
Staff salaries and benefits	14	(4,006,484)	(2,685,346)
Advertisement and business promotion		(6,796)	(6,796)
Administrative and general expenses	15	(3,707,923)	(3,477,657)
Profit from brokerage operations		6,156,709	1,900,098
Reversal of impairment on amount due from subsidiary	8	2,166,351	3,306,379
Profit for the year		8,323,060	5,206,477
Other comprehensive income		-	-
Total comprehensive income		8,323,060	5,206,477

The notes on pages 8 to 28 are an integral part of these unconsolidated financial statements.

The independent auditors' report is set out on page 2.

Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated statement of changes in equity

For the year ended 31 December 2014

	Share capital AED	Statutory reserve AED	General reserve AED	Treasury shares AED	Accumulated losses AED	Total AED
Balance at 1 January 2014	129,841,748	2,455,519	-	(2,000,000)	(41,090,829)	89,206,438
Total comprehensive income						
Profit for the year	-	-	-	-	8,323,060	8,323,060
Other comprehensive income	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	8,323,060	8,323,060
Transfer to statutory reserve	-	832,306	-	-	(832,306)	-
Transactions with the owners recorded directly in equity						
Dividend declared (note 19)	-	-	-	-	(6,392,087)	(6,392,087)
Directors' fees (note 20)	-	-	-	-	(540,000)	(540,000)
Balance at 31 December 2014	**129,841,748**	**3,287,825**	-	**(2,000,000)**	**(40,532,162)**	**90,597,411**

The notes on pages 8 to 28 are an integral part of these unconsolidated financial statements.

The independent auditors' report is set on page 2.

Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated statement of changes in equity

For the year ended 31 December 2014

	Share capital AED	Statutory reserve AED	General reserve AED	Treasury shares AED	Accumulated losses AED	Total AED
Balance at 1 January 2013	129,841,748	1,934,871	1,934,871	(2,000,000)	(46,924,939)	84,786,551
Total comprehensive income						
Profit for the year	-	-	-		5,206,477	5,206,477
Other comprehensive income						
Total other comprehensive income for the year	-	-	-	-	5,206,477	5,206,477
Transfer to statutory reserve	-	520,648	-	-	(520,648)	-
Transactions with owners, recorded directly in equity						
Reversal of zakat payable for the year ended 31 December 2012 (refer note 16)	-	-	-	-	1,148,281	1,148,281
General reserve paid to shareholders as approved in the Annual General Meeting (refer note 18)	-	-	(1,934,871)	-	-	(1,934,871)
At 31 December 2013	**129,841,748**	**2,455,519**	-	**(2,000,000)**	**(41,090,829)**	**89,206,438**

The notes on pages 8 to 28 are an integral part of these unconsolidated financial statements.

The independent auditors' report is set on page 2.

Al Safwa Islamic Financial Services (PJSC) (Company Only)

Unconsolidated statement of cash flows

For the year ended 31 December 2014

	2014 AED	2013 AED
Cash flows from operating activities		
Profit for the year	**8,323,060**	5,206,477
Adjustments for:		
Depreciation	**758,109**	731,657
Provision for employees' end of service benefits	**76,056**	113,972
Profit from Murabaha	**(329,507)**	(379,548)
Dividend income	**(177,968)**	-
Operating profit before changes in working capital	**8,649,750**	5,672,558
Working capital changes:		
Change in trade receivables, deposits, prepayments and other receivables	**33,566,554**	(3,554,081)
Change in amount due from related parties	**(4,408,298)**	(2,588,065)
Change in trade and other payables	**(25,219,307)**	189,671
Cash flows from / (used in) operating activities	**12,588,699**	(279,917)
Employees' end of service benefits paid	**(70,169)**	(66,380)
Net cash flows from / (used in) operating activities	**12,518,530**	(346,297)
Cash flows from investing activities		
Acquisition of property and equipment	**(137,702)**	(106,250)
Acquisition of investment securities	**(724,845)**	-
Dividend received	**177,968**	-
Profit received from Murabaha	**329,507**	379,548
Net cash flows (used in)/from investing activities	**(355,072)**	273,298
Cash flows from financing activities		
Distribution of general reserve to shareholders	**(143,795)**	(1,791,076)
Dividend paid	**(6,021,814)**	-
Directors' fees	**(540,000)**	-
Net cash flows used in financing activities	**(6,705,609)**	(1,791,076)
Net change in cash and cash equivalents	**5,457,849**	(1,864,075)
Cash and cash equivalents at 1 January	**9,003,596**	10,867,671
Cash and cash equivalents at 31 December	**14,461,445**	9,003,596
Cash and cash equivalents at the end of year comprises:		
Cash at bank and in hand (refer note 9)	**53,203,085**	26,810,217
Client deposits (refer note 9)	**(38,741,640)**	(17,806,621)
	14,461,445	9,003,596

The notes on pages 8 to 28 are an integral part of these unconsolidated financial statements.

The report of the independent auditors' report is set out on page 2.

1 Legal status and principal activities

Al Safwa Islamic Financial Services (PJSC) ("the Company") was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Companies Law No. 1984.

The registered office of the Company is P.O. Box 185085, Dubai, United Arab Emirates.

The principal activity of the Company is brokerage services in local shares and bonds.

On 14 July 2009, the Company established a subsidiary by subscribing to 10,000,000 shares of AED 1 each representing 100% equity share in Al Safwa Capital LLC (the "subsidiary") incorporated in the Emirates of Sharjah in accordance with the provision of the UAE Federal Companies Law no. 8 of 1984 (as amended). The principal activity of the subsidiary is to hold investment properties.

2 Basis of preparation

These unconsolidated financial statements reflect the operating results and financial position of the Company only and do not include the operating results and financial position of its subsidiary. The consolidated financial statements for the year ended 31 December 2014 should be referred to for a better understanding of the operating results and financial position of the Company and its subsidiary (together referred as the "Group").

a) Statement of compliance

The unconsolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB"), and comply with the requirements of the UAE Federal Law No 8 of 1984 (as amended).

b) Changes in accounting policies

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014. These have not made a material impact on the financial position of the Company.

i. Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).
ii. IFRIC 21 Levies

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

As a result of the amendments to IAS 32, the Company has changed its accounting policy for offsetting financial assets and financial liabilities. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

IFRIC 21 Levies

As a result of IFRIC 21 Levies, the Company has changed its accounting policy on accounting for a liability to pay a levy that is a liability in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2 Basis of preparation *(continued)*

c) Basis of measurement

The unconsolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments which are measured at fair value.

d) Functional currency and presentation currency

The unconsolidated financial statements have been presented in UAE Dirhams ("AED"), which is also the functional currency of the Company.

e) Use of estimate and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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.

Judgments made by management in the application of IFRSs that have significant effect on the unconsolidated financial statements and estimates with a risk of material adjustment in the next year are discussed in note 20.

3 Significant accounting policies

Except for changes explained in note 2(b), the Company has consistently applied the following accounting policies to all periods presented in these unconsolidated financial statements.

a) Revenue recognition

Commission income
The Company earns commission income on sale and purchase of shares and bonds on behalf of its customers. Commission income is recognised on an accrual basis when services are rendered and the right to receive is established.

Murabaha income
Murabaha income is recognised on an accrual basis using effective yield basis.

Dividend income
Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities.

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unconsolidated statement of profit or loss and other comprehensive income during the period in which they are incurred.

3 Significant accounting policies

b) Property and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the unconsolidated statement of profit or loss and other comprehensive income.

With the exception of capital work in progress, depreciation is charged, so as to write-off the cost over their estimated useful lives, using the straight-line method, as follows:

	Life (years)
Furniture and fixtures	3 years
Computer equipment	3 years
Office building	15 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 *(2013: Similar basis and same life).*

c) Subsidiary

A subsidiary is an investee controlled by the Company. The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases. Investment in subsidiary has been stated at cost less impairment losses (if any) occurred during the year.

d) Offsetting

Financial assets and liabilities are offset and the net amount is reported on the reporting date only when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

e) Financial instruments

Non-derivative financial instruments comprise available-for-sale investments, trade and other receivables (except prepayments), cash and cash equivalents, trade and other payables and related party balances.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are not designated as another category of financial assets. Subsequent to initial recognition, they are measured at fair value and change therein, other than impairment losses are recognised directly in equity. When an investment is de-recognised, the cumulative gain or loss is transferred to the unconsolidated statement of profit or loss and other comprehensive income.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective profit method, less any impairment losses.

3 Significant accounting policies (continued)

e) Financial instruments (continued)

Derecognition

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control on the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Company is recognised as separate asset or liability in the unconsolidated statement of financial position. On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the unconsolidated income statement.

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

f) Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of an asset measured at amortised cost is calculated as the differences between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective profit rate and also taking into consideration the financial standing of the customers and the value of securities held in the customers' account.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income. In addition, for an investment classified as available for sale ("AFS"), a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to statement of profit or loss and other comprehensive income (if the asset is impaired).

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3 Significant accounting policies (continued)

g) Provisions

A provision is recognised in the unconsolidated statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, which includes the Company's bank balances and client deposits and short term bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

i) Provision for employees' end of service benefits

Provision for employees' end of service benefits is made in accordance with the UAE labour laws and is based on current remuneration and cumulative years of service at the unconsolidated statement of financial position date.

j) Treasury shares

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which the options are granted. The cost of equity-settled transactions with employees is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled ending on the date on which the employees become fully entitled to the award (vesting date). However, as at the year end, no employees have been issued the share options as part of the employees' performance share program and hence these are presented as treasury shares in the unconsolidated statement of financial position.

k) Zakat

Zakat is provided for in accordance with the Company's articles of association and is payable on behalf of the shareholders. The rate of Zakat for the year is calculated at a rate of 2.5% of net assets, in accordance with the resolution of the Board of Directors as advised by the Company's Sharia' Committee.

l) Foreign currency transactions

The accounting records of the Company are maintained in UAE Dirhams. Transactions in foreign currencies are translated to UAE Dirhams at the foreign exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to UAE Dirhams at the spot foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in UAE Dirhams at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non monetary assets and liabilities that are measured at fair value in a foreign currency are translated to UAE Dirhams at the spot exchange rate at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in unconsolidated statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

m) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3 Significant accounting policies (continued)

n) New standards and interpretations applicable but not yet effective

A number of new standards, amendments to standards and interpretations that are issued but not effective for accounting period starting 1 January 2014, and have not been early adopted in preparing these unconsolidated financial statements.

IFRS 15	Revenue from contracts with customers	Effective from 1 January 2017
IFRS 9	Financials Instruments	Effective from 1 January 2018

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is in the process of evaluating the potential impact of this standard on it's financial statement resulting from application of this IFRS 15.

IFRS 9 *Financial Instruments*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company has commenced the process of evaluating the potential effect of this standard.

4 Property and equipment

	Computer equipment	Furniture and fixtures	Office building	Total
	AED	AED	AED	AED
Cost				
Balance at 1 January 2014	3,574,643	613,464	6,015,000	10,203,107
Additions	137,702	-	-	137,702
Balance at 31 December 2014	**3,712,345**	**613,464**	**6,015,000**	**10,340,809**
Accumulated depreciation				
Balance 1 January 2014	2,893,679	613,464	1,873,164	5,380,307
Depreciation for the year	357,109	-	401,000	758,109
Balance at 31 December 2014	**3,250,788**	**613,464**	**2,274,164**	**6,138,416**
Net book value				
At 31 December 2014	**461,557**	-	**3,740,836**	**4,202,393**
Cost				
Balance at 1 January 2013	3,468,393	613,464	6,015,000	10,096,857
Additions	106,250	-	-	106,250
Balance at 31 December 2013	**3,574,643**	**613,464**	**6,015,000**	**10,203,107**
Accumulated depreciation				
Balance 1 January 2013	2,533,125	610,401	1,505,124	4,648,650
Depreciation for the year	360,554	3,063	368,040	731,657
Balance at 31 December 2013	**2,893,679**	**613,464**	**1,873,164**	**5,380,307**
Net book value				
At 31 December 2013	**680,964**		4,141,836	4,822,800

5 Investment in subsidiary

	2014 AED	2013 AED
At cost:		
Unquoted shares	**10,000,000**	10,000,000
Less: Impairment (note 5.2)	**(10,000,000)**	(10,000,000)
	-	-

5.1 Detail of the subsidiary is as follows:

Name of subsidiary	*Country of Incorporation*	*Principal Activities*	*Effective ownership interest*	
			31 December 2014	31 December 2013
Al Safwa Capital LLC	UAE	Investment Company	**100%**	100%

5.2 At 31 December 2012, investment in subsidiary was fully impaired as it was in net liability position due to downward movement in fair value of investment properties held by the subsidiary and disposal of investment properties at a realised loss.

6 Available-for-sale investment

	2014 AED	2013 AED
National Mass Housing Company (note 6.1) (625,000 shares)	**3,923,864**	3,923,864
Dubai Parks (note 6.2) (717,668 shares)	**724,845**	-
	4,648,709	3,923,864

6.1 During the year, the Company has received dividend amounting to AED 177,968 from National Mass Housing Company.

6.2 During the year, the Company has acquired 717,668 shares of Dubai Parks. The investment has been recognised at cost as at the year end.

The management believes that the fair value of this investment is not significantly different from its carrying value

7 Trade receivables, deposits, prepayments and other receivables

	2014 AED	2013 AED
Receivable from customers (note 7.1)	**11,451,627**	14,896,357
Less: Allowance for impairment losses	**(4,037,950)**	(5,775,995)
	7,413,677	9,120,362
Other financial assets-margin deposits	**20,000,000**	20,000,000
Other financial deposit (note 7.2)	**5,000,000**	-
Settlement due from Abu Dhabi Securities Exchange ("ADX")	**1,102,915**	15,968,425
Settlement due from Dubai Financial Market ("DFM")	**301,938**	22,319,517
Prepayments	**482,940**	458,746
Refundable deposits	**15,000**	15,000
Other receivables	**108,621**	109,595
	34,425,091	67,991,645

Movement in allowance for impairment of receivables:

	2014 AED	2013 AED
At 1 January	**5,775,995**	5,775,995
Write-off	**(1,738,045)**	-
Closing balance	**4,037,950**	5,775,995

7.1 As at 31 December 2014, market value of securities held as collateral amounted to AED 8.9 million *(31 December 2013: AED 10.2 million)* against the above receivables.

7.2 During the year, the Company deposited an amount of AED 3 million with DFM and AED 2 million with ADX for trading in excess of the assigned trading limit of AED 10 million each, for a temporary period.

8 Related party transactions

The Company enters into transactions with companies, individuals and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

8 Related party transactions *(continued)*

Details of transactions carried out with related parties during the year ended 31 December 2014 are as follows:

	2014 AED	2013 AED
Transactions with shareholders		
Commission income	**1,855,923**	331,321
Dividend to shareholders (refer note 19)	**6,392,087**	-
Compensation of key management personnel		
Short term benefits	**740,000**	540,000
Long term benefits	**133,626**	99,626

Details of balances with related parties as at the reporting date are as follows:

	2014 AED	2013 AED
Balances with related parties		
Amount due from shareholders (note 8.1)	**12,582,453**	7,054,231
Amount due from subsidiary (note 8.2)	**21,320,039**	22,439,963
	33,902,492	29,494,194
Amount due to shareholders	**660,273**	290,000
Amount due to subsidiary	**10,000,000**	10,000,000
	10,660,273	10,290,000

8.1 Due from shareholders includes past due balance of greater than 90 days amounting to AED 4.2 million *(2013: AED 6 million)* against which no provision has been made as these are considered to be recoverable by the directors.

As at 31 December 2014, market value of securities held as collateral amounted to AED 9 million *(2013: AED 3.4 million)* against these receivables.

8.2 *Impairment on amount due from subsidiary*

During 2011, an impairment loss of AED 13.8 million was recorded on amount due from subsidiary, due to losses in the subsidiary subsequent to the disposal of the investment properties and due to downward movement in fair value of investment properties held by the subsidiary.

During the current year, AED 2.2 million *(2013: AED 3.3 million)* impairment loss has been reversed due to increase in the fair value of investment properties held by the subsidiary as valued by an external valuer.

9 Cash and bank balances

	2014 AED	2013 AED
Bank balances		
- Client deposits (Note 9.1)	**38,741,640**	17,806,621
- Company's bank balance – current account	**14,451,087**	9,002,663
Cash in hand	**10,358**	933
	53,203,085	26,810,217

9.1 In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("ESCA") the Company maintains separate bank accounts for advances received from its customers ("clients' money"). The clients' money is not available to the Company other than to settle transactions executed on behalf of the customers maintaining deposits with the Company.

10 Share capital and reserve

	2014 AED	2013 AED
Authorised, issued and fully paid up:		
129,841,748 shares of AED 1 each	**129,841,748**	129,841,748

Statutory reserve

In accordance with United Arab Emirates Federal Companies Law Number 8 of 1984, as amended, the Company has established a statutory reserve by appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

11 Treasury shares

During 2006, the Company established an Employees' Performance Share Program (the "Program") to recognise and retain good performing staff. The program gives the employee the right to purchase the Company's shares at par value. The shares carry full dividend and voting rights, and the option can be exercised at any time from the stipulated vested dates on the condition that the employee is still under employment at the exercise date. There are no cash settlement alternatives and the options have no contractual expiry date.

The Company had issued share options to a number of employees. The options gave the employees the right to purchase 50,000 shares *(2013: 50,000 shares)* at par value of AED 1 per share. However, these employees are no longer in employment with the Company and they have not exercised the options. As at the year end, no employees have been issued the share options and hence these are presented as treasury shares in the unconsolidated statement of financial position.

A related party acquired 2,000,000 shares of the Company's shares on behalf of the employees for the purpose of the Program. The related party has confirmed that it is holding these shares on behalf of the employees for this purpose.

12 Employees' end of service benefits

Movement of end of service benefits are as follows:

	2014 AED	2013 AED
Provision at the beginning of the year	**410,168**	362,576
Provided during the year	**76,056**	113,972
Paid during the year	**(70,169)**	(66,380)
Provisions as at the end of the year	**416,055**	410,168

13 Trade and other payables

	2014 AED	2013 AED
Client money	**28,067,708**	32,310,798
Other liabilities	**640,323**	825,316
	28,708,031	33,136,114

14 Staff salaries and benefits

	2014 AED	2013 AED
Staff salaries and benefits	**3,930,428**	2,571,374
End of service benefits	**76,056**	113,972
	4,006,484	2,685,346

15 Administrative and general expenses

	2014 AED	2013 AED
Market expenses	**363,688**	355,023
Legal and Professional fees	**975,139**	442,478
Repair and maintenance	**192,164**	155,510
Printing and stationery	**9,095**	20,334
Depreciation expense	**758,109**	731,657
Utilities	**91,057**	86,080
Rent	**109,964**	82,500
Communication expense	**455,549**	800,294
Bank charges	**255,887**	306,209
Other expenses	**497,271**	497,572
	3,707,923	3,477,657

16 Zakat payable

Zakat relates to the year ended 31 December 2012 and has been calculated and approved by Sharia' committee as AED 1.1 million. At the annual general meeting of the Shareholders held on 24 January 2013, the Shareholders resolved to pay the Zakat amount directly. Accordingly, the Company's liability for Zakat has been reversed.

Zakat related to the year ended 31 December 2014 has been calculated and approved by the Group's Sharia Supervisory Board as AED 1,148,216. Based on the ruling of the Group's Sharia Supervisory Board, it is the sole responsibility of each shareholder to pay AED 0.0089815 of his respective contribution to the capital of the Company as Zakat.

17 Non Sharia Compliant Brokerage Income

During the year, the Company has earned Non Sharia Compliant Brokerage Income of AED 685,796 related to 2014 as approved by the Company's Sharia Supervisory Board.

Based on the ruling of the company's Sharia Supervisory Board, it is the sole responsibility of each shareholder to donate AED 0.0053644 of his respective contribution to the capital of the Company for charitable purposes.

18 General reserve

The shareholders of the Company in the annual general meeting held on 24 January 2013, have resolved to discontinue any transfers and cancel the general reserve. It was also resolved to distribute the balance of general reserve to all shareholders. Therefore, during the previous year an amount of AED 1.8 million was paid out to shareholders and the remaining has been paid in the current year.

19 Dividend declared

At the annual general meeting held on 13 March 2014, it was resolved to pay dividend of AED 6.4 million to the shareholders. As at the reporting date, the Company has paid dividend of AED 6.1 million. The remaining balance of AED 0.3 million is appearing in due to related parties (refer note 8).

20 Directors' fees

At the annual general meeting held on 13 March 2014, it was resolved to pay directors' bonus of AED 0.5 million for the year ended 31 December 2013. The Company has paid the entire amount during the year.

21 Accounting estimates and judgments

Significant items where the use of estimates and judgments are required are outlined below:

(i) Impairment of receivable from customers

The Company reviews its receivable balances to assess impairment on a regular basis. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(ii) Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

21 Accounting estimates and judgments *(continued)*

(ii) Fair value of financial instruments *(continued)*

b) Financial instruments not measured at fair value *(continued)*

2014	**Level 1**	**Level 2**	**Level 3**	**Total fair value and carrying amount**
	AED	**AED**	**AED**	
Financial liabilities				
Trade payables (Client deposits)	-	28,067,708	-	28,067,708
Due to related parties	-	10,660,273	-	10,660,273

2013	**Level 1**	**Level 2**	**Level 3**	**Total fair value and carrying amount**
	AED	**AED**	**AED**	
Financial liabilities				
Trade payables (Client deposits)	-	32,310,798	-	32,310,798
Due to related parties	-	10,290,000	-	10,290,000

The Company's financial assets and liabilities not measured at fair value are of short term nature (up to 1 year). Management therefore believes that the carrying amounts are not significantly different to fair values.

22 Financial risk management

Overview

The Company is expected to the following risks from its use of financial instruments and operations:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

22 Financial Risk Management *(continued)*

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Directors are responsible for day-to-day monitoring of the Company's exposure to each of the credit, liquidity, market and operational risks.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk on these facilities is monitored on an on-going basis by the management.

The Company has a policy in place under which each new customer is analysed individually for creditworthiness before the Company allows these customers to open a trading account with the Company.

The carrying amounts of financial assets represent the maximum credit risk exposure at the reporting date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2014 AED	2013 AED
Trade receivable, deposits and other receivables	**33,942,151**	67,532,899
Due from related parties	**33,902,492**	26,494,194
Cash and bank balances	**53,192,727**	26,809,284
	121,037,370	120,836,377

Cash and bank balances are daily clearance and settlement balances with various banks. These balances are held in the UAE.

22 Financial risk management *(continued)*

a) Credit risk *(continued)*

Impairment

The ageing of trade receivables and due from shareholders are as follows:

	2014 AED	2013 AED
Neither past due nor impaired	-	-
Past due		
Past due 0-30 days	10,015,892	533,973
Past due 31-90 days	396,291	999,999
More than 90 days	13,621,897	20,416,616
	24,034,080	21,950,588
Less: Allowance for impairment losses	(4,037,950)	(5,775,995)
	19,996,130	16,174,593

Receivables considered doubtful have been fully provided. The remaining receivables are covered by adequate security and payment plans (where applicable). The maximum exposure to credit risk for financial assets is concentrated within the GCC.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities of the Company comprise mainly trade and other payables and related party balances which are non-profit bearing with maturity of less than three months. The contractual values of the Company's financial liabilities are not significantly different from their carrying amounts in the unconsolidated statement of financial position.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and profit rate, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have significant exposure to currency risk because substantial transactions are denominated in the functional currency of the Company.

22 Financial risk management *(continued)*

c) Market risk *(continued)*

Profit rate risk

The Company does not have any significant exposure to profit rate risk as majority of its instruments as at 31 December 2014 are with fixed profit rates.

Equity price risk

Equity price risk arises from the change in fair value of equity investments.

Sensitivity

An increase of 100 basis points in fair value of investments – available for sale as at reporting date would have increased the net assets attributable to the Company and profit for the year by AED 46,487 *(2013: AED 39,238)*. A decrease would have had the same but opposite effect.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

To mitigate the operational risk, the Company has obtained fidelity and indemnity insurance cover against possible errors from its brokers while executing customers' orders for trades of securities in stock markets. Compliance with policies and procedures is supported by periodic reviews with the management of the business unit to which they relate.

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Regulatory capital

The Company's lead regulator, Emirates Securities and Commodities Authority (ESCA), sets and monitors the regulatory capital requirements of the Company. The Company's regulatory capital set by ESCA is AED 30 million.

There were no changes in the Company's approach to the capital management during the year. The Company has complied with all externally imposed capital requirements throughout the period.

23 Contingent liabilities and capital commitments

	2014	2013
	AED	AED
Letters of guarantee	**20,000,000**	20,000,000

The Company has arranged bank guarantees amounting to AED 10,000,000 and AED 10,000,000 to the Dubai Financial Market ("DFM") and Abu Dhabi Securities Exchange ("ADX") respectively, for the Company's fulfilment of obligations under the contract / agreement with DFM and ADX *(31 December 2013: AED 10,000,000 for DFM and AED 10,000,000 for ADX).* The guarantees are secured against the margin deposit of AED 20,000,000 *(31 December 2013: AED 20,000,000)* placed with an Islamic Bank.

24 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these unconsolidated financial statements.