

**Al Dhabi Brokerage Services L.L.C.**

**Review report and condensed  
interim financial information  
for the period ended September 30, 2011**

## **Al Dhabi Brokerage Services L.L.C.**

### **Review report and condensed interim financial information for the period ended September 30, 2011**

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Al Dhabi Brokerage Services LLC.  
Abu Dhabi, U.A.E.

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of Al Dhabi Brokerage Services LLC. ("the Company") as of September 30, 2011 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34)". Our responsibility is to express a conclusion on this interim financial information based on our review.

The financial information and statements for the period ended September 30, 2010 and the year ended December 31, 2010 were reviewed and audited respectively by another auditor who expressed unqualified review conclusion and audit opinion in their reports dated October 27, 2010 and January 31, 2011 respectively.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

For PricewaterhouseCoopers

Jacques Fakhoury  
Registration Auditor Number 379  
20 October, 2011

PricewaterhouseCoopers, Abu Dhabi Trade Centre, Level 9, East Tower, PO Box 45263, Abu Dhabi, United Arab Emirates  
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

# Al Dhabi Brokerage Services L.L.C.

## Condensed interim statement of financial position as at September 30, 2011

		September 30 2011 (unaudited) AED'000	December 31 2010 (audited) AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		3,955	4,863
Available for sale investments	3	450	629
<b>Total non-current assets</b>		<b>4,405</b>	<b>5,492</b>
<b>Current assets</b>			
Trade and other receivables	4	4,531	5,560
Due from a related party	6	45,748	50,986
Bank balances		21,987	22,590
<b>Total current assets</b>		<b>72,266</b>	<b>79,136</b>
<b>Total assets</b>		<b>76,671</b>	<b>84,628</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		30,000	30,000
Statutory reserve		5,621	5,621
Investment revaluation reserve		21	200
Retained earnings		32,937	39,705
<b>Total equity</b>		<b>68,579</b>	<b>75,526</b>
<b>Non-current liability</b>			
Provision for employees' end of service benefit		1,033	959
<b>Current liability</b>			
Trade and other payables	5	7,059	8,143
<b>Total liabilities</b>		<b>8,092</b>	<b>9,102</b>
<b>Total equity and liabilities</b>		<b>76,671</b>	<b>84,628</b>

Ala'a Eraiqat  
Chairman

Hassan Saleem Al Hossani  
General Manager

The accompanying notes form an integral part of this condensed interim financial information.

# Al Dhabi Brokerage Services L.L.C.

## Condensed interim statement of comprehensive income (unaudited) for the period ended September 30, 2011

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
<b>Income</b>				
Brokerage commission	695	1,430	3,022	4,106
Interest income	38	100	192	273
Gain on sale on investments	-	-	-	895
Other operating income	30	29	88	88
	<u>763</u>	<u>1,559</u>	<u>3,302</u>	<u>5,362</u>
<b>Expenses</b>				
Staff expenses	(3,169)	(2,600)	(6,594)	(7,768)
Depreciation expense	(308)	(432)	(940)	(1,302)
Other operating expenses	(827)	(1,588)	(2,536)	(3,475)
	<u>(4,304)</u>	<u>(4,620)</u>	<u>(10,070)</u>	<u>(12,545)</u>
<b>Net loss for the period</b>	<u>(3,541)</u>	<u>(3,061)</u>	<u>(6,768)</u>	<u>(7,183)</u>
<b>Other comprehensive income</b>				
Fair value changes reversed on disposal of available for sale investments	-	-	-	(870)
Fair value changes on available for sale investments	(37)	133	(179)	(34)
<b>Total comprehensive loss for the period</b>	<u>(3,578)</u>	<u>(2,928)</u>	<u>(6,947)</u>	<u>(8,087)</u>

The accompanying notes form an integral part of this condensed interim financial information.

## Al Dhabi Brokerage Services L.L.C.

### Condensed interim statement of changes in equity (unaudited) for the period ended September 30, 2011

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2010	30,000	5,621	1,204	49,037	85,862
Net loss for the period	-	-	-	(7,183)	(7,183)
Fair value changes reversed on disposal of available for sale investments	-	-	(870)	-	(870)
Fair value changes on available for sale investments	-	-	(34)	-	(34)
Total comprehensive loss for the period	-	-	(904)	(7,183)	(8,087)
Balance at September 30, 2010	30,000	5,621	300	41,854	77,775
<b>Balance at January 1, 2011</b>	<b>30,000</b>	<b>5,621</b>	<b>200</b>	<b>39,705</b>	<b>75,526</b>
Net loss for the period	-	-	-	(6,768)	(6,768)
Fair value changes on available for sale investments	-	-	(179)	-	(179)
Total comprehensive loss for the period	-	-	(179)	(6,768)	(6,947)
<b>Balance at September 30, 2011</b>	<b>30,000</b>	<b>5,621</b>	<b>21</b>	<b>32,937</b>	<b>68,579</b>

The accompanying notes form an integral part of this condensed interim financial information.

**Al Dhabi Brokerage Services L.L.C.****Condensed interim statement of cash flows (unaudited)  
for the period ended September 30, 2011**

	<b>9 months ended September 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Net loss for the period	(6,768)	(7,183)
<b>Adjustment for:</b>		
Depreciation of property and equipment	940	1,302
Net movement in employees' end of service benefits	74	299
Gain on disposal of available for sale investments	-	(895)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>(5,754)</b>	<b>(6,477)</b>
Decrease/(increase) in trade and other receivables	1,029	(10,783)
Decrease in amounts due from a related party	5,238	5,745
(Decrease)/increase in trade and other payables	(1,084)	16,983
<b>Net cash (used in)/from operating activities</b>	<b>(571)</b>	<b>5,468</b>
<b>Investing activities</b>		
Purchase of property and equipment, net	(32)	(6)
Proceeds from disposal of investments	-	1,925
<b>Net cash (used in)/from investing activities</b>	<b>(32)</b>	<b>1,919</b>
<b>(Decrease)/increase in cash equivalents</b>	<b>(603)</b>	<b>7,387</b>
Cash equivalents at the beginning of the period	22,590	119
<b>Cash equivalents at the end of the period</b>	<b>21,987</b>	<b>7,506</b>

The accompanying notes form an integral part of this condensed interim financial information.

## **Al Dhabi Brokerage Services L.L.C.**

### **Notes to the condensed interim financial information for the period ended September 30, 2011**

#### **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 P.J.S.C. ("the Parent Company"), 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 Company is registered as a brokerage company in accordance with U.A.E. Federal Law No. 4 of 2000.

The principal activity of the Company is to provide brokerage services pertaining to financial instruments and commodities.

#### **2 Summary of significant accounting policies**

##### **Basis of preparation**

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2010, which were prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial information as were applied in the preparation and presentation of the audited annual financial statements for the year ended December 31, 2010.

The results for the nine month period ended September 30, 2011 are not necessary indicative of the results that may be expected for the financial year ending December 31, 2011.

These condensed interim financial information are prepared and presented in United Arab Emirates Dirhams (AED) which is the Company's functional and presentation currency and are rounded off to the nearest thousand ("000") unless otherwise indicated.



## **Al Dhabi Brokerage Services L.L.C.**

### **Notes to the condensed interim financial information for the period ended September 30, 2011 (continued)**

#### **3 Available for sale investments**

	<b>September 30 2011 (unaudited) AED'000</b>	<b>December 31 2010 (audited) AED'000</b>
<b>Quoted</b>		
<b>Opening balance</b>	<b>629</b>	<b>2,663</b>
Disposals	-	(1,030)
Fair value changes reversed on disposal of available for sale investments	-	(870)
Fair value changes on available for sale investments	(179)	(134)
<b>Closing balance</b>	<b>450</b>	<b>629</b>

The above represents investment of 1,416,341 shares in Dubai Financial Market P.J.S.C. made on December 8, 2006, of which 1,000,000 shares were sold on March 29, 2010.

#### **4 Trade and other receivables**

	<b>September 30 2011 (unaudited) AED'000</b>	<b>December 31 2010 (audited) AED'000</b>
Trade receivables from customers	3,277	1,503
Receivables from other brokers	1,116	4,057
Prepayments	138	-
	<b>4,531</b>	<b>5,560</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's policy that customers hold current accounts with the Parent Company.

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

The fair value of trade and other receivables approximates their carrying value.

## Al Dhabi Brokerage Services L.L.C.

### Notes to the condensed interim financial information for the period ended September 30, 2011 (continued)

#### 5 Trade and other payables

	September 30 2011 (unaudited) AED'000	December 31 2010 (audited) AED'000
Trade payables to customers	3,189	5,540
Payables to other brokers	1,195	13
Other payables	2,675	2,590
	<u>7,059</u>	<u>8,143</u>

Trade payables to customers consist of only those customers holding a current account with the Parent Company. The settlement date of these balances is after two working days from the transaction date and is settled to the customer's current account that it holds with the Parent Company.

#### 6 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.

##### Related party Balances

	September 30 2011 (unaudited) AED'000	December 31 2010 (audited) AED'000
Bank Balances with ADCB		
Short term deposit	15,524	15,342
Current account	6,463	7,248
	<u>21,987</u>	<u>22,590</u>

	September 30 2011 (unaudited) AED'000	December 31 2010 (audited) AED'000
Due from the Parent Company	<u>45,748</u>	<u>50,986</u>

## **Al Dhabi Brokerage Services L.L.C.**

### **Notes to the condensed interim financial information for the period ended September 30, 2011 (continued)**

#### **6 Transactions and balances with related parties (continued)**

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

	<b>September 30 2011 (unaudited) AED'000</b>	<b>September 30 2010 (unaudited) AED'000</b>
Brokerage commission	<u>756</u>	<u>1,199</u>
Interest income	<u>192</u>	<u>273</u>
Commission expense on bank guarantee	<u>775</u>	<u>605</u>
Rent expenses	<u>236</u>	<u>370</u>

#### **7 Contingent liabilities**

	<b>September 30 2011 (unaudited) AED'000</b>	<b>December 31 2010 (audited) AED'000</b>
Bank guarantees	<u>205,000</u>	<u>210,000</u>

The above bank guarantees have been issued by the Parent Company in the normal course of business.

#### **8 Approval of condensed interim financial information**

These condensed interim financial information was approved by management and authorised for issue on October 20, 2011.