

**ADCB SECURITIES L.L.C.**

(formerly known as AL DHABI BROKERAGE SERVICES L.L.C.)

Review report and condensed interim financial information  
for the nine month period ended September 30, 2014

**ADCB Securities L.L.C.**

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Review report and condensed interim financial information  
for the nine month period ended September 30, 2014**

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## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
ADCB Securities L.L.C.  
(formerly known as Al Dhabi Brokerage Services L.L.C.)  
Abu Dhabi, U.A.E.

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of ADCB Securities L.L.C. (formerly known as Al Dhabi Brokerage Services L.L.C.) ("the Company") as at September 30, 2014 and the related condensed interim statements of comprehensive income for the three-month and nine-month periods then ended, and condensed interim changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34)". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *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 condensed interim financial information of the Company is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers


Paul Suddaby  
Registration Auditor Number 309  
October 28, 2014

**ADCB Securities L.L.C.**

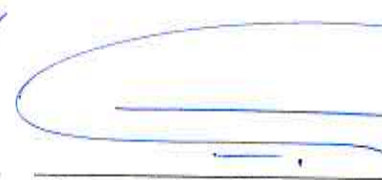
(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of financial position****As at September 30, 2014**


	Notes	As at September 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment, net		2,655	3,039
Available-for-sale investments	3	1,407	1,029
<b>Total non-current assets</b>		<b>4,062</b>	<b>4,068</b>
<b>Current assets</b>			
Trade and other receivables	4	32,382	106,322
Margin trade receivables	5	172,710	1,298
Trading Securities		1,204	-
Due from Parent Company	10	3,862	40,529
Bank balances with Parent Company	10	48,263	20,056
<b>Total current assets</b>		<b>258,421</b>	<b>168,205</b>
<b>Total assets</b>		<b>262,483</b>	<b>172,273</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	71,000	31,000
Statutory reserve		6,215	6,215
Investment revaluation reserve		978	600
Retained earnings		50,058	25,979
<b>Total equity</b>		<b>128,251</b>	<b>63,794</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowing from Parent Company	7&10	100,000	-
Provision for employees' end of service benefit		1,981	1,537
<b>Total non-current liabilities</b>		<b>101,981</b>	<b>1,537</b>
<b>Current liability</b>			
Trade and other payables	8	32,251	106,942
<b>Total liabilities</b>		<b>134,232</b>	<b>108,479</b>
<b>Total equity and liabilities</b>		<b>262,483</b>	<b>172,273</b>



Ala'a Eraiqat  
Chairman



Hassan Salem Al Hossani  
General Manager



Deepak Khullar  
Group Chief Financial Officer

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



**ADCB Securities L.L.C.**

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of comprehensive income (unaudited)  
for the nine month period ended September 30, 2014**

	Notes	3 months ended September 30		9 months ended September 30	
		2014 AED'000	2013 AED'000	2014 AED'000	2013 AED'000
<b>Income</b>					
Brokerage commission	10	6,698	5,386	30,965	13,331
Interest income, net	9 & 10	1,438	106	3,584	332
		<u>8,136</u>	<u>5,492</u>	<u>34,549</u>	<u>13,663</u>
<b>Expenses</b>					
Staff expenses		(2,225)	(2,174)	(6,323)	(5,840)
Depreciation		(250)	(185)	(752)	(549)
Other operating expenses		(1,352)	(756)	(3,395)	(2,139)
		<u>(3,827)</u>	<u>(3,115)</u>	<u>(10,470)</u>	<u>(8,528)</u>
<b>Net profit for the period</b>		<b>4,309</b>	<b>2,377</b>	<b>24,079</b>	<b>5,135</b>
<b>Items that may be re-classified subsequently to the condensed interim income statement</b>					
Fair value changes on available-for-sale investments	3	320	142	378	429
<b>Net comprehensive income for the period</b>		<b>4,629</b>	<b>2,519</b>	<b>24,457</b>	<b>5,564</b>

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

**ADCB Securities L.L.C.**

[formerly known as Al Dhabi Brokerage Services L.L.C.]

**Condensed interim statement of changes in equity (unaudited)  
for the nine month period ended September 30, 2014**

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2013	30,000	5,621	(4)	20,641	56,258
Net profit for the period	-	-	-	5,135	5,135
Fair value changes on available-for-sale investments	-	-	429	-	429
Balance at September 30, 2013	30,000	5,621	425	25,776	61,822
<b>Balance at January 1, 2014</b>	<b>31,000</b>	<b>6,215</b>	<b>600</b>	<b>25,979</b>	<b>63,794</b>
Net profit for the period	-	-	-	24,079	24,079
Fair value changes on available-for-sale investments	-	-	378	-	378
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>24,079</b>	<b>24,457</b>
Increase in share capital	<b>40,000</b>	-	-	-	<b>40,000</b>
<b>Balance at September 30, 2014</b>	<b>71,000</b>	<b>6,215</b>	<b>978</b>	<b>50,058</b>	<b>128,251</b>

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

**ADCB Securities L.L.C.**

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of cash flows (unaudited)  
for the nine month period ended September 30, 2014**

	<b>9 months ended September 30</b>	
	<b>2014</b>	<b>2013</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Net profit for the period	24,079	5,135
<b>Adjustments for:</b>		
Depreciation of property and equipment	752	549
Employees' end of service benefit charge	351	294
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>25,182</b>	<b>5,978</b>
Decrease/(increase) in trade and other receivables	73,940	(54,678)
Increase in margin trading receivables	(171,412)	-
Decrease/(increase) in due from Parent Company	36,667	(5,858)
(Decrease)/ increase in trade and other payables	(74,691)	54,130
Transfer of employees' end of service benefit	93	-
<b>Net cash used in operating activities</b>	<b>(110,221)</b>	<b>(428)</b>
<b>Investing activities</b>		
Purchase of Trading Securities	(1,204)	-
Purchase of property and equipment	(368)	(32)
<b>Net cash used in investing activities</b>	<b>(1,572)</b>	<b>(32)</b>
<b>Financing activities</b>		
Additional capital subscribed	40,000	-
Tier 2 capital	100,000	-
<b>Net cash from finance activities</b>	<b>140,000</b>	<b>-</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>28,207</b>	<b>(460)</b>
Cash and cash equivalents at the beginning of the period	20,056	20,938
<b>Cash and cash equivalents at the end of the period</b>	<b>48,263</b>	<b>20,478</b>

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

## **ADCB Securities L.L.C.**

(formerly known as Al Dhabi Brokerage Services L.L.C.)

### **Notes to the condensed interim financial information for the nine month period ended September 30, 2014**

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#### **1 General**

ADCB Securities 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 activities of the Company are to provide brokerage services pertaining to financial instruments and commodities, margin trading activity, financial consultation and financial analysis.

On February 25, 2014 the Company changed its name from "Al Dhabi Brokerage Services L.L.C." to "ADCB Securities L.L.C.".

#### *Significant undertaking*

As disclosed in Notes 4, 5 and 8, the Company is conducting a significant portion of its business through its Parent Company and customers which are holding current accounts with ADCB.

#### **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, 2013, 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, 2013.

Investment securities are classified as held for trading if it has been acquired principally for the purpose of selling it in the near terms. Trading securities are stated at fair value.

The results for the nine month period ended September 30, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

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.

Certain items have been reclassified from the Company's prior year financial statements to conform to the current year's presentation and improve the transparency of certain line items of notes to the accounts.



**ADCB Securities L.L.C.**

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**Notes to the condensed interim financial information  
for the nine month period ended September 30, 2014****3 Available-for-sale investments**

	As at September 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
<b>Quoted</b>		
At January 1,	1,029	425
Increase in fair value	378	604
	<hr/>	<hr/>
<b>Fair value as at</b>	<b>1,407</b>	<b>1,029</b>
	<hr/>	<hr/>

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

**4 Trade and other receivables**

	As at September 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Trade receivables	31,362	64,164
Receivables from exchanges	-	41,865
Other receivables	1,020	293
	<hr/>	<hr/>
	<b>32,382</b>	<b>106,322</b>
	<hr/>	<hr/>

**Trade receivables**

The credit period for trade receivables is two days (trade date plus two working days). The Company has an obligation to pay these amounts to the eventual recipient (markets), even if the equivalent amounts are not collected.

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

**5 Margin trade receivables**

The Company has obtained the license from Securities & Commodities Authority (SCA) under registration no. 604028 dated November 24, 2013 for margin trading, whereby the Company would provide finance to its clients as a percentage of the market value of securities. These securities are considered as collateral. Additional cash or securities have to be contributed by the borrower, if the price of a stock financed on margin drops below the specified limit or otherwise the Company is allowed to liquidate the collateral. The financing arrangements are short term and interest bearing.

The fair value of margin trade receivables approximates their carrying value.

**ADCB Securities L.L.C.**

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**Notes to the condensed interim financial information  
for the nine month period ended September 30, 2014****6 Share Capital**

During the period, the Company issued 40,000 shares at par to existing share holders and were fully subscribed in cash.

	<b>Authorised</b>		<b>Issued and fully paid</b>	
	<b>As at September 30 2014 AED'000</b>	<b>As at December 31 2013 AED'000</b>	<b>As at September 30 2014 AED'000</b>	<b>As at December 31 2013 AED'000</b>
Ordinary shares of AED 1,000 each	<b>71,000</b>	<b>31,000</b>	<b>71,000</b>	<b>31,000</b>

**7 Long term borrowing from Parent Company**

During the period, the Company borrowed subordinated long term debt from its parent company for a period of 5 years. Interest on this loan is payable quarterly in arrears at a fixed rate of 4% p.a.. The Company has the option to repay prior to maturity date subject to SCA approval.

This debt is qualified as tier 2 Capital as per SCA Board decision No. 12/R of 2010 dated 24 February 2010 concerning criteria for capital adequacy of a brokerage firm.

**8 Trade and other payables**

	<b>As at September 30 2014 (unaudited) AED'000</b>	<b>As at December 31 2013 (audited) AED'000</b>
Trade payables to customers	<b>30,872</b>	<b>105,755</b>
Payable to exchanges	<b>396</b>	<b>-</b>
Other payables	<b>983</b>	<b>1,187</b>
	<b>32,251</b>	<b>106,942</b>

Trade payables to customers consist only of 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.

**9 Interest income, net**

	<b>9 months ended September 30</b>	
	<b>2014 (unaudited) AED'000</b>	<b>2013 (unaudited) AED'000</b>
Interest income - margin trading	<b>5,654</b>	<b>-</b>
Interest income - term & call deposits	<b>51</b>	<b>332</b>
Interest expense - overdraft & term loan	<b>(2,121)</b>	<b>-</b>
	<b>3,584</b>	<b>332</b>

**ADCB Securities L.L.C.**

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**Notes to the condensed interim financial information  
for the nine month period ended September 30, 2014****10 Transactions and balances with related parties**

The Company enters into transactions with the Parent Company and its related entities, directors and senior management of the Parent Company, related entities of the directors and senior management of the Parent Company, the Government of Abu Dhabi ("Ultimate Controlling Party") and its related entities and directors of the Company in the ordinary course of business at an arm's length basis.

Ultimate controlling party:

Abu Dhabi Investment Council is the Parent Company of ADCB. Abu Dhabi Investment Council was established by the Government of Abu Dhabi pursuant to law No. 16 of 2006 and so the Ultimate Controlling Party is the Government of Abu Dhabi.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Related party balances and transactions included in the condensed interim statement of financial position and condensed interim statement of comprehensive income are as follows:

	Parent Company and its related entities AED '000	Directors and key management personnel of Parent Company AED '000	Director and key management personnel AED '000
<b>Balances :</b>			
<b>September 30, 2014 (unaudited)</b>			
Margin trade receivables	-	-	8,994
Bank balances with Parent Company :			
Current account	48,263	-	-
Due from Parent Company	3,862	-	-
Long term borrowing from Parent Company	(100,000)	-	-
<b>December 31, 2013 (audited)</b>			
Bank Balances with Parent Company :			
Short term deposit	14,315	-	-
Current account	5,741	-	-
Due from Parent Company	40,529	-	-
<b>Transactions :</b>			
<b>9 months period ended (unaudited)</b>			
<b>September 30, 2014</b>			
Brokerage commission	1,103	168	1,097
Interest income	51	48	488
Interest expense	(2,121)	-	-
Commission expense on bank guarantee	(955)	-	-
Rent expenses	(175)	-	-
<b>September 30, 2013</b>			
Brokerage commission	3,020	168	283
Interest income	332	-	-
Commission expense on bank guarantee	(775)	-	-
Rent expenses	(175)	-	-



**ADCB Securities L.L.C.**

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**Notes to the condensed interim financial information  
for the nine month period ended September 30, 2014****10 Transactions and balances with related parties (continued)**

	Parent Company and its related entities AED '000	Directors and key management personnel of Parent Company AED '000	Director and key management personnel AED '000
<b>Transactions :</b>			
<b>3 months period ended (unaudited)</b>			
<b>September 30, 2014</b>			
Brokerage commission	62	13	361
Interest income	33	18	203
Interest expense	(1,022)	-	-
Commission expense on bank guarantee	(410)	-	-
Rent expenses	(58)	-	-
<b>September 30, 2013</b>			
Brokerage commission	846	49	128
Interest income	106	-	-
Commission expense on bank guarantee	(256)	-	-
Rent expenses	(58)	-	-

**11 Commitments and contingent liabilities**

	As at September 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Bank guarantees	305,000	205,000

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

The Company has a commitment of AED Nil (December 31, 2013 - AED 352,608) to purchase a new brokerage management system for use by the Company.

**12 Approval of condensed interim financial information**

This condensed interim financial information were approved by the Board of Directors and authorised for issue on October 28, 2014.