

ADCB SECURITIES L.L.C.

**Review report and condensed interim financial information
for the nine month period ended September 30, 2015**

ADCB Securities L.L.C.

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

The Board of Directors
ADCB Securities 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. (the "Company") as at 30 September 2015 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended (together, the "condensed interim financial information"). 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 ADCB Securities L.L.C. is not prepared, in all material respects, in accordance with IAS 34.

Other matters

The comparative amounts in the condensed interim statement of financial position at 31 December 2014 and related explanatory information were audited by another auditor whose report dated 1 February 2015 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and the related explanatory information for the nine-month period ended 30 September 2014, were reviewed by another auditor who issued an unmodified conclusion dated 28 October 2014.

Deloitte & Touche (M.E.)




Mohammad Khamees Al Tah
Registration No. 717
Abu Dhabi
25 October 2015




Condensed interim statement of financial position
As at September 30, 2015

		September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
	Notes		
ASSETS			
Non-current assets			
Property and equipment		1,851	2,516
Available-for-sale financial assets	3	700	825
Total non-current assets		2,551	3,341
Current assets			
Trade and other receivables	4	22,565	73,662
Margin trade receivables	5	84,966	74,367
Due from Parent Company	11	-	2,988
Bank balances	6	152,477	151,399
Total current assets		260,008	302,416
Total assets		262,559	305,757
EQUITY AND LIABILITIES			
Equity			
Share capital	7	71,000	71,000
Statutory reserve		8,845	8,845
Investment revaluation reserve		271	396
Retained earnings		49,813	49,641
Total equity		129,929	129,882
Liabilities			
Non-current liabilities			
Long term borrowing	8	100,000	100,000
Provision for employees' end of service benefit		2,259	2,055
Total non-current liabilities		102,259	102,055
Current liabilities			
Trade and other payables	9	20,263	73,820
Due to Parent Company	11	10,108	-
Total current liabilities		30,371	73,820
Total liabilities		132,630	175,875
Total equity and liabilities		262,559	305,757


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.
**Condensed interim statement of comprehensive income (unaudited)
for the nine month period ended September 30, 2015**

	Notes	3 months ended September 30		9 months ended September 30	
		2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
Income					
Brokerage commission		3,218	6,698	10,904	30,965
Interest and dividend income	10	1,595	2,460	4,318	5,705
Interest expense		(1,022)	(1,022)	(3,033)	(2,121)
		573	1,438	1,285	3,584
		3,791	8,136	12,189	34,549
Expenses					
Staff expenses		(2,839)	(2,225)	(8,108)	(6,323)
Depreciation		(261)	(250)	(779)	(752)
Other operating expenses		(932)	(1,352)	(3,130)	(3,395)
		(4,032)	(3,827)	(12,017)	(10,470)
Net (loss)/profit for the period		(241)	4,309	172	24,079
Items that may be re-classified subsequently to the condensed interim statement of profit or loss					
Fair value changes on available-for-sale financial assets	3	(125)	320	(125)	378
Total comprehensive (loss)/income for the period		(366)	4,629	47	24,457

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

ADCB Securities L.L.C.

**Condensed interim statement of changes in equity (unaudited)
for the nine month period ended September 30, 2015**

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2014	31,000	6,215	600	25,979	63,794
Net profit for the period	-	-	-	24,079	24,079
Fair value changes on available-for-sale financial assets	-	-	378	-	378
Total comprehensive income for the period	-	-	378	24,079	24,457
Increase in share capital	40,000	-	-	-	40,000
Balance at September 30, 2014	71,000	6,215	978	50,058	128,251
Balance at January 1, 2015	71,000	8,845	396	49,641	129,882
Net profit for the period	-	-	-	172	172
Fair value changes on available-for-sale financial assets	-	-	(125)	-	(125)
Total comprehensive income for the period	-	-	(125)	172	47
Balance at September 30, 2015	71,000	8,845	271	49,813	129,929

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

ADCB Securities L.L.C.**Condensed interim statement of cash flows (unaudited)
for the nine month period ended September 30, 2015**

	9 months ended September 30	
	2015	2014
	AED'000	AED'000
Operating activities		
Net profit for the period	172	24,079
Adjustment for:		
Depreciation on property and equipment	779	752
Employees' end of service benefit charge	234	351
Operating cash flows before changes in operating assets and liabilities	1,185	25,182
Decrease in trade and other receivables	51,097	73,940
Increase in margin trade receivables	(10,599)	(171,412)
Net movement in due from/to Parent Company	13,096	36,667
Decrease in trade and other payables	(53,557)	(74,691)
Transfer/settlement of employees' end of service benefit	(30)	93
Net cash from/(used in) operating activities	1,192	(110,221)
Investing activities		
Purchase of trading securities	-	(1,204)
Purchase of property and equipment	(114)	(368)
Investment in term deposits	(50,000)	-
Net cash used in investing activities	(50,114)	(1,572)
Financing activities		
Additional capital subscribed	-	40,000
Tier 2 capital	-	100,000
Net cash from finance activities	-	140,000
Net (decrease)/increase in cash and cash equivalents	(48,922)	28,207
Cash and cash equivalents at beginning of the period	151,399	20,056
Cash and cash equivalents at end of the period (Note 6)	102,477	48,263

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

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2015**

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 Abu Dhabi Commercial Bank Head Office Building, Sheikh Zayed Bin Sultan Street, 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.

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, 2014, which were prepared in accordance with International Financial Reporting Standards (IFRS).

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, 2014, except for the adoption of following new standards and interpretations effective from an accounting period that begins on or after January 1, 2015:

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments 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.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after January 1, 2015. The application of the above new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2015****2 Summary of significant accounting policies (continued)****Basis of preparation (continued)**

The results for the nine month period ended September 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

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.

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

The main areas of judgments, estimates and assumptions applied in this condensed interim financial information, including the key sources of estimation uncertainty were the same as those applied in the Company's financial statements for the year ended December 31, 2014.

3 Available-for-sale financial assets

	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Quoted		
At January 1	825	1,029
Decrease in fair value	(125)	(204)
Fair value as at	700	825

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

4 Trade and other receivables

	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Trade receivables	16,740	45,431
Receivables from exchanges	2,655	27,493
Other receivables	3,170	738
	22,565	73,662

Trade receivables

The credit period for trade receivables is two days (trade date plus two working days). The Company has an obligation to settle 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.

ADCB Securities L.L.C.

Notes to the condensed interim financial information for the nine month period ended September 30, 2015

5 Margin trade receivables

The Company has obtained the license from Securities and Commodities Authority (SCA) under registration no. 604028 dated November 24, 2013 for margin trading, whereby the Company may provide finance to its clients as a percentage of the market value of securities. The underlying 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.

	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Margin trade receivables	86,038	75,439
Less : Collective impairment allowance	(1,072)	(1,072)
	<u>84,966</u>	<u>74,367</u>
Margin trade receivables, net	84,966	74,367

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

6 Bank balances

	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Current accounts	42,477	151,399
Term deposits	110,000	-
	<u>152,477</u>	<u>151,399</u>
Term deposits with maturity of more than 3 months	(50,000)	-
	<u>102,477</u>	<u>151,399</u>

7 Share Capital

	Authorised		Issued and fully paid	
	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Ordinary shares of AED 1,000 each	71,000	71,000	71,000	71,000

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2015****8 Long term borrowing**

The Company has 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.

9 Trade and other payables

	September 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Trade payables to customers	9,771	72,745
Payable to exchanges	9,583	-
Other payables	909	1,075
	<u>20,263</u>	<u>73,820</u>

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.

10 Interest and dividend income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
Income				
Interest income - margin trading	1,302	2,428	3,437	5,654
Interest income - term and call deposits	293	32	852	51
Dividend income	-	-	29	-
	<u>1,595</u>	<u>2,460</u>	<u>4,318</u>	<u>5,705</u>

11 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 and directors of the Company in the ordinary course of business at an arm's length basis.

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2015****11 Transactions and balances with related parties (continued)**

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 the Company AED '000
Balances :		
September 30, 2015 (unaudited)		
Margin trade receivables	-	8,841
Bank balances with Parent Company :		
Term deposits	110,000	-
Current account	42,440	-
Due to Parent Company	(10,108)	-
Long term borrowing	(100,000)	-
December 31, 2014 (audited)		
Margin trade receivables	-	3,973
Bank Balances with Parent Company :		
Current account	151,399	-
Due from Parent Company	2,988	-
Long term borrowing	(100,000)	-
Transactions :		
9 months period ended (unaudited)		
September 30, 2015		
Brokerage commission	59	304
Interest income	853	352
Interest expense	(3,033)	-
Commission expense on bank guarantee	(1,164)	-
Rent expenses	(175)	-
September 30, 2014		
Brokerage commission	1,271	1,097
Interest income	99	488
Interest expenses	(2,121)	-
Commission expense on bank guarantee	(955)	-
Rent expenses	(175)	-

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2015****11 Transactions and balances with related parties (continued)**

The Parent Company provides operational and functional support to the Company with respect to human resources, information technology, vendor payments and accounting services.

12 Commitments and contingent liabilities

	As at September 30 2015 (unaudited) AED'000	As at December 31 2014 (audited) AED'000
Bank guarantees	305,000	305,000

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

13 Approval of condensed interim financial information

This condensed interim financial information were approved by the Board of Directors and authorised for issue on October 25, 2015.