

ADCB SECURITIES L.L.C.

**Review report and condensed interim financial information
for the nine month period ended September 30, 2016**

ADCB Securities L.L.C.

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for the nine month period ended September 30, 2016**

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors
ADCB Securities L.L.C.
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim statement of financial position of ADCB Securities L.L.C. as at 30 September 2016 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and selected 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.

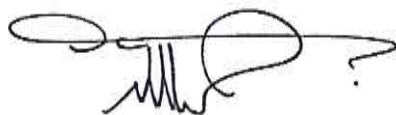
Scope of review

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 ADCB Securities L.L.C. is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)

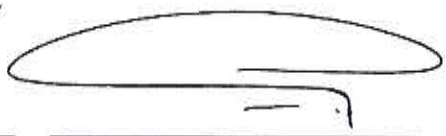
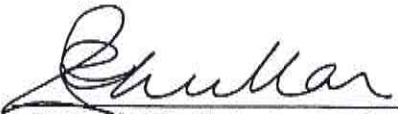


Mohammad Khamees Al Tah
Registration No. 717
Abu Dhabi
8 November 2016



Condensed interim statement of financial position
As at September 30, 2016

		September 30 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
	Notes		
ASSETS			
Non-current assets			
Property and equipment		1,277	1,614
Available-for-sale financial assets	3	546	513
Total non-current assets		1,823	2,127
Current assets			
Trade and other receivables	4	52,917	57,938
Margin trade receivables	5	271,530	74,008
Bank balances	6	110,296	152,924
Total current assets		434,743	284,870
Total assets		436,566	286,997
EQUITY AND LIABILITIES			
Equity			
Share capital	7	71,000	71,000
Legal reserve		8,845	8,845
Investment revaluation reserve		117	84
Retained earnings		47,006	48,105
Total equity		126,968	128,034
Liabilities			
Non-current liabilities			
Long term borrowing	8	100,000	100,000
Provision for employees' end of service benefit		2,326	2,461
Total non-current liabilities		102,326	102,461
Current liabilities			
Trade and other payables	9	50,938	55,581
Bank overdraft		149,055	-
Due to Parent Company	11	7,279	921
Total current liabilities		207,272	56,502
Total liabilities		309,598	158,963
Total equity and liabilities		436,566	286,997


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.

Condensed interim statement of comprehensive income (unaudited)
for the nine month period ended September 30, 2016

	Notes	3 months ended September 30		9 months ended September 30	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Income					
Brokerage commission		1,818	3,218	8,141	10,904
Interest income	10	2,922	1,595	6,764	4,289
Interest expense		(1,260)	(1,022)	(3,283)	(3,033)
Net interest income		1,662	573	3,481	1,256
Other income		-	-	21	29
		3,480	3,791	11,643	12,189
Expenses					
Staff expenses		(2,991)	(2,839)	(9,011)	(8,108)
Depreciation		(264)	(261)	(789)	(779)
Other operating expenses		(690)	(932)	(2,942)	(3,130)
		(3,945)	(4,032)	(12,742)	(12,017)
Net (loss)/profit for the period		(465)	(241)	(1,099)	172
Other comprehensive income					
<i>Items that may be re-classified subsequently to profit or loss</i>					
Fair value changes on available-for-sale financial assets	3	21	(125)	33	(125)
Total comprehensive (loss)/income for the period		(444)	(366)	(1,066)	47



ADCB Securities L.L.C.

**Condensed interim statement of changes in equity (unaudited)
for the nine month period ended September 30, 2016**

	Share capital AED'000	Legal reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2015	71,000	8,845	396	49,641	129,882
Net loss for the period	-	-	-	172	172
Fair value changes on available-for-sale financial assets	-	-	(125)	-	(125)
	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>-</u>	<u>(125)</u>
Total comprehensive profit for the period	-	-	(125)	172	47
	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>172</u>	<u>47</u>
Balance at September 30, 2015	71,000	8,845	271	49,813	129,929
	<u>71,000</u>	<u>8,845</u>	<u>271</u>	<u>49,813</u>	<u>129,929</u>
Balance at January 1, 2016	71,000	8,845	84	48,105	128,034
Net loss for the period	-	-	-	(1,099)	(1,099)
Fair value changes on available-for-sale financial assets	-	-	33	-	33
	<u>-</u>	<u>-</u>	<u>33</u>	<u>(1,099)</u>	<u>(1,066)</u>
Total comprehensive loss for the period	-	-	33	(1,099)	(1,066)
	<u>-</u>	<u>-</u>	<u>33</u>	<u>(1,099)</u>	<u>(1,066)</u>
Balance at September 30, 2016	71,000	8,845	117	47,006	126,968
	<u>71,000</u>	<u>8,845</u>	<u>117</u>	<u>47,006</u>	<u>126,968</u>

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

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ADCB Securities L.L.C.

**Condensed interim statement of cash flows (unaudited)
for the nine month period ended September 30, 2016**

	9 months ended September 30	
	2016	2015
	AED'000	AED'000
Operating activities		
Net (loss) / profit for the period	(1,099)	172
Adjustment for:		
Depreciation on property and equipment	789	779
Employees' end of service benefit charge	223	234
Operating cash flows before changes in operating assets and liabilities	(87)	1,185
Decrease in trade and other receivables	5,021	51,097
(Increase) /decrease in margin trade receivables	(197,522)	(10,599)
Net movement in due to Parent Company	6,358	13,096
Decrease in trade and other payables	(4,643)	(53,557)
Transfer/settlement of employees' end of service benefit	(358)	(30)
Net cash (used in)/from operating activities	(191,231)	1,192
Investing activities		
Purchase of property and equipment	(452)	(114)
Net movement in investment in term deposits	(50,000)	(50,000)
Net cash from/ (used in) investing activities	(50,452)	(50,114)
Net decrease in cash and cash equivalents	(241,683)	(48,922)
Cash and cash equivalents at beginning of the period	102,924	151,399
Cash and cash equivalents at end of the period (Note 6)	(138,759)	102,477

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, 2016**

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, 2015, 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, 2015, except for the adoption of following new standards and interpretations effective from an accounting period that begins on or after January 1, 2016. The application of these 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.

- Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.
- Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.
- Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.
- Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.

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, 2016.

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2016**

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The results for the nine month period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

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, 2015.

3 Available-for-sale financial assets

	September 30 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
Quoted		
At January 1	513	825
Change in fair value	33	(312)
	<u>546</u>	<u>513</u>
Fair value as at	<u>546</u>	<u>513</u>

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

4 Trade and other receivables

	September 30 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
Trade receivables	42,935	49,248
Receivables from exchanges	6,772	5,242
Other receivables	3,210	3,448
	<u>52,917</u>	<u>57,938</u>

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.

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2016**
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 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
Margin trade receivables	272,602	75,080
Less : Collective impairment allowance	(1,072)	(1,072)
	<hr/>	<hr/>
Margin trade receivables, net	271,530	74,008
	<hr/>	<hr/>

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

6 Bank balances

	September 30 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
Current accounts	10,296	42,924
Term deposits	100,000	110,000
	<hr/>	<hr/>
	110,296	152,924
	<hr/>	<hr/>
Term deposits with maturity of more than 3 months	(100,000)	(50,000)
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	10,296	102,924
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Bank overdraft	(149,055)	-
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Cash and cash equivalents	(138,759)	102,924
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Notes to the condensed interim financial information
for the nine month period ended September 30, 2016

7 Share Capital

	Authorised		Issued and fully paid	
	September 30 2016	December 31 2015	September 30 2016	December 31 2015
	(unaudited) AED'000	(audited) AED'000	(unaudited) AED'000	(audited) AED'000
Ordinary shares of AED 1,000 each	71,000	71,000	71,000	71,000

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 2016 (unaudited) AED'000	December 31 2015 (audited) AED'000
Trade payables to customers	42,006	52,005
Payable to exchanges	7,605	2,338
Other payables	1,327	1,238
	50,938	55,581

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 income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Income				
Interest income - margin trading	2,362	1,302	5,834	3,437
Interest income - term and call deposits	560	293	930	852
	2,922	1,595	6,764	4,289

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**Notes to the condensed interim financial information
for the nine month period ended September 30, 2016**

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.

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, 2016 (unaudited)		
Margin trade receivables	-	3,097
Bank balances with Parent Company :		
Term deposits	100,000	-
Current account	4,268	-
Bank overdraft	(149,055)	-
Due to Parent Company	(7,279)	-
Long term borrowing	(100,000)	-
December 31, 2015 (audited)		
Margin trade receivables	-	8,661
Bank Balances with Parent Company :		
Term deposits	110,000	-
Current account	42,883	-
Due to Parent Company	(921)	-
Long term borrowing	(100,000)	-
Transactions :		
9 months period ended (unaudited)		
September 30, 2016		
Brokerage commission	87	96
Interest income	930	128
Interest expense	(3,283)	-
Commission expense on bank guarantee	(926)	-
Rent expenses	(175)	-

**Notes to the condensed interim financial information
for the nine month period ended September 30, 2016**

11 Transactions and balances with related parties (continued)

September 30, 2015

Brokerage commission	59	304
Interest income	853	352
Interest expenses	(3,033)	-
Commission expense on bank guarantee	(1,164)	-
Rent expenses	(175)	-

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 2016 (unaudited) AED'000	As at December 31 2015 (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 November 8, 2016.

