

**EMIRATES NBD SECURITIES LLC**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010**

**EMIRATES NBD SECURITIES LLC**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010**

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## **Report on review of condensed interim financial information**

The Shareholders  
Emirates NBD Securities LLC

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Emirates NBD Securities LLC ("the Company") as at 30 September 2010 and the condensed interim statement of comprehensive income (comprising a condensed interim income statement and a condensed statement of other comprehensive income), condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine-month period then ended (the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 interim financial information as at and for the nine-month period ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

**Name: Vijendra Nath Malhotra**  
**Registration No. 48 B**  
**KPMG**  
**Dubai**  
**United Arab Emirates**

28 OCT 2010



**Emirates NBD Securities LLC**  
**Condensed interim statement of financial position**  
**As at 30 September 2010**

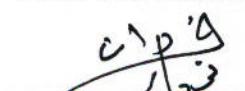
	Note	Unaudited 30 September 2010 AED '000	Audited 31 December 2009 AED '000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment		5,366	6,680
Investment securities	6	8,836	9,478
<b>Total non-current assets</b>		<b>14,202</b>	<b>16,158</b>
<b>Current assets</b>			
Investment securities	6	3,979	4,146
Trade and other debtors	7	166,317	235,972
Other receivables		1,305	1,129
Due from Holding Company	8	128,416	64,822
Cash and cash equivalents		82,583	80,668
<b>Total current assets</b>		<b>382,600</b>	<b>386,737</b>
<b>Current liabilities</b>			
Other payables		9,568	5,939
<b>Total current liabilities</b>		<b>9,568</b>	<b>5,939</b>
<b>Net current assets</b>		<b>373,032</b>	<b>380,798</b>
<b>Net assets</b>		<b>387,234</b>	<b>396,956</b>
<b>Represented by</b>			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		3,554	4,196
Capital contribution reserve		50,000	50,000
Retained earnings		278,876	287,956
<b>Total equity holders' funds</b>		<b>387,234</b>	<b>396,956</b>


The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

These financial statements were approved by the Board of Directors on

28 OCT 2010

  
Chairman

  
General Manager

**Emirates NBD Securities LLC**  
**Condensed interim income statement**  
**For the nine month period ended 30 September 2010 (Unaudited)**

	Note	Three month period ended 30 Sep 2010 AED '000	30 Sep 2009 AED '000	Nine month period ended 30 Sep 2010 AED '000	30 Sep 2009 AED '000
Commission income		1,957	7,573	10,653	23,418
Administration and general expenses	9	(6,003)	(8,882)	(19,135)	(27,348)
<b>Operating (loss)</b>		<b>(4,046)</b>	<b>(1,309)</b>	<b>(8,482)</b>	<b>(3,930)</b>
Other income	10	3,079	3,953	6,913	11,566
Allowance for impairment losses		(67)	(201)	(6,996)	(3,357)
Interest received from Holding Company (net)	8	419	166	735	651
<b>(Loss) / profit for the period</b>		<b>(615)</b>	<b>2,609</b>	<b>(7,830)</b>	<b>4,930</b>

The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

**Emirates NBD Securities LLC**  
**Condensed interim statement of comprehensive income**  
**For the nine month period ended 30 September 2010 (Unaudited)**

	Note	Unaudited nine month period ended 30 September 2010 AED '000	Unaudited nine month period ended 30 September 2009 AED '000
(Loss) / profit for the period		(7,830)	4,930
<b>Other comprehensive income:</b>			
Net change in fair value of AFS investments		(642)	5,578
<b>Total comprehensive (loss)/income</b>		<b>(8,472)</b>	<b>10,508</b>

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**Emirates NBD Securities LLC**  
**Condensed interim statement of changes in equity**  
**For the nine month period ended 30 September 2010 (Unaudited)**

	Share capital	Statutory reserve	Fair value reserve	Capital contribution reserve	Retained earnings	Total
	AED'000	AED '000	AED '000	AED '000	AED '000	AED'000
Balance at 1 January 2009	30,000	18,804	1,086	50,000	293,841	393,731
Directors' fees	-	-	-	-	(1,750)	(1,750)
Other comprehensive income	-	-	5,578	-	4,930	10,508
Balance at 30 September 2009	30,000	18,804	6,664	50,000	297,021	402,489
	=====	=====	=====	=====	=====	=====

	Share capital	Statutory reserve	Fair value reserve	Capital contribution reserve	Retained earnings	Total
	AED'000	AED '000	AED '000	AED '000	AED '000	AED'000
Balance at 1 January 2010	36,000	18,804	4,196	50,000	287,956	396,956
Directors' fees	-	-	-	-	(1,250)	(1,250)
Other comprehensive income	-	-	(642)	-	(7,830)	(8,472)
Balance at 30 September 2010	36,000	18,804	3,554	50,000	278,876	387,234
	=====	=====	=====	=====	=====	=====

In accordance with the Ministry of Economy and Planning Interpretation of Article 118 of Commercial Companies Law No. 8 of 1984, Directors' fees have been treated as an appropriation from equity.

The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

**Emirates NBD Securities LLC**  
**Condensed interim statement of cash flows**  
**For the nine month period ended 30 September 2010 (Unaudited)**

	30 September 2010 AED '000	30 September 2009 AED '000
	-----	-----
<b>Cash flows from operating activities</b>		
(Loss) / profit for the period	(7,830)	4,930
Adjustments:		
Change in fair value of current investments	167	(1,479)
Allowance for impairment losses	6,996	3,357
Depreciation	1,632	1,902
	-----	-----
	965	8,710
Change in unsettled trade debtors	62,659	75,360
Change in other receivables	(176)	(1,044)
Change in due from Holding Company	(63,594)	(79,374)
Change in other payables	3,629	3,334
	-----	-----
Net cash flows from operating activities	3,483	6,986
	-----	-----
<b>Cash flows from investing activity</b>		
Acquisition of plant and equipment	(318)	(852)
	-----	-----
Cash used in investing activity	(318)	(852)
	-----	-----
<b>Cash flow from financing activity</b>		
Directors' fees	(1,250)	(1,750)
	-----	-----
Cash flows from financing activity	(1,250)	(1,750)
	-----	-----
<b>Net movement in cash and cash equivalents</b>	1,915	4,384
<b>Cash and cash equivalents at the beginning of the period</b>	80,668	66,184
	-----	-----
<b>Cash and cash equivalents at the end of the period</b>	82,583	70,568
	=====	=====

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**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine month period ended 30 September 2010 (Unaudited)**

**1 Legal status and principal activities**

Emirates International Securities LLC ("the Company") is a limited liability company incorporated in the Emirate of Dubai on 10 November 2001 under the Federal Law No 8 of 1984 (as amended) applicable to commercial companies. On 8 November 2009, the Company received regulatory approval to merge with NBD Securities LLC ("acquired entity") and changed its name from Emirates International Securities LLC to Emirates NBD Securities LLC.

On 21 November 2009 (the effective date), NBD Securities LLC transferred all its assets and liabilities to the Company to complete the merger of the two entities.

The shareholding pattern in the Company is as follows:

<b>Name of equity holders</b>	<b>Shareholding (%)</b>
Emirates NBD Bank PJSC ("Holding Company")	99%
Emirates Financial Services PSC	1%

Following the merger of Emirates Bank International PJSC and the National Bank of Dubai PJSC during 2007, the Company's ultimate Holding Company is Emirates NBD PJSC, a Company in which the Investment Corporation of Dubai is the majority shareholder.

The principal activity of the Company is to act as an intermediary in dealings in shares, stocks, debentures and securities. The Company also trades on its own account.

The registered address of the Company is P.O. Box 2923, Dubai, United Arab Emirates.

**2 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), interpretations thereof issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and the requirements of Federal Law No 8 of 1984 (as amended). They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements as at and for the year ended 31 December 2009.

**3 Significant accounting policies**

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2009.

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine month period ended 30 September 2010 (Unaudited)**

**4 Estimates**

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

**5 Financial risk management**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2009.

**6 Investment securities**

These comprise of the following:

	Unaudited 30 September 2010 AED '000	Audited 31 December 2009 AED '000
	-----	-----
Equity securities:		
Non-current:		
Available-for-sale (refer note below)	8,836	9,478
Current:		
Held for trading	3,979	4,146
	-----	-----
	12,815	13,624
	=====	=====

Included in available-for-sale are:

- a) AED 8,638,590 (31 December 2009: AED 9,280,313) representing 4,936,337 shares in Dubai Financial Market ("DFM"). The Company in 2006 has acquired the shares relating to DFM's IPO as per the allocation set by DFM for brokerage companies. On 16<sup>th</sup> April 2009, the restrictions over sale or trading of the shares were lifted in accordance with the original conditions of allocation.
- b) AED 198,000 (31 December 2009: AED 198,000) representing 1% equity interest in Egyptian Company for Electronic System Development ("NPC"). The remaining 99% equity interest in NPC is collectively owned by Network International LLC and Emirates Financial Services PSC, who are fellow subsidiaries of the Company.



**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine month period ended 30 September 2010 (Unaudited)**

**7 Trade and other debtors**

Trade debtors include the following:

- The net balance of trades which have been executed with the market but have yet to be settled. Settlement periods for the Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) are T+2. Execution only customer trades are settled through their respective investment accounts that exist with Emirates NBD PJSC.
- Customer receivables arise due to exposures on account of margin trading (MT). The Emirates Securities and Commodities Authority (SCA) has issued a circular dated 24<sup>th</sup> October 2010 to allow licensing of companies interested in engaging in margin trading activity. The Company is assessing its current practices against the proposed regulation and will develop an action plan to address any gaps in compliance.

	Unaudited 30 September 2010 AED '000	Audited 31 December 2009 AED '000
Customer receivables	189,884	253,127
Less: allowance for impairment loss	(23,567)	(17,155)
	<u>166,317</u> =====	<u>235,972</u> =====

**8 Related party transactions**

The Company, in the normal course of business, carries out transactions with entities that fall within the definition of a related party contained in International Accounting Standard 24. The transactions and balances with the related parties, other than those already disclosed elsewhere in the financial statements, are as follows:

	Unaudited 30 September 2010 AED '000	Audited 31 December 2009 AED '000
Due from Holding Company, net	128,416	64,822
Due from key management personnel (included in unsettled trade debtors)	-	2,296
	<u>=====</u>	<u>=====</u>

A number of functions are centralised and the costs of these are borne by the Holding Company and not recharged to the Company.

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine month period ended 30 September 2010 (Unaudited)**

**8 Related party transactions (continued)**

	Unaudited nine month period ended 30 September 2010 AED '000	Unaudited nine month period ended 30 September 2009 AED '000
	-----	-----
Interest income from Holding Company	735	651
Expenses borne by the Holding Company (refer note 9)	1,089	-
Insurance premium paid to associate of Holding Company	363	595
Call center charges paid to a fellow subsidiary of the Holding Company	-	21
	=====	=====

**9 Administrative and general expenses**

Due to restructuring of the equipment lease lines after the merger of NBD Securities LLC and Emirates International Securities LLC, it was agreed that expenses pertaining to 2009 amounting to AED 1.1 million will be borne by the Holding Company and will not be recharged to the Company. Therefore, the provision made in the year 2009 to this extent has been reversed in the nine months ended 30 September 2010 (2009: nil).

**10 Other income**

	Unaudited nine month period ended 30 September 2010 AED '000	Unaudited nine month period ended 30 September 2009 AED '000
	-----	-----
Change in fair value of Fair Value through Profit and Loss investments	(167)	1,479
Dividend income	469	633
Interest income (net)	6,611	9,454
	=====	=====
	6,913	11,566



**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine month period ended 30 September 2010 (Unaudited)**

**11 Contingent liabilities**

	Unaudited 30 September 2010 AED '000	Audited 31 December 2009 AED '000
	-----	-----
Letters of guarantee (Issued by the Holding Company in favor of DFM and ADX)	300,000 =====	800,000 =====
Letters of guarantee (Issued by the Holding Company in favor of Nasdaq, Dubai)	5,509 =====	- =====
Letters of guarantee (Issued by the Holding Company in favor of DGCX )	367 =====	- =====

**12 Capital commitments**

During the nine months ended 30 September 2010, the Company entered into a contract for installation of additional security and authentication measures on their online trading platform for AED 314,238 (2009: nil) as mandated by SCA. The work will be completed in 2010.

**13 Comparative figures**

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these condensed interim financial statements.

The prior period comparatives have hence been restated so as to include the consolidated numbers of Emirates International Securities LLC and NBD Securities LLC since both the entities were under common control for the prior period.