

EMIRATES NBD SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

EMIRATES NBD SECURITIES LLC

CONDENSED INTERIM FINANCIAL STATEMENTS
for the nine months period ended 30 September 2011

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Independent Auditors' Report on Review of Condensed Interim Financial Information

**The Shareholders
Emirates NBD Securities LLC**

Introduction

We have reviewed the accompanying condensed statement of financial position of Emirates NBD Securities LLC ("the Company") as at 30 September 2011, condensed income statement and condensed statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 as at 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

26 OCT 2011

Emirates NBD Securities LLC
Condensed interim statement of financial position
as at 30 September 2011

	Notes	Unaudited 30 September 2011 AED '000	Audited 31 December 2010 AED '000
Assets			
Non-current assets			
Property and equipment		4,018	4,917
Investment securities	6	5,529	7,651
Total non-current assets		9,547	12,568
		=====	=====
Current assets			
Investment securities	6	2,846	3,440
Trade and other debtors	7	34,851	116,889
Other receivables	9	10,441	1,472
Due from Holding Company	8	239,496	172,662
Cash and cash equivalents	8	75,314	82,497
Total current assets		362,948	376,960
		=====	=====
Current liabilities			
Other payables		8,669	8,145
		=====	=====
Net current assets		354,279	368,815
		=====	=====
Net assets		363,826	381,383
		=====	=====
Represented by			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		247	2,369
Capital contribution reserve		50,000	50,000
Retained earnings		258,775	274,210
Total equity holders' funds		363,826	381,383
		=====	=====


The notes on pages 7 to 12 form an integral part of these condensed interim financial statements.

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

These financial statements were approved by the Board of Directors on

26 OCT 2011


Chairman


General Manager

Emirates NBD Securities LLC
Condensed interim statement of income
for the nine months period ended 30 September 2011

	<i>Notes</i>	Three months period ended 30 Sep 2011 AED '000	30 Sep 2010 AED '000	Nine months period ended 30 Sep 2011 AED '000	30 Sep 2010 AED '000
Commission income		907	1,957	5,320	10,653
Administrative and general expenses		(4,255)	(6,003)	(14,087)	(19,135)
Operating loss		(3,348)	(4,046)	(8,767)	(8,482)
Other (expense) / income	10	(281)	3,079	(360)	6,913
Allowance for impairment losses		(819)	(67)	(6,907)	(6,996)
Interest received from Holding Company (net)	8	501	419	1,849	735
Loss for the period		(3,947)	(615)	(14,185)	(7,830)

The notes on pages 7 to 12 form an integral part of these condensed interim financial statements.

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

Emirates NBD Securities LLC
Condensed interim statement of comprehensive income
for the nine months period ended 30 September 2011

	<i>Notes</i>	Unaudited 30 September 2011 AED '000	Unaudited 30 September 2010 AED '000
	-----	-----	-----
Loss for the period		(14,185)	(7,830)
Other comprehensive loss:			
Net change in fair value of AFS investments	6	(2,122)	(642)
		-----	-----
Total comprehensive loss for the period		(16,307)	(8,472)
		=====	=====

The notes on pages 7 to 12 form an integral part of these condensed interim financial statements.

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Emirates NBD Securities LLC
Condensed interim statement of changes in equity
for the nine months period ended 30 September 2011

	Share Capital	Statutory reserve	Fair value reserve	Capital contribution reserve	Retained earnings	Total
	AED'00 0	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
Total comprehensive loss	-	-	(642)	-	(7,830)	(8,472)
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 30 Sep 2010	36,000	18,804	3,554	50,000	278,876	387,234

	Share Capital	Statutory reserve	Fair value reserve	Capital contribution reserve	Retained earnings	Total
	AED'00 0	AED '000	AED '000	AED '000	AED '000	AED'000
Balance at 1 January 2011	36,000	18,804	2,369	50,000	274,210	381,383
Total comprehensive loss	-	-	(2,122)	-	(14,185)	(16,307)
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 30 Sep 2011	36,000	18,804	247	50,000	258,775	363,826

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 12 form an integral part of these condensed interim financial statements.

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Emirates NBD Securities LLC
Condensed interim statement of cash flows
for the nine months period ended 30 September 2011

	Unaudited 30 September 2011 AED '000	Unaudited 30 September 2010 AED '000
Cash flows from operating activities		
Loss for the period	(14,185)	(7,830)
<i>Adjustments:</i>		
Change in fair value of current investments	594	167
Allowance for impairment losses	6,907	6,996
Depreciation	1,500	1,632
Profit on sale of equipment	(11)	-
	<u>(5,195)</u>	<u>985</u>
Change in trade and other debtors	75,131	62,659
Change in other receivables	(8,969)	(176)
Change in due from Holding Company	(66,834)	(63,594)
Change in other payables	524	3,629
Net cash flows from operating activities	<u>(5,343)</u>	<u>3,483</u>
Cash flows from investing activities		
Acquisition of property and equipment	(680)	(318)
Proceeds on sale of equipment	90	-
Cash used in investing activities	<u>(590)</u>	<u>(318)</u>
Cash flow from financing activities		
Directors' fees	(1,250)	(1,250)
Cash used in financing activity	<u>(1,250)</u>	<u>(1,250)</u>
Net movement in cash and cash equivalents	(7,183)	1,915
Cash and cash equivalents at the beginning of the period	82,497	80,668
Cash and cash equivalents at the end of the period	<u>75,314</u>	<u>82,583</u>

The notes on pages 7 to 12 form an integral part of these condensed interim financial statements.

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

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (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 share holding pattern in the Company is as follows:

<u>Name of equity holders</u>	<u>Shareholding (%)</u>
Emirates NBD 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 registered address of the Company is P.O. Box 2923, Dubai, United Arab Emirates.

2 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), IAS 34 'Interim Financial Reporting' 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 2010.

3 Significant accounting policies

Except as described below, 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 2010.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (Unaudited)

3 Significant accounting policies (continued)

IAS 24 Related party Disclosure (revised 2009)

The revised IAS 24 Related Party Disclosures amends the definition of a related party and the disclosure exemption for government-related entities and supersedes the IAS 24, "Related party disclosures" issued in 2003. The revised standard is effective for periods beginning on or after 1 January 2011 and has been applied by the Company in the condensed interim financial statements.

4 Estimates

The preparation of these condensed interim financial statements in conformity with IFRS 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 annual financial statements as at and for the year ended 31 December 2010.

6 Investment securities

These comprise of the following:

	Unaudited 30 September 2011 AED '000	Audited 31 December 2010 AED '000
	-----	-----
Equity securities:		
Non-Current:		
Available-for-sale (refer note below)	5,529	7,651
Current:		
Held for trading	2,846	3,440
	-----	-----
	8,375	11,091
	=====	=====

Included in available-for-sale are:

- a) AED 5,331,244 (31 December 2010: AED 7,453,869) representing 4,936,337 shares in Dubai Financial Market ('DFM'). The Company in 2006 acquired the shares relating to DFM's IPO as per the allocation set by DFM for brokerage companies. On 16 April 2009, the restrictions over sale or trading of the shares were lifted in accordance with the original conditions of allocation.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (Unaudited)

6 Investment securities (continued)

- a) AED 198,000 (31 December 2010: 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 Emirates Financial Services PSC, a fellow subsidiary of the Holding Company and Network International LLC, an associate of the Holding Company.

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. 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 SCA has issued a circular dated 24 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 2011 AED '000	Audited 31 December 2010 AED '000
Customer receivables	66,511	143,817
Less: allowance for impairment loss	(31,660)	(26,928)
	<u>34,851</u> =====	<u>116,889</u> =====

The company transferred margin trading accounts of 8 (full year 2010: 6) customers to its holding company at the carrying value as at the date of transfer. The accounts transferred had a total outstanding of AED 74,991 K (full year 2010: 49,180 K) and a provision amounting to AED 1,375 K (2010: AED 585 K). All risks and reward associated with these margin trading accounts have been transferred to the Holding Company and therefore these accounts have been derecognized for the books of the company.

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 (2009). The transactions and balances with the related parties, other than those as disclosed elsewhere in the financial statements, are as follows:

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (Unaudited)

8 Related party transactions (continued)

	Unaudited 30 September 2011 AED '000	Audited 31 December 2010 AED '000
	-----	-----
Due from Holding Company	239,496	172,662
	=====	=====

Balances with ENBD PJSC

	Unaudited 30 September 2011 AED '000	Audited 31 December 2010 AED '000
	-----	-----
Cash held with Holding Company	75,265	80,664
	-----	-----
	75,265	80,664
	=====	=====

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

Transactions with ENBD group entities

	Unaudited 30 September 2011 AED '000	Unaudited 30 September 2010 AED '000
	-----	-----
Commission income from related parties (refer note 8.1)	345	899
Net interest income from Holding Company	1,849	735
Expenses borne by the Holding Company (refer note 8.2 & 8.3)	283	1,089
Insurance premium paid to associate of Holding Company	325	363
	=====	=====

- 8.1** The Company has conducted trades with a value of AED 666,877 K (2010: AED 2,345,730 K) on behalf of related entities from which commission income of AED 345 K (2010: AED 1,190 K) has been earned for the nine months ended 30 September 2011.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (Unaudited)

8 Related party transactions (continued)

8.2 During the nine months ended 30 September 2011, it was mutually agreed between the Company and the Holding Company that all IT related cost for both the years 2010 and 2011 will be borne by the Holding Company and not to be recharged to the Company. Therefore, the provision made in the year 2010 and 2011 aggregating to AED 283 K was reversed in the nine months ended 30 September 2011.

8.3 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 would 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 was reversed in the nine months ended 30 September 2010.

9 Other Receivables

To meet the requirement arisen as a result of the increase in trading activity on the Nasdaq Dubai, the Company placed an amount of AED 10 million with Nasdaq as margin money on 18 May 2011.

10 Other (expense) / income

	Unaudited 30 September 2011 AED '000	Unaudited 30 September 2010 AED '000
Unrealized loss on trading securities	(594)	(167)
Interest income	-	6,611
Dividend income	221	469
Profit on sale of properties	11	-
Foreign exchange income	2	-
	(360)	6,913
	=====	=====

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the nine months period ended 30 September 2011 (Unaudited)

11 Contingent liabilities

	Unaudited 30 September 2011 AED '000	Audited 31 December 2010 AED '000
	-----	-----
Letters of guarantee (Issued by the Holding Company in favor of DFM and ADX)	150,000 =====	300,000 =====
Letters of guarantee (refer note 11.1)	5,509 =====	5,509 =====
Letters of guarantee (Issued by the Holding Company in favor of DGCX)	3,673 =====	3,673 =====

- 11.1** The guarantee issued by Holding Company, amounting to AED 5,509,500 in favour of Nasdaq Dubai matured on 27 June 2011. On 28 June 2011, a new guarantee was issued by Mashreq Bank amounting to AED 5,509,500 in favour of Nasdaq Dubai.

12 Capital commitments

A decision has been made by the management of the Company to install the enhanced version of Order Management Solution System ("OMS") in order to be able to offer customers with a better trading platform. To this effect, an agreement has been signed by the Company with Tradenet effective 1 April 2011. The estimated total cost of this project is expected to be AED 1,600 K, of which AED 367 K was paid in June 2011. Therefore, the net capital commitment amounts to AED 1,233 K as at the reporting date.

13 Comparative figures

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