

# **Emirates NBD Securities LLC**

**Condensed interim financial statements**

**For the nine months period ended 30  
September 2013**

## **Emirates NBD Securities LLC**

### **Condensed interim financial statements**

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## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF EMIRATES NBD SECURITIES LLC

### *Introduction*

We have reviewed the accompanying condensed interim financial statements of Emirates NBD Securities LLC (the "Company"), which comprise the interim statement of financial position as at 30 September 2013 and the related interim statements of income and comprehensive income for the three month and nine month periods then ended and interim statement of cash flows and changes in equity for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The condensed interim financial statements of the Company as of 30 September 2012 and the financial statements of the Company as of 31 December 2012 were reviewed and audited respectively by another auditor whose reports dated 24 October 2012 and 31 January 2013 expressed unqualified conclusions on those financial statements.

### *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 statements are not prepared, in all material respects, in accordance with IAS 34.



Ernst & Young

27 October 2013  
Dubai, United Arab Emirates

**Emirates NBD Securities LLC**  
**Condensed interim statement of financial position**  
**As at 30 September 2013 (Unaudited)**

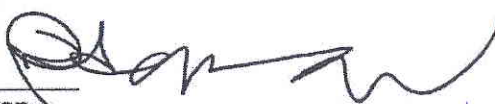
	Notes	Unaudited 30 September 2013 AED '000	Audited 31 December 2012 AED '000
<b>Assets</b>			
Property and equipment		2,193	2,518
Financial assets available-for-sale	6	10,382	5,233
<b>Total non-current assets</b>		<b>12,575</b>	<b>7,751</b>
Financial assets designated at fair value through profit and loss	6	6,464	3,250
Trade and other debtors	7	19,126	30,445
Other receivables		2,382	559
Due from Holding Company	8	255,304	231,867
Cash and bank balances	11	92,435	88,723
<b>Total current assets</b>		<b>375,711</b>	<b>354,844</b>
Other payables		5,389	5,122
Client deposit		7,274	3,803
<b>Total current liabilities</b>		<b>12,663</b>	<b>8,925</b>
<b>Net current assets</b>		<b>363,048</b>	<b>345,919</b>
<b>Net assets</b>		<b>375,623</b>	<b>353,670</b>
<b>Represented by</b>			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		5,035	(49)
Capital contribution reserve		50,000	50,000
Retained earnings		265,784	248,915
<b>Total equity holders' funds</b>		<b>375,623</b>	<b>353,670</b>

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

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

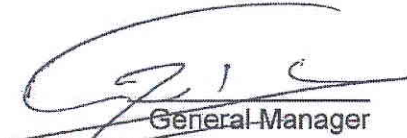
These financial statements were approved by the Board of Directors of Emirates NBD Securities LLC on

Chairman



2

General Manager




**Emirates NBD Securities LLC**  
**Condensed interim statement of income**  
**For the nine months period ended 30 September 2013 (Unaudited)**

	<i>Notes</i> -----	<b>Unaudited three months period ended 30 Sep 2013 AED '000</b> -----	<b>Unaudited three months period ended 30 Sep 2012 AED '000</b> -----	<b>Unaudited nine months period ended 30 Sep 2013 AED '000</b> -----	<b>Unaudited nine months period ended 30 Sep 2012 AED '000</b> -----
Commission income		9,573	2,033	22,013	8,600
Administrative and general expenses		(3,248)	(2,913)	(9,469)	(9,931)
<b>Operating profit (loss)</b>		<b>6,325</b>	<b>(880)</b>	<b>12,544</b>	<b>(1,331)</b>
Other income	9	1,674	266	3,474	811
Allowance for impairment on trade and other debtors		-	59	-	(4)
Interest received from Holding Company	8	267	324	851	995
<b>Profit (loss) for the period</b>		<b>8,266</b>	<b>(231)</b>	<b>16,869</b>	<b>471</b>

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**Emirates NBD Securities LLC**  
**Condensed interim statement of comprehensive income**  
**For the nine months period ended 30 September 2013 (Unaudited)**

	<b>Unaudited three month period ended 30 Sep 2013 AED '000</b>	<b>Unaudited three month period ended 30 Sep 2012 AED '000</b>	<b>Unaudited nine months period ended 30 Sep 2013 AED '000</b>	<b>Unaudited nine months period ended 30 Sep 2012 AED '000</b>
<b>Profit (loss) for the period</b>	<b>8,266</b>	<b>(231)</b>	<b>16,869</b>	<b>471</b>
<b>Other comprehensive Income:</b>				
Net change in fair value of financial assets available for sale	<b>1,678</b>	<b>183</b>	<b>5,084</b>	<b>667</b>
<b>Total comprehensive income for the period</b>	<b>9,944</b>	<b>(48)</b>	<b>21,953</b>	<b>1,138</b>

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**Emirates NBD Securities LLC**  
**Condensed interim statement of changes in equity**  
**For the nine months period ended 30 September 2013 (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 2013	36,000	18,804	(49)	50,000	248,915	353,670
Total comprehensive income for the period	-	-	5,084	-	16,869	21,953
Balance at 30 September 2013	<u>36,000</u>	<u>18,804</u>	<u>5,035</u>	<u>50,000</u>	<u>265,784</u>	<u>375,623</u>
Balance at 1 January 2012	36,000	18,804	(938)	50,000	251,351	355,217
Total comprehensive income for the period	-	-	667	-	471	1,138
Directors' fees*	-	-	-	-	(1,250)	(1,250)
Balance at 30 September 2012	<u>36,000</u>	<u>18,804</u>	<u>(271)</u>	<u>50,000</u>	<u>250,572</u>	<u>355,105</u>

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\*Director's fee related to 2011 and with effect from 2012, are borne by the Holding Company.

**Emirates NBD Securities LLC**  
**Condensed interim statement of cash flows**  
**For the nine months period ended 30 September 2013 (Unaudited)**

	Unaudited nine months period ended 30 September 2013 AED'000	Unaudited nine months Period ended 30 September 2012 AED'000
<b><u>OPERATING ACTIVITIES</u></b>		
Profit for the period	16,869	471
Directors' fees	-	(1,250)
<i>Adjustments for non cash items:</i>		
Change in fair value of current investments	(3,214)	(757)
Allowance for impairment losses	-	4
Depreciation	550	495
Loss on sale of property and equipment	-	102
	<u>14,205</u>	<u>(935)</u>
Change in trade and other debtors	11,319	862
Change in other receivables	(1,823)	10,153
Change in due from Holding Company	(23,437)	3,475
Change in other payables	267	20
	<u>531</u>	<u>13,575</u>
<b><u>INVESTING ACTIVITIES</u></b>		
Acquisition of property and equipment	(225)	(1,163)
Purchase of investment	(65)	-
Decrease in term deposit maturing after three months	(22,205)	(21,980)
Cash flows used in investing activities	<u>(22,495)</u>	<u>(23,143)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(21,964)</b>	<b>(9,568)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>42,192</b>	<b>30,554</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>20,228</u></b>	<b><u>20,986</u></b>

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

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**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (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:

<b>Name of equity holders</b>	<b>Shareholding (%)</b>
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 financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2012. These condensed interim financial information do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements as at and for the year ended 31 December 2012. In addition, results for the nine months ended 30 September 2013 are not necessarily indication of the results that may be expected for the financial year ending 31 December 2013.

**3 Significant accounting policies**

The accounting policies applied by the Company in the preparation of the condensed interim financial statements are consistent with those applied by the Company in the annual financial statements for the year ended 31 December 2012. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2013 has had no effect on the condensed interim financial statements.

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (Unaudited)**

**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 2012.

**6 Investment securities**

These comprise of the following:

	Unaudited 30 September 2013 AED '000	Audited 31 December 2012 AED '000
Equity securities:		
Non-current:		
Available-for-sale (refer note below)	10,382	5,233
Current:		
Designated fair value through profit and loss	6,464	3,250
Total	<u>16,846</u>	<u>8,483</u>

Included in available-for-sale are:

- a) AED 10,119 K (31 December 2012: AED 5,035 K) 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.
- b) AED 198 K (31 December 2012: AED 198 K) 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 a joint venture / subsidiary, respectively, of the Holding Company.

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (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. Customer trades are settled through their respective investment accounts that exist with the Holding Company.
- Receivables from Margin Trading (MT), which the Company previously engaged in. During 2011, SCA issued a circular that brokerage companies cannot carry out MT. The company has formulated a strategy for transferring margin trading accounts to its Holding Company. For the period ended 30 September 2013, no accounts were transferred to Holding Company (full year 2012 no accounts were transferred). Receivables from MT as of 30 September 2013 was AED 52,521 K (2012 : AED 62,911 K)

	<b>Unaudited</b> <b>30 September 2013</b> <b>AED '000</b>	<b>Audited</b> <b>31 December 2012</b> <b>AED '000</b>
Customer receivables	<b>51,612</b>	62,931
Less: allowance for impairment loss	<b>(32,486)</b>	(32,486)
	<b>19,126</b>	30,445

**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 "IAS 24" (2009). Transactions and balances with the related parties, other than those as disclosed elsewhere in the financial statements, are as follows:

	<b>Unaudited</b> <b>30 September 2013</b> <b>AED '000</b>	<b>Audited</b> <b>31 December 2012</b> <b>AED '000</b>
Due from Holding Company	<b>255,304</b>	231,867
Cash held with Holding Company	<b>92,384</b>	88,674

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (Unaudited)**

**8 Related party transactions (continued)**

**Transactions with group entities**

	Unaudited 30 September 2013 AED '000	Unaudited 30 September 2012 AED '000
	-----	-----
Commission income from related Parties	1,750	311
Net interest income from Holding Company	851	995
Insurance premium paid to associate of Holding Company	272	319
	=====	=====

**9 Other income**

	Unaudited 30 September 2013 AED '000	Unaudited 30 September 2012 AED '000
	-----	-----
Gain on securities designated as fair value through profit and loss	3,214	757
Dividend income	218	137
Loss on sale of property and equipment	-	(102)
Others	42	19
	3,474	811
	=====	=====

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (Unaudited)**

**10 Contingent liabilities**

	Unaudited 30 September 2013 AED '000	Audited 31 December 2012 AED '000
Letters of guarantee (Issued by the Holding Company in favor of DFM and ADX)	220,000 =====	150,000 =====
Letters of guarantee (Issued by the Mashreq Bank in favor of Nasdaq Dubai)	5,509 =====	5,509 =====
Letters of guarantee (Issued by Holding Company in favor of DGCX Dubai)	3,673 =====	- =====

**11 Bank balances and cash**

	Unaudited 30 September 2013 AED '000	Unaudited 30 September 2012 AED '000
Cash in hand	5	4
Current account	20,223 =====	20,982 =====
<b>Cash and cash equivalents</b>	<b>20,228</b>	<b>20,986</b>
Bank deposits (maturity after three months)	64,933	63,885
Client money (11.1)	7,274 =====	3,056 =====
	<b>92,435 =====</b>	<b>87,927 =====</b>

- 11.1** In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("ESCA") the Company maintains separate bank accounts for advances received from its customers ("clients' money"). The clients' money is not available to the Company other than to settle transactions executed on behalf of the customers maintaining deposits with the Company.

**Emirates NBD Securities LLC**  
**Notes to the condensed interim financial statements**  
**For the nine months period ended 30 September 2013 (Unaudited)**

**12 Fair value measurement principles**

***Fair values***

Fair values versus carrying amounts

The fair values of the financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

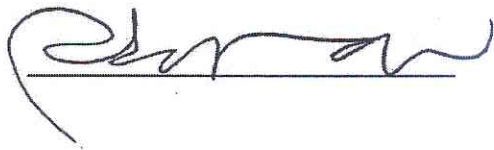
In AED 000	Level 1	Level 2	Level 3	Total
	=====	=====	=====	=====
<b>30 September 2013</b>				
Available-for-sale financial assets	10,119	-	263	10,382
Financial assets designated at fair value through profit or loss	6,464	-	-	6,464
	=====	=====	=====	=====
	<b>16,583</b>	<b>-</b>	<b>263</b>	<b>16,846</b>
	=====	=====	=====	=====

**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.

## Appendix 5

			Analysis of review differences Debit/(Credit)						
No.	Account code	Account  (Review differences are recorded as journal entries including a description of the entry)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Income/Expenses		Other - Specify
			Debit / (Credit)	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)	Debit / (Credit) Current period	Debit / (Credit) Prior period	Debit / (Credit)
<u>Unrecorded Review Differences:</u>									
1		Impairment of investment Investment (AFS) (Being the impairment in the investment made in NPC classified as available for sale investment)		(111,653)			111,653		
2		Insurance expense Prepaid Insurance (Other Receivables) Due to Holding Company (Being the insurance expenses not recorded)	98,753 (107,730)				8,978		
Total			(8,978)	(111,653)	-	-	(20,631)	-	



Abdulla Al Hosani  
Staff No. 4616  
Sign