

ADCB SECURITIES L.L.C.

(formerly known as AL DHABI BROKERAGE SERVICES L.L.C.)

Review report and condensed interim financial information
for the six month period ended June 30, 2014

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Review report and condensed interim financial information
for the six month period ended June 30, 2014**

	Page
Report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income (unaudited)	3
Condensed interim statement of changes in equity (unaudited)	4
Condensed interim statement of cash flows (unaudited)	5
Notes to the condensed interim financial information	6 - 10



REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors of
ADCB Securities L.L.C.
(formerly known as Al Dhabi Brokerage Services 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. (formerly known as Al Dhabi Brokerage Services L.L.C.) ("the Company") as at June 30, 2014 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended and accompanying notes. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34")". Our responsibility is to express a conclusion on these 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 the Company is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers


Jacques Fakhoury
Registration Auditor Number 379
July 22, 2014

ADCB Securities L.L.C.

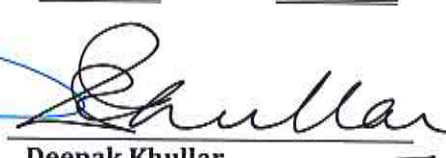
(formerly known as Al Dhabi Brokerage Services L.L.C.)

Condensed interim statement of financial position**As at June 30, 2014**

		As at June 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
ASSETS	Notes		
Non-current assets			
Property and equipment, net		2,855	3,039
Available-for-sale investments	3	1,087	1,029
Total non-current assets		3,942	4,068
Current assets			
Trade and other receivables	4	79,521	106,322
Margin trade receivables	5	135,040	1,298
Due from Parent Company	10	9,980	40,529
Bank balances with Parent Company	10	76,679	20,056
Total current assets		301,220	168,205
Total assets		305,162	172,273
EQUITY AND LIABILITIES			
Equity			
Share capital	6	71,000	31,000
Statutory reserve		6,215	6,215
Investment revaluation reserve		658	600
Retained earnings		45,749	25,979
Total equity		123,622	63,794
Liabilities			
Non-current liabilities			
Long term borrowing from Parent Company	7&10	100,000	-
Provision for employees' end of service benefit		1,751	1,537
Total non-current liabilities		101,751	1,537
Current liability			
Trade and other payables	8	79,789	106,942
Total liabilities		181,540	108,479
Total equity and liabilities		305,162	172,273


Ala'a Eraiqat
 Chairman


Hassan Salem Al Hossani
 General Manager


Deepak Khullar
 Group Chief Financial Officer

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

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of comprehensive income (unaudited)
for the six month period ended June 30, 2014**

		3 months ended June 30		6 months ended June 30	
		2014 AED'000	2013 AED'000	2014 AED'000	2013 AED'000
Income	Notes				
Brokerage commission	10	12,552	6,008	24,267	7,945
Interest income, net	9 & 10	1,677	105	2,146	226
		<u>14,229</u>	<u>6,113</u>	<u>26,413</u>	<u>8,171</u>
Expenses					
Staff expenses		(1,938)	(1,471)	(4,098)	(3,666)
Depreciation		(247)	(181)	(502)	(365)
Other operating expenses		(1,178)	(769)	(2,043)	(1,382)
		<u>(3,363)</u>	<u>(2,421)</u>	<u>(6,643)</u>	<u>(5,413)</u>
Net profit for the period		10,866	3,692	19,770	2,758
Other comprehensive income					
Fair value changes on available-for-sale investments	3	(337)	270	58	287
Net comprehensive income for the period		10,529	3,962	19,828	3,045

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

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of changes in equity (unaudited)
for the six month period ended June 30, 2014**

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2013	30,000	5,621	(4)	20,641	56,258
Net profit for the period	-	-	-	2,758	2,758
Fair value changes on available-for-sale investments	-	-	287	-	287
Balance at June 30, 2013	30,000	5,621	283	23,399	59,303
Balance at January 1, 2014	31,000	6,215	600	25,979	63,794
Net profit for the period	-	-	-	19,770	19,770
Fair value changes on available-for-sale investments	-	-	58	-	58
Total comprehensive profit for the period	-	-	58	19,770	19,828
Increase in share capital	40,000	-	-	-	40,000
Balance at June 30, 2014	71,000	6,215	658	45,749	123,622

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

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Condensed interim statement of cash flows (unaudited)
for the six month period ended June 30, 2014**

	6 months ended June 30	
	2014	2013
	AED'000	AED'000
Operating activities		
Net profit for the period	19,770	2,758
Adjustments for:		
Depreciation of property and equipment	502	365
Employees' end of service benefit charge	121	150
Cash flow from operating activities before changes in operating assets and liabilities	20,393	3,273
Decrease/(increase) in trade and other receivables	26,801	(1,679)
Increase in margin trading receivables	(133,742)	-
Decrease/(increase) in due from Parent Company	30,549	(3,184)
(Decrease)/ increase in trade and other payables	(27,153)	1,386
Transfer of employees' end of service benefit	93	-
Net cash used in from operating activities	(83,059)	(204)
Investing activities		
Purchase of property and equipment	(318)	-
Net cash used in investing activities	(318)	-
Financing activities		
Additional capital subscribed	40,000	-
Tier 2 capital	100,000	-
Net cash from finance activities	140,000	-
Increase/(decrease) in cash and cash equivalents	56,623	(204)
Cash and cash equivalents at the beginning of the period	20,056	20,938
Net cash and cash equivalents at the end of the period	76,679	20,734

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

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

Notes to the condensed interim financial information for the six month period ended June 30, 2014

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 Level 5, Abu Dhabi Commercial Bank Head Office Building, Salam Street, Plot C-33, Sector E-11, 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.

On February 25, 2014 the Company changed its name from "Al Dhabi Brokerage Services L.L.C." to "ADCB Securities L.L.C.".

Significant undertaking

As disclosed in Notes 4, 5 and 6, 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, 2013, which were prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations.

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, 2013.

The results for the six month period ended June 30, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

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.

Certain items have been reclassified from the Company's prior year financial statements to conform to the current year's presentation and improve the transparency of certain line items of notes to the accounts.

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Notes to the condensed interim financial information
for the six month period ended June 30, 2014****3 Available-for-sale investments**

	As at June 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Quoted		
At January 1,	1,029	425
Increase in fair value	58	604
Fair value as at	1,087	1,029

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

4 Trade and other receivables

	As at June 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Trade receivables	70,501	64,164
Receivables from exchanges	8,027	41,865
Other receivables	993	293
	79,521	106,322

Trade receivables

The credit period for trade receivables is two days (trade date plus two working days). The Company has an obligation to pay these amounts to the eventual recipient (markets), even if the equivalent amounts are not collected.

5 Margin trade receivables

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

The fair value of trade and other receivables approximates their carrying value.

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Notes to the condensed interim financial information
for the six month period ended June 30, 2014****6 Share Capital**

During the three month period ended June 30, 2014 the Company issued 40,000 shares at par to existing share holders and were fully subscribed in cash.

	Authorised		Issued and fully paid	
	As at June 30 2014 AED'000	As at December 31 2013 AED'000	As at June 30 2014 AED'000	As at December 31 2013 AED'000
Ordinary shares of AED 1,000 each	71,000	31,000	71,000	31,000

7 Long term borrowing from Parent Company

During the three month period ended June 30, 2014 the Company 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.

8 Trade and other payables

	As at June 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Trade payables to customers	78,300	105,755
Other payables	1,489	1,187
	79,789	106,942

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.

9 Interest income, net

	6 months ended June 30	
	2014 (unaudited) AED'000	2013 (unaudited) AED'000
Interest income - margin trading	3,226	-
Interest income - term deposits	19	226
Interest expense - overdraft & term loan	(1,099)	-
	2,146	226

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Notes to the condensed interim financial information
for the six month period ended June 30, 2014****10 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, the Government of Abu Dhabi ("Ultimate Controlling Party") and its related entities and directors of the Company in the ordinary course of business at an arm's length basis.

Ultimate controlling party:

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 Parent Company AED '000	Director and key management personnel AED '000
Balances :			
June 30, 2014 (unaudited)			
Bank balances with Parent Company :		-	-
Current account	76,679	-	-
Due from Parent Company	9,980	-	-
Long term borrowing from Parent Company	(100,000)	-	-
December 31, 2013 (audited)			
Bank Balances with Parent Company :			
Short term deposit	14,315	-	-
Current account	5,741	-	-
Due from Parent Company	40,529	-	-
Transactions :			
6 months period ended (unaudited)			
June 30, 2014			
Brokerage commission	493	155	736
Interest income	18	-	315
Interest expense	(1,099)	-	-
Commission expense on bank guarantee	(545)	-	-
Rent expenses	(117)	-	-
June 30, 2013			
Brokerage commission	1,906	119	155
Interest income	226	-	-
Commission expense on bank guarantee	(519)	-	-
Rent expenses	(117)	-	-

ADCB Securities L.L.C.

(formerly known as Al Dhabi Brokerage Services L.L.C.)

**Notes to the condensed interim financial information
for the six month period ended June 30, 2014****11 Commitments and contingent liabilities**

	As at June 30 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Bank guarantees	305,000	205,000

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

The Company has a commitment of AED Nil (December 31, 2013 - AED 352,608) to purchase a new brokerage management system for use by the Company.

12 Approval of condensed interim financial information

This condensed interim financial information were approved by the Board of Directors and authorised for issue on July 22, 2014.