

ADCB SECURITIES L.L.C.

**Review report and condensed interim financial information  
for the six month period ended June 30, 2015**

**ADCB Securities L.L.C.**

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## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

The Board of Directors  
ADCB Securities 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. (the "Company") as at 30 June 2015 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (together, the "condensed interim financial information"). Management is responsible for the preparation and fair 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.

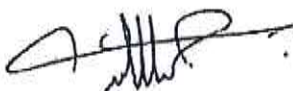
### Conclusion

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.

### Other matters

The comparative amounts in the condensed interim statement of financial position at 31 December 2014 and related explanatory information were audited by another auditor whose report dated 1 February 2015 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and the related explanatory information for the six-month period ended 30 June 2014, were reviewed by another auditor who issued an unmodified conclusion dated 22 July 2014.

Deloitte & Touche (M.E.)




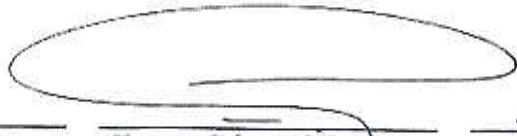
Mohammad Khamees Al Tah  
Registration No. 717  
Abu Dhabi  
26 July 2015

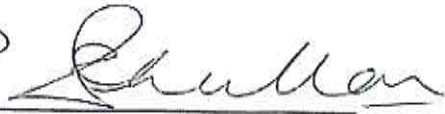


**Condensed interim statement of financial position**  
**As at June 30, 2015**

		June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		2,097	2,516
Available-for-sale financial assets	3	825	825
<b>Total non-current assets</b>		<b>2,922</b>	<b>3,341</b>
<b>Current assets</b>			
Trade and other receivables	4	48,891	73,662
Margin trade receivables	5	54,442	74,367
Due from Parent Company	10	-	2,988
Bank balances		179,509	151,399
<b>Total current assets</b>		<b>282,842</b>	<b>302,416</b>
<b>Total assets</b>		<b>285,764</b>	<b>305,757</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	71,000	71,000
Statutory reserve		8,845	8,845
Investment revaluation reserve		396	396
Retained earnings		50,054	49,641
<b>Total equity</b>		<b>130,295</b>	<b>129,882</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowing	7	100,000	100,000
Provision for employees' end of service benefit		2,181	2,055
<b>Total non-current liabilities</b>		<b>102,181</b>	<b>102,055</b>
<b>Current liabilities</b>			
Trade and other payables	8	46,977	73,820
Due to Parent Company	10	6,311	-
<b>Total current liabilities</b>		<b>53,288</b>	<b>73,820</b>
<b>Total liabilities</b>		<b>155,469</b>	<b>175,875</b>
<b>Total equity and liabilities</b>		<b>285,764</b>	<b>305,757</b>

  
**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 six month period ended June 30, 2015**

	Notes	3 months ended June 30		6 months ended June 30	
		2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
<b>Income</b>					
Brokerage commission		4,944	12,552	7,686	24,267
Interest and dividend income	9	1,345	2,490	2,723	3,245
Interest expense		(1,011)	(813)	(2,011)	(1,099)
		<u>334</u>	<u>1,677</u>	<u>712</u>	<u>2,146</u>
		<u>5,278</u>	<u>14,229</u>	<u>8,398</u>	<u>26,413</u>
<b>Expenses</b>					
Staff expenses		(2,529)	(1,938)	(5,269)	(4,098)
Depreciation		(261)	(247)	(518)	(502)
Other operating expenses		(1,141)	(1,178)	(2,198)	(2,043)
		<u>(3,931)</u>	<u>(3,363)</u>	<u>(7,985)</u>	<u>(6,643)</u>
<b>Net profit for the period</b>		<u>1,347</u>	<u>10,866</u>	<u>413</u>	<u>19,770</u>
<b>Items that may be re-classified subsequently to the condensed interim statement of profit or loss</b>					
Fair value changes on available-for-sale financial assets	3	<u>196</u>	<u>(337)</u>	<u>-</u>	<u>58</u>
<b>Total comprehensive income for the period</b>		<u>1,543</u>	<u>10,529</u>	<u>413</u>	<u>19,828</u>

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

ADCB Securities L.L.C.

Condensed interim statement of changes in equity (unaudited)  
for the six month period ended June 30, 2015

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
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 financial assets	-	-	58	-	58
Total comprehensive income 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
Balance at January 1, 2015	71,000	8,845	396	49,641	129,882
Net profit for the period	-	-	-	413	413
Fair value changes on available-for-sale financial assets	-	-	-	-	-
Total comprehensive income for the period	-	-	-	413	413
Balance at June 30, 2015	71,000	8,845	396	50,054	130,295

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

ADCB Securities L.L.C.

**Condensed interim statement of cash flows (unaudited)  
for the six month period ended June 30, 2015**

	<b>6 months ended June 30</b>	
	<b>2015</b>	<b>2014</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Net profit for the period	413	19,770
<b>Adjustment for:</b>		
Depreciation on property and equipment	518	502
Employees' end of service benefit charge	156	121
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>1,087</b>	<b>20,393</b>
Decrease in trade and other receivables	24,771	26,801
Decrease /(increase) in margin trade receivables	19,925	(133,742)
Net movement in due from/to Parent Company	9,299	30,549
Decrease in trade and other payables	(26,843)	(27,153)
Transfer/settlement of employees' end of service benefit	(30)	93
<b>Net cash from/(used in) operating activities</b>	<b>28,209</b>	<b>(83,059)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(99)	(318)
Investment in fixed deposits	(50,000)	-
<b>Net cash used in investing activities</b>	<b>(50,099)</b>	<b>(318)</b>
<b>Financing activities</b>		
Additional capital subscribed	-	40,000
Tier 2 capital	-	100,000
<b>Net cash from finance activities</b>	<b>-</b>	<b>140,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,890)</b>	<b>56,623</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>151,399</b>	<b>20,056</b>
<b>Cash and cash equivalents at end of the period</b>	<b>129,509</b>	<b>76,679</b>

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

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**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**

**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, 2014, 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, 2014, except for the adoption of following new standards and interpretations effective from an accounting period that begins on or after January 1, 2015:

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

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, 2015. The application of the above 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.

**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**

**2 Summary of significant accounting policies (continued)**

**Basis of preparation (continued)**

The results for the six month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

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, 2014.

**3 Available-for-sale financial assets**

	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
<b>Quoted</b>		
At January 1	825	1,029
Decrease in fair value	-	(204)
	<hr/>	<hr/>
<b>Fair value as at</b>	<b>825</b>	<b>825</b>
	<hr/>	<hr/>

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

**4 Trade and other receivables**

	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Trade receivables	42,333	45,431
Receivables from exchanges	4,019	27,493
Other receivables	2,539	738
	<hr/>	<hr/>
	<b>48,891</b>	<b>73,662</b>
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**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**
**4 Trade and other receivables (continued)****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.

**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.

	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Margin trade receivables	55,514	75,439
Less : Collective impairment allowance	(1,072)	(1,072)
	<hr/>	<hr/>
Margin trade receivables, net	54,442	74,367
	<hr/>	<hr/>

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

**6 Share Capital**

	<b>Authorised</b>		<b>Issued and fully paid</b>	
	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Ordinary shares of AED 1,000 each	71,000	71,000	71,000	71,000
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**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**
**7 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.

**8 Trade and other payables**

	June 30 2015 (unaudited) AED'000	December 31 2014 (audited) AED'000
Trade payables to customers	46,208	72,745
Other payables	769	1,075
	<u>46,977</u>	<u>73,820</u>

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 and dividend income (unaudited)**

	3 months ended June 30		6 months ended June 30	
	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
<b>Income</b>				
Interest income - margin trading	997	2,489	2,135	3,226
Interest income - term and call deposits	319	1	559	19
Dividend Income	29	-	29	-
	<u>1,345</u>	<u>2,490</u>	<u>2,723</u>	<u>3,245</u>

**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 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.

**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**

**10 Transactions and balances with related parties (continued)**

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:

	<b>Parent Company and its related entities AED '000</b>	<b>Directors and key management personnel of the Company AED '000</b>
<b>Balances :</b>		
<b>June 30, 2015 (unaudited)</b>		
Margin trade receivables	-	8,741
Bank balances with Parent Company :		
Term deposit	150,000	-
Current account	21,466	-
Due to Parent Company	(6,311)	-
Long term borrowing	(100,000)	-
<b>December 31, 2014 (audited)</b>		
Margin trade receivables	-	3,973
Bank Balances with Parent Company :		
Current account	151,399	-
Due from Parent Company	2,988	-
Long term borrowing	(100,000)	-
<b>Transactions :</b>		
<b>6 months period ended (unaudited)</b>		
<b>June 30, 2015</b>		
Brokerage commission	25	254
Interest income	560	202
Interest expense	(2,011)	-
Commission expense on bank guarantee	(773)	-
Rent expenses	(117)	-
<b>June 30, 2014</b>		
Brokerage commission	493	891
Interest income	18	315
Interest expenses	(1,099)	-
Commission expense on bank guarantee	(545)	-
Rent expenses	(117)	-

The Parent Company provides operational and functional support to the Company with respect to human resources, information technology, vendor payments and accounting services.

**Notes to the condensed interim financial information  
for the six month period ended June 30, 2015**

**11 Commitments and contingent liabilities**

	As at June 30 2015 (unaudited) AED'000	As at December 31 2014 (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.

**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 26, 2015.