

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

**Review report and condensed interim financial information
for the three month period ended March 31, 2014**

ADCB Securities L.L.C.

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

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for the three month period ended March 31, 2014**

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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 March 31, 2014 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34")". 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers

Paul Suddaby
Registration Auditor Number 309
April 29, 2014

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W Hunt, AH Nasser, P Suddaby and JE Fakhoury are registered as practising auditors with the UAE Ministry of Economy

ADCB Securities L.L.C.


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

Condensed interim statement of financial position**As at March 31, 2014**

	Notes	As at March 31 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
ASSETS			
Non-current assets			
Property and equipment, net		3,093	3,039
Available-for-sale investments	3	1,424	1,029
Total non-current assets		4,517	4,068
Current assets			
Trade and other receivables	4	92,267	106,322
Margin trade receivables	5	89,099	1,298
Due from Parent Company	8	48,802	40,529
Bank balances with Parent Company	8	1,784	20,056
Total current assets		231,952	168,205
Total assets		236,469	172,273
EQUITY AND LIABILITIES			
Equity			
Share capital		31,000	31,000
Statutory reserve		6,215	6,215
Investment revaluation reserve		995	600
Retained earnings		34,883	25,979
Total equity		73,093	63,794
Non-current liability			
Provision for employees' end of service benefit		1,541	1,537
Current liabilities			
Trade and other payables	6	92,239	106,942
Bank overdraft from Parent Company	8	69,596	-
Total current liabilities		161,835	106,942
Total liabilities		163,376	108,479
Total equity and liabilities		236,469	172,273



Ala'a Eraiqat
Chairman



Hassan Salem Al Hossani
General Manager

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 three month period ended March 31, 2014**

		3 months ended March 31	
		2014	2013
	Notes	AED'000	AED'000
Income			
Brokerage commission	8	11,715	1,937
Interest income, net	7 & 8	469	121
		12,184	2,058
Expenses			
Staff expenses		(2,160)	(2,195)
Depreciation		(255)	(184)
Other operating expenses		(865)	(613)
		(3,280)	(2,992)
Net profit /(loss) for the period		8,904	(934)
Other comprehensive income			
Fair value changes on available-for-sale investments	3	395	17
Net comprehensive income/(loss) for the period		9,299	(917)

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

ADCB Securities L.L.C.

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**Condensed interim statement of changes in equity (unaudited)
for the three month period ended March 31, 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 loss for the period	-	-	-	(934)	(934)
Fair value changes on available-for-sale investments	-	-	17	-	17
Balance at March 31, 2013	30,000	5,621	13	19,707	55,341
Balance at January 1, 2014	31,000	6,215	600	25,979	63,794
Net income for the period	-	-	-	8,904	8,904
Fair value changes on available-for-sale investments	-	-	395	-	395
Balance at March 31, 2014	31,000	6,215	995	34,883	73,093

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

ADCB Securities L.L.C.

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**Condensed interim statement of cash flows (unaudited)
for the three month period ended March 31, 2014**

	3 months ended March 31	
	2014	2013
	AED'000	AED'000
Operating activities		
Net profit /(loss) for the period	8,904	(934)
Adjustments for:		
Depreciation of property and equipment	255	184
Employees' end of service benefit charge	60	52
Cash flow from operating activities before changes in operating assets and liabilities	9,219	(698)
Decrease/(increase) in trade and other receivables	14,055	(1,931)
Increase in margin trading receivables	(87,801)	-
(Increase)/decrease in amounts due from Parent Company	(8,273)	849
(Decrease)/ increase in trade and other payables	(14,703)	1,833
Payment for employees' end of service benefit	(56)	-
Net cash (used in)/from operating activities	(87,559)	53
Investing activities		
Purchase of property and equipment	(309)	-
Net cash used in investing activities	(309)	-
(Decrease)/increase in cash and cash equivalents	(87,868)	53
Cash and cash equivalents at the beginning of the period	20,056	20,938
Net (overdraft)/cash and cash equivalents at the end of the period	(67,812)	20,991

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 three month period ended March 31, 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 has 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 three month period ended March 31, 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 three month period ended March 31, 2014****3 Available-for-sale investments**

	As at March 31 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Quoted		
At January 1,	1,029	425
Increase in fair value	395	604
	<hr/>	<hr/>
Fair value as at	1,424	1,029
	<hr/>	<hr/>

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

4 Trade and other receivables

	As at March 31 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Trade receivables	85,302	64,164
Receivables from exchanges	6,560	41,865
Other receivables	405	293
	<hr/>	<hr/>
	92,267	106,322
	<hr/>	<hr/>

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.

There are no receivables which are past due at the reporting date.

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

ADCB Securities L.L.C.

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**Notes to the condensed interim financial information
for the three month period ended March 31, 2014****6 Trade and other payables**

	As at March 31 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Trade payables to customers	91,592	105,755
Other payables	647	1,187
	<u>92,239</u>	<u>106,942</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.

7 Interest income, net

	3 months ended March 31 2014 (unaudited) AED'000	2013 (unaudited) AED'000
Interest income - margin trading	737	-
Interest income - term deposits	18	121
Interest expense - overdraft	(286)	-
	<u>469</u>	<u>121</u>

8 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:

ADCB Securities L.L.C.

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**Notes to the condensed interim financial information
for the three month period ended March 31, 2014****8 Transactions and balances with related parties (continued)**

	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 :			
March 31, 2014 (unaudited)			
Bank Balances with ADCB :			
Current account	1,784	-	-
Overdraft	69,596	-	-
Due from Parent Company	48,802	-	-
December 31, 2013 (audited)			
Bank Balances with ADCB :			
Short term deposit	14,315	-	-
Current account	5,741	-	-
Due from Parent Company	40,529	-	-
Transactions :			
3 month period ended (unaudited)			
March 31, 2014			
Brokerage commission	133	97	180
Interest income	18	-	55
Interest expense	286	-	-
Commission expense on bank guarantee	256	-	-
Rent expenses	58	-	-
March 31, 2013			
Brokerage commission	127	78	41
Interest income	121	-	-
Commission expense on bank guarantee	263	-	-
Rent expenses	58	-	-

9 Commitments and contingent liabilities

	As at March 31 2014 (unaudited) AED'000	As at December 31 2013 (audited) AED'000
Bank guarantees	205,000	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.

10 Approval of condensed interim financial information

This condensed interim financial information were approved by the Board of Directors and authorised for issue on April 29, 2014.