

**ADCB SECURITIES L.L.C.**

**Review report and condensed interim financial information  
for the three month period ended March 31, 2017**

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

**Review report and condensed interim financial information  
for the three month period ended March 31, 2017**

	<b>Page</b>
<b>Report on review of condensed interim financial information</b>	<b>1</b>
<b>Condensed interim statement of financial position</b>	<b>2</b>
<b>Condensed interim statement of comprehensive income</b>	<b>3</b>
<b>Condensed interim statement of changes in equity</b>	<b>4</b>
<b>Condensed interim statement of cash flows</b>	<b>5</b>
<b>Notes to the condensed interim financial information</b>	<b>6 - 11</b>

## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

To the Board of Directors  
ADCB Securities L.L.C.  
Abu Dhabi  
United Arab Emirates

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of ADCB Securities L.L.C. (the "Company") as at 31 March 2017 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the three-month period then ended (together, the "condensed interim financial information"). Management is responsible for the preparation and 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.

Deloitte & Touche (M.E.)




Signed by:  
Mohammad Khamees Al Tah  
Registration No. 717  
10 May 2017  
Abu Dhabi  
United Arab Emirates


ADCB Securities L.L.C.

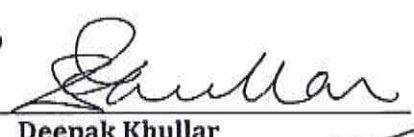
Condensed interim statement of financial position

As at March 31, 2017

		March 31 2017 (unaudited) AED'000	December 31 2016 (audited) AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		1,207	1,105
Available-for-sale financial assets	3	521	521
<b>Total non-current assets</b>		<b>1,728</b>	<b>1,626</b>
<b>Current assets</b>			
Trade and other receivables	4	53,886	93,615
Margin trade receivables	5	600,904	311,482
Bank balances	6	19,183	142,307
<b>Total current assets</b>		<b>673,973</b>	<b>547,404</b>
<b>Total assets</b>		<b>675,701</b>	<b>549,030</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	71,000	71,000
Statutory reserve		9,090	9,090
Investment revaluation reserve		92	92
Retained earnings		56,439	50,301
<b>Total equity</b>		<b>136,621</b>	<b>130,483</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowing	8	100,000	100,000
Provision for employees' end of service benefit		2,476	2,392
<b>Total non-current liabilities</b>		<b>102,476</b>	<b>102,392</b>
<b>Current liabilities</b>			
Trade and other payables	9	54,091	91,648
Bank overdraft	6	370,915	188,091
Due to Parent Company	11	11,598	36,416
<b>Total current liabilities</b>		<b>436,604</b>	<b>316,155</b>
<b>Total liabilities</b>		<b>539,080</b>	<b>418,547</b>
<b>Total equity and liabilities</b>		<b>675,701</b>	<b>549,030</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 three month period ended March 31, 2017**

	Notes	<b>3 months ended March 31</b>	
		<b>2017</b>	<b>2016</b>
		<b>AED'000</b>	<b>AED'000</b>
<b>Income</b>			
Brokerage commission		6,803	3,927
Interest income	10	6,063	1,726
Interest expense		(2,517)	(1,012)
		<u>3,546</u>	<u>714</u>
Other income		-	21
		<u>10,349</u>	<u>4,662</u>
<b>Expenses</b>			
Staff expenses		(2,994)	(3,065)
Depreciation		(224)	(243)
Other operating expenses		(993)	(1,000)
		<u>(4,211)</u>	<u>(4,308)</u>
<b>Net profit for the period</b>		<b>6,138</b>	<b>354</b>
<b>Other comprehensive income</b>			
<i>Items that may be re-classified subsequently to profit or loss</i>			
Fair value changes on available-for-sale financial assets	3	-	54
<b>Total comprehensive income for the period</b>		<b>6,138</b>	<b>408</b>

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  
for the three month period ended March 31, 2017**

	Share capital AED'000	Statutory reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2016 (audited)	71,000	8,845	84	48,105	128,034
Net profit for the period	-	-	-	354	354
Fair value changes on available-for-sale financial assets	-	-	54	-	54
Total comprehensive loss for the period	-	-	54	354	408
Balance at March 31, 2016 (unaudited)	71,000	8,845	138	48,459	128,442
Balance at January 1, 2017 (audited)	71,000	9,090	92	50,301	130,483
Net profit for the period	-	-	-	6,138	6,138
Total comprehensive income for the period	-	-	-	6,138	6,138
Balance at March 31, 2017 (unaudited)	71,000	9,090	92	56,439	136,621

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 three month period ended March 31, 2017**

	<b>3 months ended March 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Net profit for the period	6,138	354
<b>Adjustment for:</b>		
Depreciation on property and equipment	224	243
Employees' end of service benefit charge	84	62
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>6,446</b>	<b>659</b>
Decrease in trade and other receivables	39,729	35,815
Increase in margin trade receivables	(289,422)	(73,920)
Net movement in due to Parent Company	(24,818)	5,833
Decrease in trade and other payables	(37,557)	(35,822)
Transfer/settlement of employees' end of service benefit	-	(227)
<b>Net cash used in operating activities</b>	<b>(305,622)</b>	<b>(67,662)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(326)	(347)
Net movement in investment in term deposits	100,000	5,000
<b>Net cash from investing activities</b>	<b>99,674</b>	<b>4,653</b>
Net decrease in cash and cash equivalents	(205,948)	(63,009)
Cash and cash equivalents at beginning of the period	(145,784)	102,924
<b>Cash and cash equivalents at end of the period (Note 6)</b>	<b>(351,732)</b>	<b>39,915</b>

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

---

**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**

**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, 2016, 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, 2016, except for the adoption of following new standards and interpretations effective from an accounting period that begins on or after January 1, 2017. The application of these 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.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12.

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, 2017.

The results for the three month period ended March 31, 2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2017.



**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**
**2 Summary of significant accounting policies (continued)**
**Basis of preparation (continued)**

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, 2016.

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

	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
<b>Quoted</b>		
Balance at beginning of period/year	521	513
Change in fair value	-	8
	<hr/>	<hr/>
Fair value at end of period/year	<b>521</b>	<b>521</b>
	<hr/>	<hr/>

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

**4 Trade and other receivables**

	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
Trade receivables	42,385	88,431
Receivables from exchanges	10,488	1,721
Other receivables	1,013	3,463
	<hr/>	<hr/>
	<b>53,886</b>	<b>93,615</b>
	<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 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.

**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**

**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.

	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
Margin trade receivables	601,976	312,554
Less : Collective impairment allowance	(1,072)	(1,072)
	<u>600,904</u>	<u>311,482</u>
Margin trade receivables, net	<u>600,904</u>	<u>311,482</u>

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

**6 Bank balances**

	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
Current accounts	19,183	42,307
Term deposits	-	100,000
	<u>19,183</u>	<u>142,307</u>
Term deposits with maturity of more than 3 months	-	(100,000)
	<u>19,183</u>	<u>42,307</u>
Bank overdraft	(370,915)	(188,091)
Cash and cash equivalents	<u>(351,732)</u>	<u>(145,784)</u>

**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**

**7 Share capital**

	<b>Authorised</b>		<b>Issued and fully paid</b>	
	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
Ordinary shares of AED 1,000 each	<b>71,000</b>	71,000	<b>71,000</b>	71,000

**8 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.

**9 Trade and other payables**

	<b>March 31 2017 (unaudited) AED'000</b>	<b>December 31 2016 (audited) AED'000</b>
Trade payables to customers	43,424	59,059
Payable to exchanges	9,339	30,898
Other payables	1,328	1,691
	<b>54,091</b>	91,648

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.

**10 Interest income (unaudited)**

	<b>3 months ended March 31</b>	
	<b>2017 AED'000</b>	<b>2016 AED'000</b>
<b>Income</b>		
Interest income - margin trading	5,241	1,486
Interest income - term and call deposits	822	240
	<b>6,063</b>	1,726



---

**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**
**11 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.

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 the Company AED '000
<b>Balances :</b>		
<b>March 31, 2017 (unaudited)</b>		
Margin trade receivables	-	5,298
Bank balances with Parent Company :		
Current account	6,461	-
Bank overdraft	370,915	-
Due to Parent Company	(11,598)	-
Long term borrowing	(100,000)	-
<b>December 31, 2016 (audited)</b>		
Margin trade receivables	-	1,705
Bank Balances with Parent Company :		
Term deposits	100,000	-
Current account	4,359	-
Bank overdraft	(188,091)	-
Due from Parent Company	(36,416)	-
Long term borrowing	(100,000)	-
<b>Transactions :</b>		
<b>3 months period ended (unaudited)</b>		
<b>March 31, 2017</b>		
Brokerage commission	26	110
Interest income	822	27
Interest expense	(2,517)	-
Commission expense on bank guarantee	(37)	-
Rent expenses	(58)	-



**Notes to the condensed interim financial information  
for the three month period ended March 31, 2017**

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

	<b>Parent Company and its related entities AED '000</b>	<b>Directors and key management personnel of the Company AED '000</b>
<b>March 31, 2016</b>		
Brokerage commission	37	35
Interest income	240	86
Interest expenses	(1,012)	-
Commission expense on bank guarantee	(391)	-
Rent expenses	(58)	-

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

**12 Commitments and contingent liabilities**

	<b>As at March 31 2017 (unaudited) AED'000</b>	<b>As at December 31 2016 (audited) AED'000</b>
Bank guarantees	<b>355,000</b>	<b>355,000</b>

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

**13 Approval of condensed interim financial information**

This condensed interim financial information were approved by the Board of Directors and authorised for issue on May 10, 2017.