

EMIRATES NBD SECURITIES LLC
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2011

EMIRATES NBD SECURITIES LLC

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

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Independent Auditors' Report on review of condensed interim financial information

The Shareholders
Emirates NBD Securities LLC

Introduction

We have reviewed the accompanying condensed statement of financial position of Emirates NBD Securities LLC (the "Company") as at 31 March 2011 and related condensed statement of comprehensive income (comprising a condensed statement of comprehensive income and separate condensed statement of income), condensed statement of changes in equity and condensed statement of cash flows for the three-month period then ended ("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 (IAS) 34, 'Interim Financial Reporting'. 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 condensed 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 interim financial information as at 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

28 APR 2011

Emirates NBD Securities LLC
Condensed interim statement of financial position
As at 31 March 2011

	Note	Unaudited 31 March 2011 AED '000	Audited 31 December 2010 AED '000
Assets			
Non-current assets			
Property and equipment		4,526	4,917
Investment securities	6	6,664	7,651
Total non-current assets		11,190	12,568
Current assets			
Investment securities	6	3,382	3,440
Trade and other debtors	7	61,211	116,889
Other receivables		1,941	1,472
Due from holding company	8	220,075	172,662
Cash and cash equivalents		82,914	82,497
Total current assets		369,523	376,960
Current liabilities			
Other payables		7,455	8,145
Net current assets		362,068	368,815
Net assets		373,258	381,383
Represented by			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		1,382	2,369
Capital contribution reserve		50,000	50,000
Retained earnings		267,072	274,210
Total equity holders' funds		373,258	381,383

The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

These financial statements were approved by the Board of Directors on


Chairman

28 APR 2011


General Manager

Emirates NBD Securities LLC
Condensed interim income statement
For the three months period ended 31 March 2011

	Note	Unaudited 31 March 2011 AED '000	Unaudited 31 March 2010 AED '000
Commission income		1,948	4,737
Administrative and general expenses		(5,204)	(6,215)
Operating loss		(3,256)	(1,478)
Other income	9	330	2,880
Allowance for impairment losses		(3,658)	(219)
Interest received from holding company (net)	8	696	93
(Loss) / profit for the period		(5,888)	1,276

The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

Emirates NBD Securities LLC
Condensed interim statement of comprehensive income
For the three months period ended 31 March 2011

	Note	Unaudited 31 March 2011 AED '000	Unaudited 31 March 2010 AED '000
(Loss) / profit for the period		(5,888)	1,276
Other comprehensive income:			
Net change in fair value of AFS investments	6	(987)	99
Total comprehensive (loss) / income		(6,875)	1,375

The notes on pages 7 to 11 are an integral part of these financial statements.

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Emirates NBD Securities LLC
Condensed interim statement of changes in equity
For the three months period ended 31 March 2011

	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 2010	36,000	18,804	4,196	50,000	287,956	396,956
Total comprehensive income	-	-	99	-	1,276	1,375
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 31 March 2010	36,000	18,804	4,295	50,000	287,982	397,081
	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 2011	36,000	18,804	2,369	50,000	274,210	381,383
Total comprehensive income	-	-	(987)	-	(5,888)	(6,875)
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 31 March 2011	36,000	18,804	1,382	50,000	267,072	373,258

In accordance with the Ministry of Economy and Planning Interpretation of Article 118 of Commercial Companies Law No. 8 of 1984, Directors' fees have been treated as an appropriation from equity.

The notes on pages 7 to 11 are an integral part of these financial statements.

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Emirates NBD Securities LLC
Condensed interim statement of cash flows
For the three months period ended 31 March 2011

	Unaudited 31 March 2011 AED'000	Unaudited 31 March 2010 AED'000
Cash flows from operating activities		
(Loss) / profit for the period	(5,888)	1,276
Adjustments:		
Change in fair value of current investments	58	(375)
Reversal of provision for expenses	-	(1,129)
Allowance for impairment losses	3,658	219
Depreciation	590	638
	(1,582)	629
Change in trade and other debtors	52,020	43,630
Change in other receivables	(469)	(1,058)
Change in due from holding company	(47,413)	(44,561)
Change in other payables	(690)	3,703
Net cash flows from operating activities	1,866	2,343
Cash flow from investing activity		
Acquisition of plant and equipment	(199)	(93)
Cash used in investing activity	(199)	(93)
Cash flow from financing activity		
Director's fees	(1,250)	(1,250)
Cash used in financing activity	(1,250)	(1,250)
Net movement in cash and cash equivalents	417	1,000
Cash and cash equivalents at the beginning of the period	82,497	80,668
Cash and cash equivalents at the end of the period	82,914	81,668

The notes on pages 7 to 11 are an integral part of these financial statements.

The report of the independent auditors is set out on page 1.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
For the three months period ended 31 March 2011 (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:

Name of equity holders	Shareholding (%)
Emirates NBD Bank 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

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), interpretations thereof issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and the requirements of Federal Law No 8 of 1984 (as amended). These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2010.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2010.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
For the three months period ended 31 March 2011 (Unaudited)

3 Significant accounting policies (continued)

IAS 24 Related party Disclosure (revised 2009)

The revised IAS 24 Related Party Disclosures amends the definition of a related party and the disclosure exemption for government-related entities and supersedes the IAS 24, "Related party disclosures" issued in 2003. The revised standard is effective for periods beginning on or after 1 January 2011 and has been applied by the Company in the condensed interim financial statements.

4 Estimates

The preparation of interim financial statements 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 financial statements as at and for the year ended 31 December 2010.

6 Investment securities

These comprise of the following:

	Unaudited 31 March 2011 AED '000	Audited 31 December 2010 AED '000
Equity securities:		
Non-Current:		
Available-for-sale (refer note below)	6,664	7,651
Current:		
Held for trading	3,382	3,440
Total	10,046	11,091

Included in available-for-sale are:

- a) AED 6,466,601 (31 December 2010: AED 7,453,869) 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. On 16 April 2009, the restrictions over sale or trading of the shares were lifted in accordance with the original conditions of allocation.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
For the three months period ended 31 March 2011 (Unaudited)

6 Investment securities (continued)

- a) AED 198,000 (31 December 2010: AED 198,000) 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 fellow subsidiaries of the holding company.

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. Execution only customer trades are settled through their respective investment accounts that exist with Emirates NBD PJSC.
- Customer receivables arise due to exposures on account of margin trading (MT). The SCA has issued a circular dated 24th October 2010 to allow licensing of companies interested in engaging in margin trading activity. The Company is assessing its current practices against the proposed regulation and will develop an action plan to address any gaps in compliance.

	Unaudited 31 March 2011 AED '000	Audited 31 December 2010 AED '000
Customer receivables	91,604	143,817
Less: allowance for impairment loss	(30,393)	(26,928)
	<u>61,211</u>	<u>116,889</u>

The company transferred margin trading accounts of 3 (full year 2010: 6) customers to its holding company at the carrying value as at the date of transfer. The accounts transferred had a total outstanding of AED 53,934 K (full year 2010: 49,180 K) and a nil provision (2010: AED 585 K). All risks and reward associated with these margin trading accounts have been transferred to the holding company and therefore these accounts have been derecognized for the books of the company.

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

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
For the three months period ended 31 March 2011 (Unaudited)

8 Related party transactions (continued)

	Unaudited 31 March 2011 AED '000	Audited 31 December 2010 AED '000
	-----	-----
Due from holding company	220,075	172,662
	=====	=====

A number of functions are centralized and the costs of these are borne by the holding company and not recharged to the Company.

	Unaudited 31 March 2011 AED '000	Unaudited 31 March 2010 AED '000
	-----	-----
Net interest income from holding company	696	93
Expenses borne by the holding company (refer note 8.1)	-	1,089
Insurance premium paid to associate of holding company	125	149
	=====	=====

- 8.1** Due to restructuring of the equipment lease lines after the merger of NBD Securities LLC and Emirates International Securities LLC, it was agreed that expenses pertaining to 2009 amounting to AED 1.1 million would be borne by the Holding Company and will not be recharged to the Company. Therefore, the provision made in the year 2009 to this extent was reversed in the three months ended 31 March 2010.

9 Other income

	Unaudited 31 March 2011 AED '000	Unaudited 31 March 2010 AED '000
	-----	-----
Unrealized loss on trading securities	(58)	375
Interest income	386	2,505
Foreign exchange income	2	-
	-----	-----
	330	2,880
	=====	=====

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
For the three months period ended 31 March 2011 (Unaudited)

10 Contingent liabilities

	Unaudited 31 March 2011 AED '000	Audited 31 December 2010 AED '000
	=====	=====
Letters of guarantee (Issued by the holding company in favor of DFM and ADX)	300,000 =====	300,000 =====
Letters of guarantee (Issued by the holding company in favor of Nasdaq Dubai)	5,509 =====	5,509 =====
Letters of guarantee (Issued by the holding company in favor of DGCX)	3,673 =====	3,673 =====

11 Capital commitments

A decision has been made by the management of the Company to install the enhanced version of Order Management Solution System ("OMS") in order to be able to offer customers with a better trading platform. To this effect, an agreement has been signed by the Company with Tradenet effective 1 April 2011. The estimated total cost of this project is expected to be AED 1,600 K.

12 Comparative figures

Certain comparative figures have been restated and reclassified where appropriate to conform to the presentation and accounting policies adopted in these financial statements.