

Emirates NBD Securities LLC

Condensed interim financial statements

for the three months period ended 31 March 2012

Emirates NBD Securities LLC

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for the three months period ended 31 March 2012

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of income	3
Condensed interim statement of comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 - 11



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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 2012, the condensed statements of comprehensive income (comprising a condensed statement of income and a separate condensed statement of comprehensive income), changes in equity and cash flows for the three month period then ended, and notes to the condensed interim financial information (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with 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 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 as at 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


KPMG

26 APR 2012

Emirates NBD Securities LLC
Condensed interim statement of financial position
as at 31 March 2012

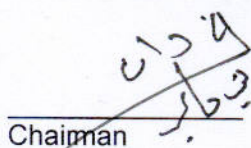
	Notes	Unaudited 31 March 2012 AED '000	Audited 31 December 2011 AED '000
Assets			
Non-current assets			
Property and equipment		2,031	2,007
Investment securities	6	5,874	4,344
Total non current assets		7,905	6,351
Current assets			
Investment securities	6	3,407	2,352
Trade and other debtors	7	28,691	31,478
Other receivables		1,214	10,610
Due from Holding Company	8	238,097	237,139
Cash and cash equivalents		87,058	75,226
Total current assets		358,467	356,805
Current liabilities			
Other payables		9,144	7,939
Net current assets		349,323	348,866
Net assets		357,228	355,217
Represented by			
Share capital		36,000	36,000
Statutory reserve		18,804	18,804
Fair value reserve		592	(938)
Capital contribution reserve		50,000	50,000
Retained earnings		251,832	251,351
Total equity holders' funds		357,228	355,217

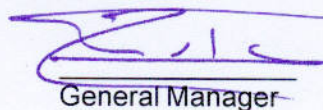
The notes on pages 7 to 11 form an integral part of these financial statements.

The independent auditors' report is set out on page 1.

These financial statements were approved by the Board of Directors on

26 APR 2012


 Chairman


 General Manager

26 APR 2012

Emirates NBD Securities LLC
Condensed interim statement of income
for the three months period ended 31 March 2012

	<i>Notes</i> -----	Unaudited 31 March 2012 AED '000 -----	Unaudited 31 March 2011 AED '000 -----
Commission income		4,136	1,948
Administrative and general expenses		(3,685) -----	(5,204) -----
Operating profit / (loss)		451	(3,256)
Other income / (expense)	9	958	(56)
Allowance for impairment losses		(7)	(3,658)
Interest received from Holding Company (net)	8	329 -----	696 -----
Profit / (loss) for the period		1,731 =====	(6,274) =====

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

The independent auditors' report is set out on page 1.

Emirates NBD Securities LLC
Condensed interim statement of comprehensive income
for the three month period ended 31 March 2012

	<i>Notes</i> -----	Unaudited 31 March 2012 AED '000 -----	Unaudited 31 March 2011 AED '000 -----
Profit / (loss) for the period		1,731	(6,274)
Other comprehensive income:			
Net change in fair value of AFS investments	6	1,530 -----	(987) -----
Total comprehensive profit / (loss) for the period		3,261 =====	(7,261) =====

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

The independent auditors' report is set out on page 1.

Emirates NBD Securities LLC
Condensed interim statement of changes in equity
for the three months period ended 31 March 2012

	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 loss	-	-	(987)	-	(6,274)	(7,261)
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 31 March 2011	36,000	18,804	1,382	50,000	266,686	372,872
	=====	=====	=====	=====	=====	=====
	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 2012	36,000	18,804	(938)	50,000	251,351	355,217
Total comprehensive income	-	-	1,530	-	1,731	3,261
Directors' Fees	-	-	-	-	(1,250)	(1,250)
Balance at 31 March 2012	36,000	18,804	592	50,000	251,832	357,228
	=====	=====	=====	=====	=====	=====

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.

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Emirates NBD Securities LLC
Condensed interim statement of cash flows
for the three months period ended 31 March 2012

	Unaudited 31 March 2012 AED'000	Unaudited 31 March 2011 AED'000
	-----	-----
Cash flows from operating activities		
Profit / (loss) for the period	1,731	(6,274)
Directors' fees	(1,250)	(1,250)
<i>Adjustments:</i>		
Change in fair value of current investments	(1,055)	58
Allowance for impairment losses	7	3,658
Depreciation	182	590
Loss on sale of property	102	-
	-----	-----
	(283)	(3,218)
Change in trade and other debtors	2,780	52,406
Change in other receivables	9,396	(469)
Change in due from Holding Company	(958)	(47,413)
Change in other payables	1,205	(690)
	-----	-----
Net cash flows from operating activities	12,140	616
	-----	-----
Cash flow from investing activities		
Acquisition of property and equipment	(308)	(199)
	-----	-----
Cash used in investing activities	(308)	(199)
	-----	-----
Net movement in cash and cash equivalents	11,832	417
Cash and cash equivalents at the beginning of the period	75,226	82,497
	-----	-----
Cash and cash equivalents at the end of the period	87,058	82,914
	=====	=====

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

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Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the three months period ended 31 March 2012 (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 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

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued 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). They 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 2011.

3 Significant accounting policies

The accounting policies applied by the Company in the preparation of the condensed interim financial statements are consistent with those applied by the Company in the annual financial statements for the year ended 31 December 2011.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the three months period ended 31 March 2012 (Unaudited)

4 Estimates

The preparation of these condensed interim financial statements in conformity with IFRS 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 annual financial statements as at and for the year ended 31 December 2011.

6 Investment securities

These comprise of the following:

	Unaudited 31 March 2012 AED '000	Audited 31 December 2011 AED '000
	-----	-----
Equity securities:		
Non-Current:		
Available-for-sale (refer note below)	5,874	4,344
Current:		
Held for trading	3,407	2,352
	-----	-----
Total	9,281	6,696
	=====	=====

Included in available-for-sale are:

- a) AED 5,676 K (31 December 2011: AED 4,146,523) 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.
- b) AED 198 K (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.

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the three months period ended 31 March 2012 (Unaudited)

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. 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 24 October 2010 to allow licensing of companies interested in engaging in margin trading activity. The Company has assessed its current practices against the proposed regulation and developed an action plan to address any gaps in compliance.

	Unaudited 31 March 2012 AED '000	Audited 31 December 2011 AED '000
	-----	-----
Customer receivables	61,293	64,492
Less: allowance for impairment loss	(32,602)	(33,014)
	-----	-----
	28,691	31,478
	=====	=====

The company has formulated a strategy for transferring margin trading accounts to its Holding Company. For the three months period ended 31 Mar 2012, no accounts were transferred to Holding Company (full year 2011: 9 accounts transferred with total outstanding amounting to AED 76,739 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:

	Unaudited 31 March 2012 AED '000	Audited 31 December 2011 AED '000
	-----	-----
Due from Holding Company	238,097	237,139
	=====	=====
Cash held with Holding Company	87,012	75,089
	=====	=====

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the three months period ended 31 March 2012 (Unaudited)

8 Related party transactions (continued)

Transactions with ENBD group entities

	Unaudited 31 March 2012 AED '000	Audited 31 March 2011 AED '000
	-----	-----
Commission income from related parties (refer note 8.1)	142	205
Net interest income from Holding Company	329	696
Insurance premium paid to associate of Holding Company	105	125
	=====	=====

- 8.1** The Company has conducted trades with a value of AED 381,019 K (Mar 2011: AED 388,804 K) on behalf of related entities from which commission income of AED 142 K (Mar 2011: AED 205 K) has been earned during the three months period ended 31 March 2012.

9 Other income / (expense)

	Unaudited 31 March 2012 AED '000	Unaudited 31 March 2011 AED '000
	-----	-----
Unrealized gain / (loss) on trading securities	1,055	(58)
Other operating income	5	2
Loss on sale of property and equipment	(102)	-
	-----	-----
	958	(56)
	=====	=====

10 Contingent liabilities

	Unaudited 31 March 2012 AED '000	Audited 31 December 2011 AED '000
	-----	-----
Letters of guarantee (Issued by the Holding Company in favor of DFM and ADX)	150,000	150,000
	=====	=====
Letters of guarantee (Issued by the Mashreq Bank 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
	=====	=====

Emirates NBD Securities LLC
Notes to the condensed interim financial statements
for the three months period ended 31 March 2012 (Unaudited)

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, of which AED 749 K was paid as on March 2012. Therefore, the net capital commitment amounts to AED 851 K as at the reporting date.

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.