

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**REVIEW REPORT AND INTERIM FINANCIAL**  
**STATEMENTS FOR THE PERIOD FROM**  
**1 JANUARY 2017 TO 30 SEPTEMBER 2017**

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

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## REVIEW REPORT

**The Shareholders**  
**Securities and Investment Company (UAE) LLC**  
**Abu Dhabi - United Arab Emirates**

### *Introduction*

We have reviewed the accompanying interim financial statements of **Securities and Investment Company (UAE) LLC** - Abu Dhabi as at 30 September 2017 which comprise the interim statement of financial position as at 30 September 2017, and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion of these interim financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the company." A review of 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 statements does not present fairly, in all material respects, the interim financial position of **Securities and Investment Company (UAE) LLC** as at 30 September 2017 and its interim cash flows for the nine-month period then ended in accordance with IAS 34.

### *Key Audit Matters*

The financial statements of the company for the year ended 31 December 2016 were audited by another auditor who expressed an unqualified opinion on those statements on 2 February 2017.

**Talal Abu Ghazaleh & Co. International**

**Firas Kilani**  
Licensed Auditor No. 632



10 October 2017

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT A**

**INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>NOTE</u>	<u>30 September 2017</u> <u>(Unaudited)</u>	<u>31 December 2016</u> <u>(Audited)</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	5	86,607,604	48,430,481
Margin trading receivables		15,116,465	3,362,634
Trade receivables and prepayments	6	4,047,949	5,120,981
Due from related party	11	30,903	---
Total current assets		<u>105,802,921</u>	<u>56,914,096</u>
<b><u>NON-CURRENT ASSETS</u></b>			
Investment designated at amortized cost	7	6,256,000	---
Property and equipment		26,528	19,485
Total non-current assets		<u>6,282,528</u>	<u>19,485</u>
<b>TOTAL ASSETS</b>		<u><u>112,085,449</u></u>	<u><u>56,933,581</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	8	61,493,780	24,932,180
Due to related party	11	19,457,540	19,496,000
Total current liabilities		<u>80,951,320</u>	<u>44,428,180</u>
<b><u>NON-CURRENT LIABILITY</u></b>			
Employee end of service benefits	9	246,513	209,386
Total non-current liability		<u>246,513</u>	<u>209,386</u>
<b><u>EQUITY</u></b>			
Share capital	10	30,000,000	30,000,000
Contributed capital	10 (c)	20,000,000	---
Statutory reserve		2,362,215	2,362,215
Accumulated (losses)		<u>(21,474,599)</u>	<u>(20,066,200)</u>
Net equity - Exhibit C		<u>30,887,616</u>	<u>12,296,015</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>112,085,449</u></u>	<u><u>56,933,581</u></u>

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Vice Chairman

THE ACCOMPANYING NOTES 1 TO 15 ARE AN  
 INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI- UNITED ARAB EMIRATES**

**EXHIBIT B**

**INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD**  
**FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

<u>Note</u>	3 Month ended 30 September <u>2017</u> (Unaudited)	9 Month ended 30 September <u>2017</u> (Unaudited)	9 Month ended 30 September <u>2016</u> (Unaudited)
Net commission income	1,018,745	2,860,218	1,692,219
Interest income	124,253	268,371	41,101
<b>Total income</b>	<u>1,142,998</u>	<u>3,128,589</u>	<u>1,733,320</u>
General and administrative expenses	(1,401,108)	(4,202,005)	(4,058,483)
Finance costs	(154,851)	(319,826)	(431,882)
Depreciation and amortization expenses	(4,352)	(15,157)	(99,558)
<b>(Loss) for the period - Exhibit C &amp; D</b>	<u><u>(417,313)</u></u>	<u><u>(1,408,399)</u></u>	<u><u>(2,856,603)</u></u>
<b>Total comprehensive (loss)</b>			
<b>for the period - Exhibit C &amp; D</b>	<u><u>(417,313)</u></u>	<u><u>(1,408,399)</u></u>	<u><u>(2,856,603)</u></u>

*THE ACCOMPANYING NOTES 1 TO 15 ARE AN  
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS*

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT C**

**INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD**  
**FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017**  
 (AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>Share capital</u>	<u>Contributed capital</u>	<u>Statutory reserve</u>	<u>Accumulated (losses)</u>	<u>Total</u>
Equity at 1 January 2016 (Audited)	30,000,000	----	2,362,215	(16,254,475)	16,107,740
Total comprehensive (loss) for the period - Exhibit B	----	----	----	(2,856,603)	(2,856,603)
Equity at 30 September 2016 (Unaudited)	<u>30,000,000</u>	<u>----</u>	<u>2,362,215</u>	<u>(19,111,078)</u>	<u>13,251,137</u>
Equity at 1 January 2017 (Audited)	30,000,000	----	2,362,215	(20,066,200)	12,296,015
Contributed capital	----	20,000,000	----	----	20,000,000
Total comprehensive (loss) for the period - Exhibit B	----	----	----	(1,408,399)	(1,408,399)
<b>Equity at 30 September 2017 - Exhibit A (Unaudited)</b>	<b><u>30,000,000</u></b>	<b><u>20,000,000</u></b>	<b><u>2,362,215</u></b>	<b><u>(21,474,599)</u></b>	<b><u>30,887,616</u></b>

*THE ACCOMPANYING NOTES 1 TO 15 ARE AN  
 INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS*

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT D**

**INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	9 Month ended	
	<u>30 September 2017</u>	<u>30 September 2016</u>
	(Unaudited)	(Unaudited)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES :</u></b>		
(Loss) for the period - Exhibit B	(1,408,399)	(2,856,603)
<b><u>Adjustment to reconcile net income to net cash provided by operating activities</u></b>		
Depreciation of property and equipment	15,157	99,558
Employee end of service benefits	71,707	51,344
Interest income	(268,371)	(41,101)
Finance costs	319,826	431,882
Operating (loss) before working capital changes	<u>(1,270,080)</u>	<u>(2,314,920)</u>
<b><u>Changes in the components of working capital:</u></b>		
(Increase) in margin trading receivables	(11,753,831)	(2,735,470)
Decrease / (increase) in trade receivables and prepayments	1,073,032	(4,157,061)
Increase / (decrease) in trade and other payables	36,561,600	(3,230,022)
(Decrease) in related party - net	(69,363)	(43,689)
Cash / (loss) generated from operations	<u>24,541,358</u>	<u>(12,481,162)</u>
End of service benefits obligation paid	<u>(34,580)</u>	<u>(11,369)</u>
<i>Net cash flows from / (used in) operating activities</i>	<u>24,506,778</u>	<u>(12,492,531)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES :</u></b>		
(Increase) in investment designated at amortized cost	(6,256,000)	----
Purchase of property and equipment	<u>(22,200)</u>	<u>(5,980)</u>
<i>Net cash flows (used in) investing activities</i>	<u>(6,278,200)</u>	<u>(5,980)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES :</u></b>		
Finance costs	(319,826)	(431,882)
Interest received	268,371	41,101
Contributed capital	20,000,000	----
<i>Net cash flows from / (used in) financing activities</i>	<u>19,948,545</u>	<u>(390,781)</u>
<b>NET CASH FLOWS GENERATED / (USED) DURING THE PERIOD</b>	<b>38,177,123</b>	<b>(12,889,292)</b>
Cash and cash equivalents at beginning of the period	<u>48,430,481</u>	<u>68,483,821</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD - Note 5</b>	<b><u>86,607,604</u></b>	<b><u>55,594,529</u></b>

*THE ACCOMPANYING NOTES 1 TO 15 ARE AN  
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS*

# **SECURITIES AND INVESTMENT COMPANY (UAE) LLC**

## **ABU DHABI - UNITED ARAB EMIRATES**

### **NOTES TO INTERIM FINANCIAL STATEMENTS**

**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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#### **1. STATUS AND ACTIVITIES**

- a) **Securities and Investment Company (UAE) LLC** (formerly "CI Capital Gulf Financial Brokerage Company LLC") was established on 11 February 2002, as a limited liability company, registered in the Emirates of Abu Dhabi under UAE Federal Law No. 8 of 1984 (as amended), subsequently superseded by Federal Law No. 2 of 2015. The company was granted a license to operate, in the Emirate of Abu Dhabi, by Emirates Securities and Commodities Authority ("ESCA") on 13 May 2002 and its registered head office P.O. Box 35399, Al Ghaith Tower, Hamdan Street, Abu Dhabi, United Arab Emirates.

The principal activity of the company is to provide brokerage services for customers trading in shares and securities on Abu Dhabi Securities Market and Dubai Financial Market and Nasdaq Dubai".

On 15 September 2011, CI Capital Gulf Financial Brokerage Company was acquired by the Securities and Investment Company BSC(c) and changed its name to Securities and Investment Company (UAE) LLC. The company is located in Al Wahda Commercial towers, P.O. Box 37618 under a new management. The company license number is CN-1043543.

- b) The principal activity of the company is local bonds and shares purchase and sale broker.

#### **2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

- a) In the current year, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2017.
- b) At the date of authorization of these financial statements, the following Standards and Interpretations have been issued but not yet effective :

	<u>Effective for annual periods beginning on or after</u>
IAS 7 Statement of cash flows	1 January 2017
IAS 12 Income taxes	1 January 2017
IFRS 15 Revenue from contracts with customers.	1 January 2018
IFRS 9 Financial instruments.	1 January 2018

#### **3. GOING CONCERN**

The company incurred net loss AED 1,408,399 in the third quarter of 2017 with accumulated losses amounting to AED 21,474,599 ended 30 September 2017 (31 December 2016 : AED 20,066,200). The interim financial statements are prepared on the assumption that the company is a going concern and will continue in operation for the foreseeable future with the financial support of parent company.



**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**

**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. *Interim Financial Statements Preparation Framework*

The interim financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Basis of preparation*

The interim financial statements have been prepared on the historical cost basis. The significant accounting policies are set out below.

i) *Cash and cash equivalents*

Cash comprises cash on hand, unrestricted cash at banks - current accounts and fixed deposit less than three months from date of maturity. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii) *Trade receivables*

Brokerage receivables are stated at net realizable value. When a brokerage receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the interim statement of comprehensive income.

iii) *Loans and receivables*

Loans and receivables includes brokerage and other receivables. Brokerage receivables that either have or do not have fixed or determinable payments and that are not quoted in active market, and other receivables are stated at net realizable value. The carrying value is not materially different from their fair value.

iv) *Financial assets designated at amortized cost*

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition or subsequent reclassification as the case may be.

Financial assets designated at amortized cost include debt instruments with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to collect contractual cash flows representing period repayments of principal and / or interest.

Investments are measured at amortized cost using the effective interest method less impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period by discounting estimated future cash inflows through the expected life of the financial asset.

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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c. *Related parties*

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the statement of financial position date, the related party receivable and payable is stated at the net realizable value.

d. *Intangible assets*

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use. Intangible asset acquired through business combination is recognized at its cost, being its fair value at the acquisition date.

Amortization is charged, to interim statement of comprehensive income, on a straight - line basis over the following useful lives of intangible assets:

<u>Category</u>	<u>Useful life</u>
Computer software	3 years

e. *Property and equipment*

The property and equipment are carried in the interim statement of financial position at their cost less any accumulated depreciation and any accumulated impairment.

The depreciation charge for each period is recognized in the interim statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company over the estimated useful life of the assets as follows:

<u>Category</u>	<u>Useful life</u>
Office furniture and fixtures	3 years
Computer equipment	3 years
Motor vehicles	3 years

On the subsequent derecognition (sale or retirement) of property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the interim statement of comprehensive income.

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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f. *Impairment of tangible and intangible assets*

At each interim statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the interim statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the interim statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g. *Financial liabilities*

Financial liabilities include trade and other payables. Trade payables, that have a fixed or determinable payments, that are not quoted in active market and other payables are stated at cost. The carrying value is not materially different from their fair value.

h. *Provisions*

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the interim statement of financial position date, that is, the amount that the company would rationally pay to settle the obligation at the interim statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each interim statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

# SECURITIES AND INVESTMENT COMPANY (UAE) LLC

## ABU DHABI - UNITED ARAB EMIRATES

### NOTES TO INTERIM FINANCIAL STATEMENTS

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

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i. *End of service benefits obligation*

End of service benefits obligation for employees is accounted for in accordance with U.A.E. Labour Law.

j. *Leave and leave passage*

A provision is made for the estimated liability for employees' entitlement to annual leave and annual leave passage as a result of services rendered by the employees up to the reporting date

k. *Statutory reserve*

In accordance with the requirements of the UAE Federal Commercial Companies Law No. 2 of 2015 and the Company's Articles of Association, an amount equals to 10% of the company's annual net profit is transferred to a statutory reserve until such reserve equals 50% of the company's paid up share capital. This reserve is not available for distribution.

l. *Revenue recognition*

i) *Commission income*

Commission income represents the invoiced value of brokerage services provided by the company during the year, and are recognized in profit or loss as the related services are performed.

ii) *Interest income*

Interest income is recognized in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset the carrying amount of it. When calculating the effective interest rate, the company estimates future cash flows considering all contractual terms of the financial asset.

m. *Foreign currency*

The interim financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency). In preparing the interim financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each interim statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the interim statement of financial position date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous interim financial statements shall be recognized in the interim statement of comprehensive income in the period in which they arise.

n. *Contingent liabilities*

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the interim financial statements.

o. *Critical accounting judgments and key sources of estimation uncertainty*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>30 September 2017</u> <u>(Unaudited)</u>	<u>31 December 2016</u> <u>(Audited)</u>
Cash in hand	3,342	3,816
Cash at banks - current account	76,604,262	48,426,665
Fixed deposit	10,000,000	----
<b>Total - Exhibit A &amp; D</b>	<u><u>86,607,604</u></u>	<u><u>48,430,481</u></u>

6. **TRADE RECEIVABLES AND PREPAYMENTS**

This item consists of the following:

	<u>30 September 2017</u> <u>(Unaudited)</u>	<u>31 December 2016</u> <u>(Audited)</u>
Settlement account with financial markets	1,200,423	----
Receivable from client	----	4,500,481
Prepaid expenses	710,051	456,560
Security deposits	1,888,000	45,000
Others	249,475	118,940
<b>Total - Exhibit A</b>	<u><u>4,047,949</u></u>	<u><u>5,120,981</u></u>

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

**7. INVESTMENTS DESIGNATED AT AMORTIZED COST**

a) This item consists of the following:	<u>30 September 2017</u>	<u>30 December 2016</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Additions during the period / year	<u>6,256,000</u>	----
<b>Total - Exhibit A</b>	<u><u>6,256,000</u></u>	<u>----</u>

b) Investment designated at amortized cost represents investment in BHSASB Sukuk at rate of 2.36% maturing on 22 November 2017.

**8. TRADE AND OTHER PAYABLES**

This item consists of the following:	<u>30 September 2017</u>	<u>31 December 2016</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Payables to customers	44,819,857	14,894,420
Settlement account with financial markets	16,359,841	9,696,199
Provision for bonus to staff	157,379	209,839
Others	156,703	131,722
<b>Total - Exhibit A</b>	<u><u>61,493,780</u></u>	<u><u>24,932,180</u></u>

**9. EMPLOYEE END OF SERVICE BENEFITS**

Details of movement in this account during the period / year are as follows:

	<u>30 September 2017</u>	<u>31 December 2016</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Balance at 1 January	209,386	150,758
Charge during the period / year	71,707	69,997
Settlement during the period / year	<u>(34,580)</u>	<u>(11,369)</u>
<b>Balance at 30 September / 31 December - Exhibit A</b>	<u><u>246,513</u></u>	<u><u>209,386</u></u>

**10. SHARE CAPITAL**

a) This item consists of the following:	<u>30 September 2017</u>	<u>31 December 2016</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Authorized, issued and paid in 30,000,000 equity shares of AED 1 each	<u>30,000,000</u>	<u>30,000,000</u>
<b>Total - Exhibit A &amp; C</b>	<u><u>30,000,000</u></u>	<u><u>30,000,000</u></u>

b) The share capital is maintained in accordance with Circular No. 45/2006 dated 18 December 2006 issued by ESCA.

c) As per shareholders resolution dated 9 May 2017, the shareholders decided to increase capital from AED 30 million to 50 million. The legal formalities for increase in capital is under progress.

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

11. **RELATED PARTIES**

- a) The company in the normal course of business conducts transactions with enterprises which fall within the definition of related parties as described by the International Financial Reporting Standards. The transaction with related parties are primarily financing in nature.

<u>DUE FROM THE ULTIMATE PARENT</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
This item consists of the following :	<u>(Unaudited)</u>	<u>(Audited)</u>
Securities and Investment Company BSC(c)	<u>30,903</u>	----
<b>Total - Exhibit A</b>	<u><b>30,903</b></u>	<u>----</u>

<u>DUE TO THE ULTIMATE PARENT</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
This item consists of the following :	<u>(Unaudited)</u>	<u>(Audited)</u>
Securities and Investment Company BSC(c)	<u>19,457,540</u>	<u>19,496,000</u>
<b>Total - Exhibit A</b>	<u><b>19,457,540</b></u>	<u><b>19,496,000</b></u>

<u>Due from the ultimate parent</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
This item consists of the following :	<u>(Unaudited)</u>	<u>(Audited)</u>
Towards Trades (customer receivable)	----	3,106,301

<u>Due to the ultimate parent</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
This item consists of the following :	<u>(Unaudited)</u>	<u>(Audited)</u>
Towards Trades (customer payable)	25,343,755	----

- b) On 4 June 2014, the parent provided the company with a credit facility amounting to USD 5,300,000. The credit facility is available for a period of five years to meet SCA requirements of margin trading. This facility is currently interest free.

<u>Transaction with ultimate parent</u>	<u>30 September 2017</u>	<u>30 September 2016</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Total transaction amount	917,742,510	597,235,641
Commission income	1,153,366	450,535
Interest on loan	2,401	194,476

**SECURITIES AND INVESTMENT COMPANY (UAE) LLC**  
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d) <i>Transaction with key management personnel</i>	<b>30 September 2017</b>	30 September 2016
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short term employee benefits	<b>468,542</b>	566,193
Post-employment benefits	<b>10,806</b>	14,187

**12. CONTINGENT LIABILITIES**

i) This item consists of the following:	<b>30 September 2017</b>	31 December 2016
	<b>(Unaudited)</b>	<b>(Audited)</b>
Letters of guarantee	<b>50,000,000</b>	50,000,000

ii) The company has letters of guarantee in the amount of AED 50 million (31 December 2016 : AED 50 million) in favour of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the Securities and Commodities Authority.

**13. LITIGATION**

During the year 2013, the company was served notice of legal action brought against it jointly with a third party by one of the company's old customers.

The plaintiff claimed damages of AED 10 million resulting from a fraudulent transaction carried out by the third party and allegedly one of the old employees of the company. The transaction took place prior to the acquisition of the entire shares of the company by the current shareholders when the company's name was CI Capital Gulf Financial Brokerage Company L.L.C.

The current shareholders included a clause in the sale and purchase agreement that exonerate the company from any legal action related to any incident prior to the purchase date of 15 September 2011 and places the liability on the old shareholders.

At this stage of the action, the management believes that as per the International Accounting Standard 37 " Provision, contingent liabilities and contingent assets", there is no need for a provision to be created in these condensed interim financial statements.

**14. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to comply with the interim financial statements presentation for the current year.

**15. GENERAL**

The figures in the interim financial statements are rounded to the nearest Dirham of United Arab Emirates.