

**Securities & Investment Company
(UAE) LLC**

Condensed interim financial information

30 September 2015

Securities & Investment Company (UAE) LLC

Condensed interim financial information

<i>Contents</i>	<i>Page</i>
Independent auditor's report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial information	6 - 9



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Independent auditor's report on review of condensed interim financial information

The Shareholders
Securities & Investment Company (UAE) LLC

Introduction

We have reviewed the accompanying condensed interim financial information of Securities & Investment Company (UAE) LLC ("the Company"), which comprises:

- the condensed interim statement of financial position as at 30 September 2015;
- the condensed interim statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2015;
- the condensed interim statement of changes in equity for the nine month period ended 30 September 2015;
- the condensed interim statement of cash flows for the nine month period ended 30 September 2015; and
- notes to 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 the 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 and for the nine month period ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of matter

- (i) Without qualifying our opinion, we draw attention to note 3 (a) to the condensed interim financial information, which states that this condensed interim financial information has been prepared on a going concern basis, notwithstanding the fact that the Company incurred a loss of AED 3,512,098 (2014: AED 1,036,825) for the nine months period ended 30 September 2015 and had accumulated losses amounting to AED 15,027,189 (31 December 2014: AED 11,515,091) as at that date. Furthermore, since accumulated losses amounting to AED 15,027,189 (31 December 2014: AED 11,515,091) exceed half of the share capital of the Company as at 30 September 2015, in compliance with the provisions of Article 301 of UAE Federal Law No. 2 of 2015, the Company's shareholders have resolved to continue the operations of the Company.
- (ii) Without qualifying our opinion, we draw attention to note 8 in the condensed interim financial information, which describes an uncertainty relating to the outcome of a lawsuit filed against the Company by a third party.

KPMG Lower Gulf Limited
Munther Dajani
Registration No: 268

28 OCT 2015

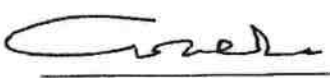
Securities & Investment Company (UAE) LLC

Condensed interim statement of financial position as at

		30 September 2015 (Unaudited) AED	31 December 2014 AED
Non-current assets			
Furniture, fixtures and equipment		105,997	280,310
Intangible assets		67,430	224,794
Total non-current assets		173,427	505,104
Current Assets			
Margin trading receivables	4	10,064,262	12,867,851
Trade receivables and prepayments	5	4,957,144	871,838
Cash and bank balances		46,860,259	48,127,198
Total current assets		61,881,665	61,866,887
Total assets		62,055,092	62,371,991
Equity			
Share capital		30,000,000	30,000,000
Statutory reserve		2,362,215	2,362,215
Accumulated losses		(15,027,189)	(11,515,091)
Total equity		17,335,026	20,847,124
Non-current liabilities			
Employees' terminal benefits		130,186	158,927
Total non-current liabilities		130,186	158,927
Current liabilities			
Trade and other payables	6	25,056,084	21,769,225
Amounts due to a related party	7	19,533,796	19,596,715
Total current liabilities		44,589,880	41,365,940
Total liabilities		44,720,066	41,524,867
Total equity and liabilities		62,055,092	62,371,991

This condensed interim financial information was approved and authorised for issue by the Board of Directors on 28/10/2015 and was signed on their behalf by:


Chairman


Director

The notes 1 to 8 are an integral part of this condensed interim financial information.

The independent auditor's report on review of condensed interim financial information is set out on page 1.

Securities & Investment Company (UAE) LLC

Condensed interim statement of profit or loss and other comprehensive income
for the period ended

	Nine month period ended		Three month period ended	
	30 September	30 September	30 September	30 September
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED	AED	AED	AED
Net commission income	1,650,684	4,337,132	372,713	1,025,964
Interest income	6,470	13,830	1,771	10,283
Total income	1,657,154	4,350,962	374,484	1,036,247
General and administrative expenses	(4,303,533)	(4,231,776)	(1,399,902)	(1,369,884)
Depreciation and amortisation	(355,626)	(816,364)	(75,932)	(269,445)
Finance costs	(510,093)	(339,647)	(147,298)	(178,990)
Loss for the period	(3,512,098)	(1,036,825)	(1,248,648)	(782,072)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(3,512,098)	(1,036,825)	(1,248,648)	(782,072)

The notes 1 to 8 are an integral part of this condensed interim financial information.

The independent auditor's report on review of condensed interim financial information is set out on page 1.

Securities & Investment Company (UAE) LLC

Condensed interim statement of changes in equity for the nine months period ended 30 September (Unaudited)

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Total AED
At 1 January 2014	30,000,000	2,362,215	(9,863,788)	22,498,427
Total comprehensive loss for the period	-	-	(1,036,825)	(1,036,825)
At 30 September 2014 (Unaudited)	30,000,000	2,362,215	(10,900,613)	21,461,602
At 1 January 2015	30,000,000	2,362,215	(11,515,091)	20,847,124
Total comprehensive loss for the period	-	-	(3,512,098)	(3,512,098)
At 30 September 2015 (Unaudited)	30,000,000	2,362,215	(15,027,189)	17,335,026

The notes 1 to 8 are an integral part of this condensed interim financial information.

The independent auditor's report on review of condensed interim financial information is set out on page 1.

Securities & Investment Company (UAE) LLC

Condensed interim statement of cash flows
for the nine months period ended 30 September

	2015 (Unaudited) AED	2014 (Unaudited) AED
Cash flows from operating activities		
Loss for the period	(3,512,098)	(1,036,825)
<i>Adjustments for:</i>		
Depreciation and amortization	355,626	816,364
Interest income	(6,470)	(13,830)
Finance costs	510,093	339,647
Provision for employees' terminal benefits	(7,169)	52,149
	<u>(2,660,018)</u>	<u>157,505</u>
<i>Changes in:</i>		
- Trade receivables and prepayments	(4,085,306)	3,013,858
- Margin trading receivables	2,803,589	(18,411,122)
- Trade and other payables	3,286,859	17,824,670
- Amounts due to related party	(62,918)	18,726,800
Employees' terminal benefits paid	(21,572)	-
	<u>(739,366)</u>	<u>21,311,711</u>
Net cash (used in) / from operating activities		
Cash flows from investing activity		
Purchase of furniture, fixtures and equipment	(23,950)	(214,891)
	<u>(23,950)</u>	<u>(214,891)</u>
Cash used in investing activity		
Cash flows from financing activities		
Finance costs paid	(510,093)	(339,647)
Interest received	6,470	13,830
	<u>(503,623)</u>	<u>(325,817)</u>
Net cash used in financing activities		
Net (decrease) / increase in cash and cash equivalents	<u>(1,266,939)</u>	<u>20,771,003</u>
Cash and cash equivalents at 1 January	48,127,198	23,870,230
Cash and cash equivalents at 30 September	<u><u>46,860,259</u></u>	<u><u>44,641,233</u></u>

The notes 1 to 8 are an integral part of this condensed interim financial statements.

The independent auditor's report on review of condensed interim financial information is set out on page 1.

Securities & Investment Company (UAE) LLC

Notes to the condensed interim financial information

1 Legal status and principal activities

Securities & Investment Company (UAE) LLC (Formerly "CI Capital Gulf Financial Brokerage Company LLC") (the "Company") was established on 11 February 2002, as a limited liability company, registered in the Emirate 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 the 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 Exchange (ADX) and Dubai Financial Market (DFM).

On 15 September 2011, CI Capital Gulf Financial Brokerage Company was acquired by the Securities & Investment Company BSC(c) the "Parent", which is also the ultimate controlling party of the Company, and changed its name to Securities & Investment Company (UAE) LLC located in Al Wahda commercial towers, P.O. Box 37618 under a new management. The Company's license number is CN-1043543.

2 Principal shareholders

	Shareholding
Securities & Investment Company BSC(c)	99%
Sico Ventures Company Spc	1%
	<hr/>
	<u>100%</u>

3 Significant accounting policies

a) Going concern

This condensed interim financial information has been prepared on a going concern basis, notwithstanding the fact that the Company incurred a loss of AED 3,512,098 (2014: AED 1,036,825) for the nine month period ended 30 September 2015 and had accumulated losses amounting to AED 15,027,189 (31 December 2014: AED 11,515,091) as at that date. Furthermore, since accumulated losses amounting to AED 15,027,189 (31 December 2014: AED 11,515,091) exceed half of the share capital of the Company as at 30 September 2015, in compliance with the provisions of Article 301 of UAE Federal Law No. 2 of 2015, the Company's shareholders have resolved to continue the operations of the Company.

b) Statement of compliance

This condensed interim financial information has been prepared in accordance with International Accounting Standard ("IFRS"), IAS 34 *Interim Financial Reporting*. It does not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 31 December 2014.

c) Basis of preparation

The condensed interim financial information is prepared under the historical cost convention.

Items included in the condensed interim financial information of the Company are measured and presented in United Arab Emirates "Dirhams" ('AED') which is the functional currency of the Company.

The accounting policies applied by the Company in this condensed interim financial information are the same as those applied by the Company in its annual audited financial statements for the year ended 31 December 2014.

Securities & Investment Company (UAE) LLC

Notes to the condensed interim financial information

3 Significant accounting policies *(continued)*

d) Use of judgments and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2014.

e) Financial risk management

The Company's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2014.

4 Margin trading receivables

The Company has obtained the license from ESCA under registration 604010 dated 24 November 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. The financing agreements are usually short term. The margin trading account will be subject to discretionary interest charges.

Investors borrowing from the Company provide additional cash or securities if the price of a stock drops reaches the lending margin. In case of default or deterioration of collateral value, the Company is allowed to liquidate the position. The fair value of securities held as collateral against margin trading receivables as at the reporting date amounts to AED 24,147,154 (31 December 2014: AED 26,513,651).

As at the reporting date, the commitments extended to customers for margin trading have an undrawn limit of AED 2,501,738 (31 December 2014: AED 2,255,149).

5 Trade receivable and prepayments

	30 September 2015 (Unaudited) AED	31 December 2014 AED
Settlement account with financial markets	4,365,778	265,555
Prepaid expenses	452,676	509,598
Security deposits	53,000	53,000
Other	85,690	43,685
	<hr/> 4,957,144 <hr/>	<hr/> 871,838 <hr/>

Securities & Investment Company (UAE) LLC

Notes to the condensed interim financial information

6 Trade and other payables

	30 September 2015 (Unaudited) AED	31 December 2014 AED
Payables to customers*	22,828,343	19,872,486
Margin Trading Payables	1,814,142	808,430
Settlement account with financial markets	55,662	737,449
Provision for staff bonuses	304,655	278,460
Others	53,282	72,400
	<u>25,056,084</u>	<u>21,769,225</u>

* Included in payables to customers is a balance of AED 10,508,673 (2014: 15,798,101) arising from transactions with the Parent Company in the ordinary course of business and are on arm's length terms (please refer to note 7).

7 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Company, related parties include shareholders, directors of the Company and companies where these directors act in capacity of principal owners or key management personnel.

Balances with related parties are as follows:

	30 September 2015 (Unaudited) AED	31 December 2014 AED
<i>Due to the Parent:</i>		
Amounts due to a related party	19,533,796	19,596,715
Payables to customers (note 6)	10,508,673	15,798,101
	<u>19,533,796</u>	<u>19,596,715</u>

	Nine months period ended 30 September 2015 (Unaudited) AED	Nine months period ended 30 September 2014 (Unaudited) AED
<i>Transactions with Parent:</i>		
Total transactions amount	763,855,674	1,715,010,040
Commission income	575,555	1,288,114
	<u>763,855,674</u>	<u>1,715,010,040</u>

Securities & Investment Company (UAE) LLC

Notes to the condensed interim financial information

7 Related parties (continued)

Transactions with key management personnel

	Nine months period ended 30 September 2015 (Unaudited) AED	Nine months period ended 30 September 2014 (Unaudited) AED
Short term employee benefits	470,150	377,833
Post-employment benefits	77,583	70,617

8 Contingent liabilities

- i) During 2014, the Company was served a notice of legal action brought against it jointly with a third party by one of the Company's previous 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 previous 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 LLC.

The current shareholders included a clause in the sale and purchase agreement that exonerates 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.

As at the reporting date Management believes that as per the International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets", no provisions are required in these condensed interim financial information in relation to the matter described above.

- ii) The Company has issued letters of guarantee in favour of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) amounting to AED 15 million (31 December 2014: AED 15 million) and AED 35 million (31 December 2014: AED 35 million) respectively in accordance with the requirements issued by the Securities and Commodities Authority.