Dubai Financial Market P.J.S.C (DFM)

Consolidated financial statements for the year ended 31 December 2015

Dubai Financial Market P.J.S.C (DFM)

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Independent auditor's report for Dubai Financial Market P.J.S.C

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dubai Financial Market P.J.S.C (DFM) ("the Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Douglas O'Mahony, Paul Suddaby and Jacques Fakhoury are registered as practising auditors with the UAE Ministry of Economy

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Chairman's report and Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 21.5 to the consolidated financial statements, the Group has invested in shares during the year ended 31 December 2015;

vi) note 15 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015; and

viii) as disclosed in note 26, the Group has not made any monetary social contributions during the year ended 31 December 2015.

PricewaterhouseCoopers
04 February 2016

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of financial position as at 31 December 2015

	Notes	2015 AED'000	2014 AED'000
ASSETS			
Non-current assets			
Goodwill	4	**2,878,874**	2,878,874
Other intangible assets	4	**2,321,932**	2,384,295
Property and equipment	5	**21,436**	15,269
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	6	**702,149**	718,060
Investment deposits	7	**777,947**	742,168
Total non-current assets		**6,702,338**	6,738,666
Current assets			
Prepaid expenses and other receivables	8	**46,211**	27,172
Investment deposits	7	**1,584,962**	2,038,101
Cash and bank balances	9	**201,002**	198,208
Total current assets		**1,832,175**	2,263,481
Total assets		**8,534,513**	9,002,147
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**8,000,000**	8,000,000
Treasury shares		**(4,364)**	(4,364)
		7,995,636	7,995,636
Investments revaluation reserve – FVTOCI	11	**(780,437)**	(693,199)
Statutory reserve	11	**381,027**	354,929
Retained earnings		**431,787**	755,917
Equity attributable to owners of the company		**8,028,013**	8,413,283
Non-controlling interest		**18,176**	17,354
Total equity		**8,046,189**	8,430,637
Non-current liabilities			
Subordinated loan	15	**24,343**	23,282
Provision for employees' end of service indemnity	12	**13,879**	12,006
Total non-current liabilities		**38,222**	35,288
Current liabilities			
Payables and accrued expenses	13	**408,398**	501,484
Dividends payable	14	**33,139**	29,256
Due to related parties	15	**8,565**	5,482
Total current liabilities		**450,102**	536,222
Total liabilities		**488,324**	571,510
Total equity and liabilities		**8,534,513**	9,002,147

These consolidated financial statements were approved on 04 February 2016 by the Board of Directors and signed on its behalf by:

....
Chairman

The notes on pages 8 to 39 form an integral part of these consolidated financial statements

Dubai Financial Market P.J.S.C (DFM)

Consolidated income statement
for the year ended 31 December 2015

	Notes	2015 AED'000	2014 AED'000
Income			
Trading commission fees		**335,162**	806,049
Brokerage fees		**19,440**	14,989
Clearing, settlement and depositary fees		**34,799**	55,916
Listing and market data fees		**9,267**	8,756
Other fees		**4,515**	3,301
Operating income		**403,183**	889,011
Investment income	16	**57,673**	54,438
Other income		**433**	3,827
Total income		**461,289**	947,276
Expenses			
General and administrative expenses	17	**(136,060)**	(124,071)
Amortization of intangible assets	4	**(62,363)**	(62,363)
Interest expense	15	**(1,061)**	(1,014)
Total expenses		**(199,484)**	(187,448)
Net profit for the year		**261,805**	759,828
Attributable to :			
Owners of the company		**260,983**	759,312
Non-controlling interest		**822**	516
		261,805	759,828
Basic/Diluted Earnings per share – AED	18	**0.033**	0.095

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of comprehensive income for the year ended 31 December 2015

	2015 AED'000	2014 AED'000
Net profit for the year	**261,805**	759,828
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	**(85,693)**	88,056
Total comprehensive income for the year	**176,112**	847,884
Attributable to:		
Owners of the Company	**175,290**	847,368
Non-controlling interest	**822**	516
Total comprehensive income for the year	**176,112**	847,884

The notes on pages 8 to 39 form an integral part of these consolidated financial statements

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital AED'000	Treasury shares AED'000	Investments revaluation reserve FVTOCI AED'000	Statutory reserve AED'000	Retained earnings AED'000	Attributable to owners of the company AED'000	Non-controlling interest AED'000	Total AED'000
As at 1 January 2014	8,000,000	(4,364)	(789,102)	278,998	449,684	7,935,216	16,838	7,952,054
Net profit for the year	-	-	-	-	759,312	759,312	516	759,828
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	88,056	-	-	88,056	-	88,056
Total comprehensive income for the year	-	-	88,056	-	759,312	847,368	516	847,884
Appropriation of non-sharia compliant income (Note 20)	-	-	-	-	(15,697)	(15,697)	-	(15,697)
Dividends declared, net of appropriation of non-sharia compliant income (Note 10)					(353,604)	(353,604)		(353,604)
Transfer to statutory reserve (Note 11)				75,931	(75,931)	-	-	-
Realised loss on disposal of investment	-	-	7,847		(7,847)	-	-	-
As at 31 December 2014	**8,000,000**	**(4,364)**	**(693,199)**	**354,929**	**755,917**	**8,413,283**	**17,354**	**8,430,637**
As at 1 January 2015	8,000,000	(4,364)	(693,199)	354,929	755,917	8,413,283	17,354	8,430,637
Net profit for the year	-	-	-	-	260,983	260,983	822	261,805
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	(85,693)	-	-	(85,693)	-	(85,693)
Total comprehensive income for the year	-	-	(85,693)	-	260,983	175,290	822	176,112
Appropriation of non-sharia compliant income (Note 20)	-	-	-	-	(29,646)	(29,646)	-	(29,646)
Dividends declared, net of appropriation of non-sharia compliant income (Note 10)	-	-	-	-	(530,058)	(530,058)	-	(530,058)
Transfer to statutory reserve (Note 11)	-	-	-	26,098	(26,098)			
Realised gain on disposal of investments	-	-	(1,545)	-	1,545	-	-	-
Zakat	-	-	-		(856)	(856)	-	(856)
As at 31 December 2015	**8,000,000**	**(4,364)**	**(780,437)**	**381,027**	**431,787**	**8,028,013**	**18,176**	**8,046,189**

The notes on pages 8 to 39 form an integral part of these consolidated financial statements.

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	2015 AED'000	2014 AED'000
Cash flows from operating activities			
Net profit for the year		**261,805**	759,828
Adjustments for:			
Depreciation of property and equipment	5	**5,848**	6,476
Provision for employees' end of service indemnity	12	**2,278**	2,672
Amortization of intangible assets	4	**62,363**	62,363
Write off of property and equipment	5	**-**	14
Interest expense	15	**1,061**	1,014
Income on investment deposits	16	**(46,828)**	(44,862)
Dividend income	16	**(10,845)**	(30,569)
Fair value loss on initial recognition	16	**-**	20,993
Operating cash flow before changes in operating assets and liabilities		**275,682**	777,929
(Increase)/decrease in prepaid expenses and other receivables		**(14,583)**	13,055
Increase/(decrease) in due to a related party	15	**3,083**	(45,347)
(Decrease)/increase in payables and accrued expenses		**(93,942)**	293,810
Cash generated from operations		**170,240**	1,039,447
Employees' end of service indemnity paid	12	**(405)**	(504)
Net cash generated from operating activities		**169,835**	1,038,943
Cash flows from investing activities			
Proceeds from sale and redemption of investments		**31,699**	19,180
Purchase of investments		**(101,468)**	(12,366)
Purchase of property and equipment	5	**(12,015)**	(10,220)
Net investment deposits (excluding cash and cash equivalents & non cash transactions)	7	**(10,352)**	(458,672)
Investment deposit income received		**41,022**	42,907
Dividend received	16	**10,845**	30,569
Net cash used in investing activities		**(40,269)**	(388,602)
Cash flows from financing activities			
Dividends paid to shareholders	10	**(526,176)**	(343,576)
Distribution of non-Sharia compliant income to shareholders	10,20	**(29,646)**	(46,186)
Net cash used in financing activities		**(555,822)**	(389,762)
Net (decrease)/ increase in cash and cash equivalents		**(426,256)**	260,579
Cash and cash equivalents at the beginning of the year		**687,258**	426,679
Cash and cash equivalents at the end of the year	9	**261,002**	687,258

The notes on pages 8 to 39 form an integral part of these consolidated financial statements.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements the year ended 31 December 2015

1. Establishment and operations

Dubai Financial Market (DFM) - PJSC (the "Company") is a public joint stock company incorporated in the Emirate of Dubai – United Arab Emirates, pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on February 6, 2007, and is subject to the provisions of the UAE Federal Law No. 2 of 2015 ("Companies Law").

UAE Federal Law No. 2 of 2015 ("Companies Law") which is applicable to the Group has come into effect on 1 July 2015. The Group is currently assessing and evaluating the relevant provisions of the Companies Law. It has twelve months from the effective date of the Companies Law to fully comply with the Companies Law under the transitional provisions set out therein.

The licensed activities of the Company are trading in financial instruments, acting as a commercial, industrial and agricultural holding and trust company, financial investment consultancy, and brokerage in local and foreign shares and bonds. In accordance with its Articles of Association, the Company complies with the provisions of Islamic Shari'a in all its activities and operations and invests its funds in accordance with these provisions.

The Company's shares are listed on the Dubai Financial Market ("DFM").

The Company currently operates the Dubai stock exchange, related clearing house and carries out investment activities on its own behalf.

The registered address of the Company is Dubai World Trade Center, Sheikh Zayed Road, P.O. Box 9700, Dubai.

The ultimate parent and controlling party is the Government of Dubai which owns 79.63 % of DFM through Borse Dubai Limited (the "Parent"), a Government of Dubai entity.

These consolidated financial statements comprise DFM – (PJSC) and its subsidiaries (together referred to as "the Group"). Details of the subsidiaries are as follows:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Limited*	Electronic Financial Market	U.A.E.	67%

Nasdaq Dubai Limited has the following subsidiary:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Guardian Limited	Bare nominee solely on behalf of Nasdaq Dubai Limited	U.A.E.	100%

* The remaining 33 % is held by Borse Dubai Limited.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of other financial assets measured at fair value through other comprehensive income (FVTOCI) following early adoption of IFRS 9 in 2009.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The consolidated financial statements are prepared and presented in United Arab Emirates Dirham (AED) which is the Group's functional and presentation currency and are rounded off to the nearest thousands ("000") unless otherwise indicated.

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2015

(a) New and amended standards adopted by the Group

Standards and amendments to published standards effective for the Group's accounting period beginning on 1 January 2015

The following applicable amendments to existing standards have been published and are effective for the Group's accounting periods beginning on 1 January 2015.

Annual improvements 2012 (Effective date – 1 July 2014)

These annual improvements amend standards from the 2010 - 2012 reporting cycle. It includes changes to:

- IFRS 8, 'Operating segments' which is amended to require disclosure of the judgments made by management in applying the aggregation criteria to operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

2 Summary of significant accounting policies (continued)

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2015 (continued)

(a) New and amended standards adopted by the Group (continued)

Standards and amendments to published standards effective for the Group's accounting period beginning on 1 January 2015 (continued)

- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated wherrre an entity uses the revaluation model.
- IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

Annual improvements 2013

IFRS 13 'Fair value measurement' on clarification of the portfolio exemption in IFRS 13 - The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

IAS 19, Defined benefit plans: Employee contributions (Effective date – 1 July 2014)

The amendment clarifies the accounting by entities with plans that require contributions linked only to service in each period. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employees' working lives.

The above amendments to existing standards do not have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2015. Apart from the above amendments, there are no new standards that have a potential significant impact on these consolidated financial statements.

(b) New and amended standards not early adopted by the Group

Standards, amendments and interpretations issued but not yet effective for the Group's accounting period beginning on 1 January 2015 and not early adopted

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortization (Effective date 1 January 2016)

This amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The presumption may only be rebutted in certain limited circumstances.

2 Summary of significant accounting policies (continued)

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2015 (continued)

(b) New and amended standards not early adopted by the Group (continued)

Standards, amendments and interpretations issued but not yet effective for the Group's accounting period beginning on 1 January 2015 and not early adopted (continued)

Amendments to IAS 1, 'Presentation of financial statements' (Effective date 1 January 2016)

The amendments clarify that it may be necessary to disaggregate some of the line items specified in IAS 1 paragraphs 54 (statement of financial position) and 82 (profit or loss). That disaggregation is required where it is relevant to an understanding of the entity's financial position or performance.

Annual improvements 2014 (Effective date 1 July 2016)

These annual improvements amend standards from the 2012 - 2014 reporting cycle. It includes changes to:

- IFRS 7, 'Financial instruments: Disclosures' – The amendment related to servicing contracts requires that if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.
- IAS 19, 'Employee benefits' – The amendment clarifies, when determining the discount rate for post-employment benefit obligations, that it is the currency that the liabilities are denominated in that is important, not the country where they arise.
- IAS 34,'Interim financial reporting', regarding information disclosed elsewhere in the interim financial report. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

IFRS 15, 'Revenue from contracts with customers' (Effective date 1 January 2018)

This standard replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

2 Summary of significant accounting policies (continued)

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2015 (continued)

(b) New and amended standards not early adopted by the Group (continued)

<u>Standards, amendments and interpretations issued but not yet effective for the Group's accounting period beginning on 1 January 2015 and not early adopted</u> (continued)

IFRS 9 'Financial Instruments' (Effective date 1 January 2018)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Earlier application is permitted. If an entity elects to early apply it must apply all of the requirements at the same time with the following exception: Entities with a date of initial application before 1 February 2015 continue to have the option to apply the standard in phases. The Group has early adopted the November 2009 classification and measurement version of IFRS 9. Since this adoption was before 1 February 2015, the Group is not required to early adopt the phases pertaining to impairment and hedging issued in July 2014. Accordingly, the Group continues to apply the impairment provisions of IAS 39.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (Effective date Annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Other than the classification and measurement version of IFRS 9, which has been early adopted, management has assessed the impact of the above new standards and amendments to existing standards and has concluded that there is no significant impact expected from the amendments on the Group's consolidated financial statements. There are no other IFRSs of IRFRC interpretations that are not yet effective that would be expected to have a material impact on the Consolidated financial statements of the Group.

2. Summary of significant accounting policies (continued)

2.3 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration given for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration given includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration given and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

2. Summary of significant accounting policies (continued)

2.4 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment. Intangible assets are amortised over their estimated useful lives, using the straight-line method as follows:

License to operate as a Stock Exchange	50 years
Relationship with market participants (Brokers)	10 years
Historical trading database	5 years

The amortisation period and method are reviewed and adjusted, as appropriate, at each consolidated statement of financial position date.

2.5 Goodwill

Goodwill represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any identified impairment loss. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement when incurred.

2. Summary of significant accounting policies (continued)

2.6 Property and equipment (continued)

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Computers and information systems	3-5
Leasehold improvements	7
Furniture and office equipment	3-10
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is brought into use and is depreciated in accordance with the Group's accounting policy.

2.7 Due from financial institutions and investment deposits

Amounts due from financial institutions and investment deposits are initially recognized at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from financial institutions and investment deposits is assessed as outlined in the accounting policy on financial assets.

2.8 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value and the difference between the fair value and the consideration given or received is recognised in the income statement. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.9 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment (except for debt instruments that are designated as at fair value through profit or loss on initial recognition to eliminate an accounting mismatch):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that do not meet the amortised cost criteria are measured at fair value through profit or loss (FVTPL). In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at fair value through income statement. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount.

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, equity instruments are recorded at fair value through profit or loss (FVTPL) however the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated or effective as a hedging instrument, or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The cumulative gain or loss is not reclassified to consolidated income statement on disposal of the investments.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established. Dividends earned are recognised in the consolidated income statement and are included in the 'investment income' (Note 16).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the fair value of the consideration received and receivable is recognised in the consolidated income statement.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments valuation reserve is reclassified to retained earnings.

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flows of the asset have been affected as a result of one or more events that occurred after the initial recognition of the financial assets.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

2. Summary of significant accounting policies (continued)

2.10 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the fair value of the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement.

2.11 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, current, saving and mudarabah accounts with banks and bank deposits with an original maturity of less than three months.

2.12 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

2. Summary of significant accounting policies (continued)

2.13 Employees' end of service indemnity and benefits

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The provision relating to end of service benefit is disclosed as a non-current liability.

U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labour Law No. 7 of 1999, the Group is required to contribute between 12.5% - 15% of the "contribution calculation salary" of U.A.E. payroll costs to the retirement benefit scheme to fund the benefits.

The employees are also required to contribute 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated income statement.

The provision made by DFM for end of service benefits due to expatriate employees is in compliance with the UAE law for their periods of service up to the balance sheet date. In accordance with the provisions of IAS 19, to assess the present value of its obligations as at 31 December 2015, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Law, the expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.16% (2014: 4.27%). Under this method an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. The assumed average annual salary growth is 2% (2014: 2%).

The provision made by Nasdaq Dubai Limited for the end of service benefits due to expatriate employees is in accordance with DIFC Law. Management uses the projected unit credit method to measure the employees' end of service benefits payable under the DIFC Employment Law.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Summary of significant accounting policies (continued)

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

2.16 Revenue recognition

Trading commission fees are recognized when the underlying trade or transfer has been consummated.

Clearing, settlement& depositary fees are recognized when transfer & pledge shares and other CSD Services has been consummated and services provided.

Brokers' fees are recognised on a straight line basis over the period of the benefits utilization.

Listing and market data fees are recognized on a straight line basis over the period of the listing and benefits utilized.

Dividend income is recognised when the right to receive payment is established.

Return on Islamic investment deposits are recognised on a time proportion basis and is based on the expected minimum rate of return specified in the investment agreement.

2.17 Foreign currency transactions

For the purpose of these consolidated financial statements UAE Dirhams (AED) is the functional and the presentation currency of the Group.

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UAE Dirhams (AED), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

3. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 2 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

The following are the critical accounting estimates and judgments, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models.

Intangible assets

Management has estimated the useful lives of the intangible assets based on analysis of relevant factors relating to the expected period over which the intangible assets are expected to generate cash inflows to the Group in the foreseeable future. Management assesses the estimated useful lives on a periodic basis.

Impairment for goodwill and intangibles

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets that are subject to amortisation are also tested annually for impairment. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs of disposal and value in use. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairment of intangible assets are reviewed for possible reversal at each reporting date.

Depreciation of property and equipment

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial. Management assesses the estimated useful lives on a periodic basis.

3. Critical accounting estimates and judgments (continued)

Allowance for doubtful debts

At each reporting date, the management conducts a detailed review of receivable balances, an allowance for doubtful debts is established based on this review, management experience and prevailing economic conditions.

Provision for end of service benefits

At each reporting date a provision is made for the estimated liability in respect of employees' entitlements to leave passage and leave pay as a result of services rendered by the employees up to the reporting date.

4. Goodwill and Intangible assets

	Goodwill AED'000	License to operate as a Stock Exchange AED'000	Relationships with market participants (Brokers) AED'000	Historical trading database AED'000	Total AED'000
Cost					
At 1 January 2014 and 2015	2,878,874	2,824,455	58,744	67,455	5,829,528
At 31 December 2014 and 2015	2,878,874	2,824,455	58,744	67,455	5,829,528
Amortization					
At 1 January 2015	-	451,912	46,992	67,455	566,359
Charge for the year		56,489	5,874	-	62,363
At 31 December 2015	-	508,401	52,866	67,455	628,722
At 1 January 2014	-	395,423	41,118	67,455	503,996
Charge for the year		56,489	5,874	-	62,363
At 31 December 2014	-	451,912	46,992	67,455	566,359
Carrying amount					
At 31 December 2015	**2,878,874**	**2,316,054**	**5,878**	-	**5,200,806**
At 31 December 2014	2,878,874	2,372,543	11,752	-	5,263,169

There was no evidence of impairment of the goodwill at 31 December 2015 on the basis that the fair value of the business, based on the Company's quoted market price at 31 December 2015 was in excess of its net assets at that date.

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

5. Property and equipment

	Computers and information systems AED'000	Leasehold improvement AED'000	Furniture and office equipment AED'000	Motor vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 31 December 2013	135,008	11,273	15,296	252	2,528	164,357
Additions	3,853	-	2,218	-	4,149	10,220
Disposals	(12,282)	-	(1,336)	-	-	(13,618)
Transfers	2,446	-	93	-	(2,539)	-
At 31 December 2014	129,025	11,273	16,271	252	4,138	160,959
Additions	4,135	130	2,721	64	4,965	12,015
Disposals	(15,011)	-	(4,393)	-	-	(19,404)
Transfers	2,828	-	-	-	(2,828)	-
At 31 December 2015	**120,977**	**11,403**	**14,599**	**316**	**6,275**	**153,570**
Accumulated depreciation						
At 31 December 2013	128,430	11,268	12,868	252	-	152,818
Charge for the year	5,023	2	1,451	-	-	6,476
Disposals	(12,282)	-	(1,322)	-		(13,604)
At 31 December 2014	121,171	11,270	12,997	252	-	145,690
Charge for the year	4,252	9	1,572	15	-	5,848
Disposals	(15,011)	-	(4,393)			(19,404)
At 31 December 2015	**110,412**	**11,279**	**10,176**	**267**	-	**132,134**
Carrying amount						
At 31 December 2015	**10,565**	**124**	**4,423**	**49**	**6,275**	**21,436**
At 31 December 2014	7,854	3	3,274	-	4,138	15,269

6. Other financial assets measured at fair value through other comprehensive income (FVTOCI)

	2015 AED'000	2014 AED'000
Investment in equity securities	**323,164**	386,707
Managed funds – Note (a)	**277,120**	331,353
Investment in sukuk	**101,865**	-
	702,149	718,060

Investments by geographic concentration are as follows:

	2015 AED'000	2014 AED'000
- Within U.A.E.	**659,505**	669,212
- Outside U.A.E.	**42,644**	48,848
	702,149	718,060

(a) Managed funds include funds of AED 240.39 million (2014: AED 286.78 million) (Note 15) managed by a shareholder of the parent.

7. Investment deposits

	2015 AED'000	2014 AED'000
Current:		
Investment deposits maturing in less than 3 months	**304,021**	708,021
Investment deposits maturing up to 1 year but more than 3 months	**1,280,941**	1,330,080
	1,584,962	2,038,101
Non-current:		
Investment deposits maturing above 1 year	**777,947**	742,168
	2,362,909	2,780,269

7. Investment deposits (continued)

(a) Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging from 1% to 5.5% (2014: 1% to 5.1%) per annum.

(b) Investment deposits of AED 136.73 million (2014: AED 136.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.

(c) Investment deposits maturing in less than three months include an amount of AED 60 million (31 December 2014: AED 489.05 million) with original maturities not exceeding three months (Note 9).

8. Prepaid expenses and other receivables

	2015 **AED'000**	2014 AED'000
Accrued income on investment deposits	**11,837**	7,381
Accrued trading commission fees	**2,236**	4,494
Due from brokers	**2,973**	3,016
Prepaid expenses	**7,853**	6,697
Other financial assets (central counterparty)*	**19,769**	3,196
Other receivables	**1,690**	2,602
	46,358	27,386
Less: allowance for doubtful debts	**(147)**	(214)
	46,211	27,172

Net movement in allowance for doubtful debts:

	2015 **AED'000**	2014 AED'000
Opening balance	**214**	2,092
Write off during the year	**(67)**	(1,878)
Closing balance	**147**	214

* These balances relate to Nasdaq Dubai Limited as the entity acts as central counterparty for all the trades. These are usually settled on a T+2 basis. The entity has member margin deposits and guarantees to manage its overall risks.

9. Cash and bank balances

	2015 AED'000	2014 AED'000
Cash on hand	**226**	334
Bank balances:		
Current accounts	**44,866**	20,182
Savings accounts	**59,632**	19,895
Mudarabah accounts	**96,278**	157,797
	201,002	198,208
Add : Investment deposits with original maturities not exceeding three months (Note 7)	**60,000**	489,050
Cash and cash equivalents	**261,002**	687,258

The rate of return on the saving and mudarabah accounts is 0.15% to 0.23% per annum (31 December 2014: 0.15% to 0.35%).

10. Share capital

	2015 AED'000	2014 AED'000
Authorised, issued and paid up share capital: 8,000,000,000 (2014: 8,000,000,000 shares) of AED 1 each (2014: AED 1 each)	**8,000,000**	8,000,000

During the year, the Company has distributed dividends of AED 559.7 million, including non-sharia compliant income of AED 29.6 million (Note 20), representing AED 0.07 per share. The dividends were approved by the shareholders at the Annual General Meeting held on 9 March 2015.

11. Reserves

Statutory reserve

In accordance with the UAE Federal Law No. 2 of 2015 (Companies Law), the Group has established a statutory reserve by appropriation of 10% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the law.

	Statutory reserve AED'000
Balance as of 31 December 2013	278,998
Transfer from net income for the year	75,931
Balance as of 31 December 2014	354,929
Transfer from net income for the year	26,098
Balance as of 31 December 2015	**381,027**

Investments revaluation reserve - FVTOCI

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets at fair value through other comprehensive income.

12. Provision for employees' end of service indemnity

	2015 AED'000	2014 AED'000
Balance at the beginning of the year	**12,006**	9,838
Charged during the year	**2,278**	2,672
Paid during the year	**(405)**	(504)
Balance at the end of the year	**13,879**	12,006

13. Payables and accrued expenses

	2015 AED'000	2014 AED'000
Dividends payable on behalf of companies listed on the DFM	156,357	105,580
Ivestor cards	156,025	256,845
Members' margin deposits	27,920	78,432
Other financial liabilities (central counterparty)	19,769	3,196
Accrued expenses and other payables	17,219	16,644
Unearned revenue	9,427	9,800
Brokers' retention	16,400	18,604
Due to U.A.E. Securities and Commodities Authority	4,425	12,383
Zakat	856	-
	408,398	501,484

14. Dividends payable

During the year, the Company has distributed dividends of AED 559.7 million (2014: AED 399.8). The dividends were approved by the shareholders at the Annual General Meeting held on 9 March 2015. The payable balance represents dividends which have not been claimed by the investors since 2007.

15. Related party transactions

Related parties comprise companies under common ownership or management, key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. Key management personnel include the CEO and heads of various divisions. During the year, the Group entered into transactions with related parties in the ordinary course of business. These transactions were carried out at market rates. The transactions with related parties and balances arising from these transactions are as follows:

Transactions during the year

	2015 AED'000	2014 AED'000
Fellow Subsidiaries :		
Investment income	13,410	21,578
Interest expense	1,061	1,014
Dividend Income	6,002	3,752
Pledge Fees	7,280	
Associates		
Investment Income	18,675	8,565
Rent, Dubai World Trade Center	9,493	7,832

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

15. Related party transactions (continued)

The remuneration of directors and other members of key management during the period were as follows:

Compensation of key management personnel	**2015 AED'000**	2014 AED'000
Salaries and short-term benefits	**9,618**	7,770
General pension and social security	**912**	721
Board of Directors		
- Remuneration to the Nasdaq Board	**1,025**	943
- Meeting allowance for the Group	**1,359**	1,339
DFM board remuneration	**1,800**	-

	2015 AED'000	2014 AED'000
Due from related parties		
Parent		
Investment deposits (Note 7)	-	50,452
Accrued income on investment deposits	-	552
Other related parties		
Managed funds (Note 6)	**240,398**	286,776
Other Financial Assets (Note 6)	**194,607**	103,546
Cash and bank balances	**164,894**	149,341
Investment deposits (Note 7)	**1,272,200**	1,447,092

Investment deposits include AED 100 million (31 December 2014: AED 100 million) placed as collateral with related parties.

	2015 AED'000	2014 AED'000
Due to related parties		
Parent		
Expenses paid on behalf of the Group	**8,565**	5,482
Subordinated loan	**24,343**	23,282

The subordinated loan has been provided by Borse Dubai Ltd., to Nasdaq Dubai Limited through the Company (Note 1). The subordinated loan is unsecured, has no fixed repayment date and bears interest at 12 month LIBOR plus 3.25% per annum and is subordinated to the rights of all other creditors of the subsidiary.

The Group has not provided any loans to its directors during the year ended 31 December 2015.

The Group is in the process of complying with the provisions of the UAE Federal Law No. 2 of 2015 ("Companies Law") with regards to the transactions with the related parties.

16. Investment income

	2015 AED'000	2014 AED'000
Return on investment deposits	**46,828**	44,862
Dividends	**10,845**	30,569
Fair value loss	-	(20,993)
	57,673	54,438

17. General and administrative expenses

	2015 AED'000	2014 AED'000
Payroll and other benefits	**83,817**	78,714
Rent	**9,442**	7,919
Depreciation	**5,848**	6,476
Professional expenses	**1,968**	1,894
Maintenance expenses	**12,413**	13,260
Telecommunication expenses	**8,355**	3,379
Ivestor expenses	**3,349**	2,436
Other	**10,868**	9,993
	136,060	124,071

18. Earnings per share

	2015	2014
Net profit for the year attributable to the owners of the Company (AED'000)	260,983	759,312
Authorized, issued and paid up share capital ('000)	8,000,000	8,000,000
Less: Treasury shares ('000)	(4,237)	(4,237)
Number of shares issued ('000)	7,995,763	7,995,763
Earnings per share - AED	0.033	0.095

19. Commitments

	2015 AED'000	2014 AED'000
Commitments for the purchase of property and equipment	**4,541**	3,544

The Company also has a commitment of AED 148 million to acquire the remaining 33% of Nasdaq Dubai Limited which is required to be settled on the completion of the acquisition on a date to be mutually agreed with Borse Dubai Limited.

20. Non Sharia compliant income

Non-Sharia compliant income as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings for distribution by the Group to its shareholders towards disbursement by the shareholders for charitable purposes. Based on the ruling of the Sharia and Fatwa Supervisory Board, it is the sole responsibility of the individual shareholders to donate their respective shares of this amount for charitable purposes. Non-Sharia compliant income of AED 29.6 million relating to the following years has been distributed by the Company to the shareholders in 2014 (Note 10).

Year	**AED '000**
2012	21,002
2013	15,697
2014	29,646
	66,345

Non-Sharia compliant income of AED 29.6 million relating to 2014 has been appropriated from the retained earnings in the current year and that relating to 2012 and 2013 was appropriated in prior years.

21. Financial risk management objectives

21.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

21. Financial risk management objectives (continued)

21.1 Financial risk factors (continued)

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks. The Group regularly reviews its risk management policies to reflect changes in markets, products and emerging best practice.

The Group finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, and price risk and interest rate risk), credit risk and liquidity risk.

21.2 Market risk

(a) Foreign exchange risk

The Group's activities are not exposed to the financial risks of changes in foreign currency exchange rates because substantially all the financial assets and liabilities are denominated in United Arab Emirates Dirhams (AED) or US Dollars to which the AED is pegged.

(b) Price risk

The Group is exposed to equity price risks arising from equity investments. The Group does not actively trade in these investments.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Investment revaluation reserve would increase/decrease by AED 35 million (2014: AED 36 million) as a result of the changes in fair value of the investments.

(c) Profit rate risk

Profit rate risk is the risk that the value of the future cash flows for the financial instruments will fluctuate due to changes in market profit rates. Most of the financial assets and financial liabilities of the Group carry fixed rate of profit and therefore, the Group is not exposed to any significant cash flow risk.

21. Financial risk management objectives (continued)

21.3 Credit risk

The Group is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation. Financial assets which potentially subject the Group to credit risk consist principally of due from a financial institution and investment deposits and balances with banks and other financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with licensed brokers and receivables from brokers are secured by bank guarantees. The credit exposures are controlled by counterparty limits that are reviewed and approved by the management.

The credit risk on balances with banks is limited because most of the banks have high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is as follows:

	2015	2014
	AED'000	AED'000
Financial assets		
Investment deposits	**2,362,909**	2,780,269
Other receivables	**38,358**	20,475
Cash and bank balances	**200,776**	197,874
Total financial assets	**2,602,043**	2,998,618

The Group has made a full provision of AED 0.14 million (2014: AED 0.21 million) against its doubtful receivables as at 31 December 2015. The remaining receivables were neither past due nor impaired at the consolidated financial position date.

The rating of the banks as per Moody's and the respective balances are:

	2015
Bank Rating	**AED'000**
A-*	3,484
A1	368
A2	21,279
A3	7
AA2	13,437
Baa1	161,209
Unrated	992
Total	**200,776**

**The rating was obtained from Fitch*

21. Financial risk management objectives (continued)

21.4 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the remaining contractual maturities at the date of the consolidated statement of financial position.

The liquidity profile of financial liabilities were as follows:

31 December 2014	Within 3 months AED'000	3 to 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Financial liabilities						
Payables and accrued expenses	520,940	-	-	-	-	520,940
Subordinated loan	-	-	-	24,343	-	24,343
Due to a related party	-	-	5,482	-	-	5,482
Provision for employees end of service benefits	-	-	-	-	12,006	12,006
Total financial liabilities	520,940	-	5,482	24,343	12,006	562,771
31 December 2015						
Financial liabilities						
Payables and accrued expenses	432,110	-	-	-	-	432,110
Subordinated loan	-	-	-	25,453	-	25,453
Due to a related party	-	-	8,565	-	-	8,565
Provision for employees end of service benefits	-	-	-	-	13,879	13,879
Total financial liabilities	432,110	-	8,565	25,453	13,879	480,007

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments

The Group's financial assets and financial liabilities comprise of cash and bank balances, investment deposits, receivables and payables whose maturity is short term. Long term investment deposits carry market rates of return. Consequently their fair value approximates the carrying value stated in the consolidated statement of financial position.

The Group has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These investments comprise funds the fair values of which are based on the net asset value provided by the fund managers.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 assets represent unquoted private equity and mutual fund investments whose fair value is determined based on varying unobservable assumptions which depend on a broad range of macroeconomic factors. The carrying values of these investments are adjusted as follows:

- Private equity investments - using the latest available net book value and market approach using prevailing secondary market prices of similar instruments
- Mutual funds - based on the net asset value derived from the EBITDA/PE multiple or value per share provided by the fund managers.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2015 (continued)

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments (continued)

There were no changes in valuation techniques during the period.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014 and 31 December 2015.

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Financial assets at fair value through other comprehensive income				
- Equities	328,889	-	57,818	386,707
- Managed funds	-	323,008	8,345	331,353
Total	**328,889**	**323,008**	**66,163**	**718,060**

	31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Financial assets at fair value through other comprehensive income				
- Equities	275,845	-	47,319	323,164
- Managed funds	-	272,731	4,389	277,120
- Investments in Sukuk	101,865	-	-	101,865
Total	**377,710**	**272,731**	**51,708**	**702,149**

There are no transfers between Level 1 and Level 2 during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVTOCI Unquoted equities	
	2015	2014
	AED'000	AED'000
Opening balance	**66,163**	19,747
Additions during the year*	**28**	48,882
Redemptions during the year	**(12,938)**	(3,449)
Transfer from level 3 to level 2	**-**	-
Unrealised (losses)/gains in other comprehensive loss	**(1,545)**	983
Closing balance	**51,708**	66,163

**There has been no other purchases of shares during the year*

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments (continued)

Sensitivity analysis for level 3 items

Level 3 assets represent unquoted equity and mutual fund investments whose fair value is determined based on varying unobservable assumptions which depend on a broad range of macroeconomic factors.

22. Financial assets and liabilities

Financial assets by category

	2015 AED'000	2014 AED'000
Assets as per consolidated statement of financial position		
Financial assets measured at fair value through other comprehensive income (FVTOCI)	**702,149**	718,060
Amortised cost		
Cash and bank balances	**201,002**	198,208
Investment deposits	**2,362,909**	2,780,269
Other receivables	**38,358**	20,475
	2,602,269	2,998,952

Financial liabilities by category

	2015 AED'000	2014 AED'000
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost		
Payables and accrued expenses	**432,110**	520,940
Subordinated loan	**24,343**	23,282
Due to a related party	**8,565**	5,482
Provision for employee's end of service benefits	**13,879**	12,006
	478,897	561,710

23. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24. Segment reporting

Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is engaged in a single segment of operating a stock exchange and related clearing house.

25. Reclassifications

Certain corresponding figures have been reclassified, where necessary, to conform to the current period presentation. Management believes that the current period presentation provides more meaningful information to the users of the consolidated financial statements.

26. Social Contributions

The Group has made no monetary social contributions during the year. The details of the non-monetary social contributions are presented in the Corporate Governance reports of the individual entities