

**Al Ramz Corporation
Investment and
Development P.J.S.C.**

Condensed consolidated interim financial statements

30 June 2018

Principal business address:
P.O. Box 32000
Abu Dhabi
United Arab Emirates

Al Ramz Corporation Investment and Development P.J.S.C.

Condensed consolidated interim financial statements

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KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Abu Dhabi Corniche, UAE
Tel. +971 (2) 401 4800, Fax +971 (2) 632 7612

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Al Ramz Corporation Investment and Development P.J.S.C.

Introduction

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial statements of Al Ramz Corporation Investment and Development P.J.S.C. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2018;
- the condensed consolidated interim statement of comprehensive income for the three month and six month periods ended 30 June 2018;
- the condensed consolidated interim statement of changes in equity for the six month period ended 30 June 2018;
- the condensed consolidated interim statement of cash flows for the six month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 30 June 2018 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2017 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2017 were audited, by another auditor, whose review and audit reports dated 8 August 2017 and 14 February 2018 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

KPMG Lower Gulf Limited



Fawzi AbuRass
Registration No.: 968
Abu Dhabi, United Arab Emirates
Date: 23 JUL 2018

Al Ramz Corporation Investment and Development P.J.S.C.

Condensed consolidated interim statement of comprehensive income

For the period ended (Unaudited)

		For the three months ended 30 June		For the six months ended 30 June	
		2018	2017	2018	2017
	Note	AED'000	AED'000	AED'000	AED'000
Net commission income		4,817	5,853	9,547	19,818
Margin income		10,872	11,767	23,022	23,509
Corporate finance, advisory and other income		8,473	6,075	34,648	7,455
Gain/(loss) on investments at fair value through profit or loss		10,011	(268)	411	2,774
General and administrative expenses	3	(16,653)	(13,354)	(32,862)	(24,989)
Finance costs		(5,314)	(3,654)	(9,796)	(6,862)
Profit for the period		12,206	6,419	24,970	21,705
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		12,206	6,419	24,970	21,705
Basic and diluted earnings per share (AED)	12	0.022	0.012	0.045	0.039

The notes set out on pages 7 to 17 are an integral part of these condensed consolidated interim financial statements.

Al Ramz Corporation Investment and Development P.J.S.C.

Condensed consolidated interim statement of financial position

As at

		30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property and equipment		23,590	22,671
Goodwill		24,570	24,570
		<u>48,160</u>	<u>47,241</u>
Current assets			
Margin receivables and prepayments	4	573,268	665,580
Guarantee deposits with markets	4	30,500	35,057
Due from securities markets		51,869	15,532
Investments at fair value through profit or loss		306,217	121,673
Bank balances and cash	5	369,668	342,484
		<u>1,331,522</u>	<u>1,180,326</u>
Total assets		<u>1,379,682</u>	<u>1,227,567</u>
Equity and liabilities			
Equity			
Share capital	6	549,916	549,916
Acquisition reserve	6	(283,966)	(283,966)
Statutory reserve		60,314	60,314
General reserve		19,525	19,525
Retained earnings		149,497	157,522
		<u>495,286</u>	<u>503,311</u>
Total equity		<u>495,286</u>	<u>503,311</u>
Non-current liabilities			
Employees' end of service benefits	7	5,771	4,781
		<u>5,771</u>	<u>4,781</u>
Current liabilities			
Accounts payable and accruals	8	269,389	300,428
Short term borrowings	9	609,236	419,047
		<u>878,625</u>	<u>719,475</u>
Total liabilities		<u>884,396</u>	<u>724,256</u>
Total equity and liabilities		<u>1,379,682</u>	<u>1,227,567</u>

Chairman

Managing Director

Chief Financial Officer

The notes set out on pages 7 to 17 are an integral part of these condensed consolidated interim financial statements.

Al Ramz Corporation Investment and Development P.J.S.C.

Condensed consolidated interim statement of changes in equity

For the six months ended 30 June (Unaudited)

	Share capital AED'000	Acquisition reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2017 (Audited)	549,916	(283,966)	54,231	16,484	133,318	469,983
Total comprehensive income for the period	-	-	-	-	21,705	21,705
Dividends (Note 15)	-	-	-	-	(27,496)	(27,496)
	<u>549,916</u>	<u>(283,966)</u>	<u>54,231</u>	<u>16,484</u>	<u>127,527</u>	<u>464,192</u>
Balance at 30 June 2017 (Unaudited)	549,916	(283,966)	54,231	16,484	127,527	464,192
Balance at 1 January 2018 (Audited)	549,916	(283,966)	60,314	19,525	157,522	503,311
Total comprehensive income for the period	-	-	-	-	24,970	24,970
Dividends (Note 15)	-	-	-	-	(32,995)	(32,995)
	<u>549,916</u>	<u>(283,966)</u>	<u>60,314</u>	<u>19,525</u>	<u>149,497</u>	<u>495,286</u>
Balance at 30 June 2018 (Unaudited)	549,916	(283,966)	60,314	19,525	149,497	495,286

The notes set out on pages 7 to 17 are an integral part of these condensed consolidated interim financial statements.

Al Ramz Corporation Investment and Development P.J.S.C.

Condensed consolidated interim statement of cash flows

For the six month period ended (Unaudited)

	Note	30 June 2018 AED'000	30 June 2017 AED'000
Cash flows from operating activities			
Profit for the period		24,970	21,705
<i>Adjustments for:</i>			
Depreciation		1,390	1,414
Provision for employees' end of service benefits		1,135	672
Interest income		(913)	(846)
Unrealised loss / (gain) on investments			
carried at fair value through profit or loss		2,702	(2,774)
Gain on disposal of property and equipment		(3)	-
Finance costs		9,796	6,862
		<u>39,077</u>	<u>27,033</u>
Changes in:			
Margins receivables and prepayments		92,312	(129,260)
Guarantee deposits with market		4,557	(10,350)
Due from/to securities markets		(36,337)	(48,758)
Accounts payable and accruals		(31,039)	90,195
		<u>68,570</u>	<u>(71,140)</u>
Cash generated from / (used in) operating activities		68,570	(71,140)
Employees' end of service benefits paid		(145)	(397)
Finance costs paid		(9,796)	(6,862)
		<u>58,629</u>	<u>(78,399)</u>
Cash flows from investing activities			
Purchase of property and equipment		(2,436)	(1,037)
Proceeds from disposal of property and equipment		130	-
Purchase of investments carried at fair value through profit or loss		(254,461)	(81,941)
Sale of investments carried at fair value through profit or loss		67,215	52,750
Interest income received		913	846
Increase in deposits maturing after three months		-	(25,000)
		<u>(188,639)</u>	<u>(54,382)</u>
Cash flows from financing activities			
Short term borrowings, net		239,612	23,740
Dividends paid		(32,995)	(27,496)
		<u>206,617</u>	<u>(3,756)</u>
Net cash from / (used in) financing activities		206,617	(3,756)
Increase / decrease in cash and cash equivalents		76,607	(136,537)
Cash and cash equivalents at the beginning of the period		16,590	142,497
Cash and cash equivalents at the end of the period	5	<u>93,197</u>	<u>5,960</u>

The notes set out on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

1 Reporting entity

Al Ramz Corporation Investment and Development P.J.S.C. (“the Company”) was a limited liability company incorporated in the United Arab Emirates (“UAE”) on 21 June 1975 by an Emiri Decree and it became a Public Shareholding Company in 1997.

The main activities of the Company and its subsidiaries are to invest and manage commercial, industrial and agricultural enterprises and to provide brokerage services including brokerage in selling and buying shares, margin trading and to perform all related transactions and activities.

The Company’s registered office is P.O. Box 121200, Dubai, United Arab Emirates.

These condensed consolidated interim financial statements as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the “Group”).

2 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2017.

They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and performance since the last annual consolidated financial statements.

These condensed consolidated interim financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional currency of the Group and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

These condensed consolidated interim financial statements were authorised for issue by the Group’s Board of Directors on 23 July 2018.

2.1 *New currently effective requirements*

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of the following new IFRSs and amendments as of 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements to IFRSs 2014–2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28)

The impact of adopting IFRS 9 and IFRS 15 on the Group’s consolidated financial position and performance is further explained in note 14 to the condensed consolidated interim financial statements.

The adoption of the other standards and interpretations above had no significant impact on the Group’s consolidated financial position or performance.

2.2 *Standards issued but not yet effective*

IFRS 16 is effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted it in preparing these condensed consolidated interim financial statements.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

2 Basis of accounting *(continued)*

2.3 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

2.4 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries for the six month period ended 30 June 2018.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of Incorporation	30 June 2018 %	31 December 2017 %
Al Ramz Capital LLC	UAE	99	99
ARC Real Estate LLC	UAE	99	99
ARC Investment LLC	UAE	99	99
ARC Properties LLC	UAE	99	99

The above subsidiaries are considered as wholly owned by the Company, as non-controlling interest is held for the beneficial interest of the Company. Accordingly, no non-controlling interest is accounted for in relation to these entities in these condensed consolidated interim financial statements.

Generally, the Group is operating in a single segment; the brokerage and money markets and in a single geographic area; the United Arab Emirates.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

3 General and administrative expenses

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs	10,137	9,308	20,570	17,687
Annual fees	847	1,060	1,796	1,822
Depreciation	706	686	1,390	1,414
Information technology expenses	147	209	411	423
Communication expenses	204	197	434	493
Rent	282	238	505	487
Doubtful debt expense	458	-	458	-
Legal expenses	1,393	33	1,445	160
Consultancy expenses	1,136	150	1,241	150
Other expenses	1,343	1,473	4,612	2,353
	<u>16,653</u>	<u>13,354</u>	<u>32,862</u>	<u>24,989</u>

4 Margin receivables, prepayments and guarantee deposits with markets

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Margin receivables	528,318	618,208
Trade receivables	39,757	41,895
Prepayments and other receivables	5,193	5,477
	<u>573,268</u>	<u>665,580</u>
Guarantee deposits with markets	<u>30,500</u>	<u>35,057</u>

The Group is licensed to provide finance to its clients as a percentage of the market value of pledged securities. The Group charges interest on amounts due.

Customers are required to provide additional cash or securities if the price of pledged securities drops against the minimum eligibility of 125%. If minimum eligibility of a customer is breached, the Group will commence liquidation of pledged securities. The fair value of pledged securities held as collateral against margin receivables amounted to AED 1,675,728 thousand as at 30 June 2018 (31 December 2017: AED 1,849,153 thousand).

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

4 Margin receivables, prepayments and guarantee deposits with market (continued)

There are no significant changes to the overall commitments to extend margins during the period. Such commitments are revocable in nature.

At 30 June 2018, the Company had certain exposures against which an allowance amounting to AED 1,481 thousand (31 December 2017: AED 5,757 thousand) was held.

Guarantee deposits are held with commercial banks in the UAE as collateral against letters of guarantee issued by the banks. These are denominated in UAE Dirhams, with an effective interest rate of 3% (31 December 2017: 1%) per annum.

5 Bank balances and cash

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Cash in hand	48	65
Current account balances with banks	337,587	311,169
Deposit account balances with banks	32,033	31,250
	<u>369,668</u>	<u>342,484</u>

Bank balances are located within the UAE. Bank deposits carry interest at market rates. Bank balances include balances amounting to AED 93,250 thousand (31 December 2017: 46,250 thousand) held as security against bank overdrafts.

Cash and cash equivalents for the purpose of condensed consolidated interim statement of cash flows comprise of the following:

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Bank balance and cash	369,668	342,484
Bank overdrafts (Note 9)	(276,471)	(314,699)
	<u>93,197</u>	<u>27,785</u>

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

6 Share capital

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Authorised, issued and fully paid share capital:		
549,915,858 shares of AED 1 each	549,916	549,916

Addition to share capital made in 2016, represents adjustment made to bring the share capital equal to share capital of Al Ramz Corporation Investment and Development PJSC with corresponding debit to acquisition reserve.

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Acquisition reserve		
Deemed consideration on acquisition	115,950	115,950
Addition to increase share capital	(399,916)	(399,916)
	(283,966)	(283,966)

7 Employees' end of service benefits

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Beginning of the period / year	4,781	3,935
Charge for the period / year	1,135	1,723
Paid during the period / year	(145)	(877)
As at the end of the period / year	5,771	4,781

8 Accounts payable and accruals

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Trading payables	250,546	273,516
Accrued expenses	9,721	25,353
Dividend payable	-	342
Other payables	9,122	1,217
	269,389	300,428

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

9 Short term borrowings

Short term borrowings are to finance margin trading operations of the Group.

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Facility 1	-	50,000
Facility 2	16,900	16,900
Facility 3	54,198	26,253
Facility 4	25,137	11,195
Facility 5	75,757	-
Facility 6	160,773	-
Bank overdrafts	276,471	314,699
	<u>609,236</u>	<u>419,047</u>

Facility 1

This represents revolving loan facility previously obtained from a shareholder, and has been settled in full in April 2018.

Facility 2

This represents loan obtained from a shareholder. It carries fixed interest rate. The term of the agreement is one month, renewed automatically.

Facility 3

This represents short term facilities obtained from local bank to finance the purchase of investments at fair value through profit or loss and are secured by these investments. They carry interest at market rate and are repayable within 12 months from the reporting date.

Facility 4

This represents short term facility obtained from a brokerage company to finance the purchase of investments at fair value through profit or loss and are secured by these investments. They carry interest at market rates and are repayable within 12 months from the reporting date.

Facility 5

This represents short term facility obtained from a local bank to finance the purchase of investments at fair value through profit or loss and is secured by these investments. They carry interest at market rates and are repayable within 12 months from the reporting date.

Facility 6

This represents a short-term facility obtained from a branch of a foreign bank to finance the margin lending activities. They carry interest at prevailing market rates.

Bank overdrafts

These carry interest at prevailing market rates. Bank overdrafts are secured against promissory note, personal guarantee of a related party, security cheques and bank balances.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

10 Related parties

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the condensed consolidated interim statement of comprehensive income are as follows:

	30 June 2018 AED'000 (Unaudited)	30 June 2017 AED'000 (Unaudited)
Commission income	253	451
Interest income	248	-
Finance costs	910	553

Balances with related parties reflected in the condensed consolidated interim statement of financial position are as follows:

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Loans from related parties	-	66,900
Trade accounts receivable	21	6,668
Trade accounts payable	12,142	4,536

Terms and conditions of transactions with related parties

Outstanding balances at the period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the six months ended 30 June 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2017: nil).

11 Commitments and contingencies

The Group's bankers have given guarantees amounting to AED 30.5 million (31 December 2017: AED 103 million) in respect of securities market requirements for financial brokers.

The Group had no capital commitments and contingencies at the reporting date (31 December 2017: nil).

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

12 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

	Three months ended 30 June		Six months ended 30 June	
	2018 AED'000	2017 AED'000	2018 AED'000	2017 AED'000
Profit for the period (AED'000s)	12,206	6,419	24,970	21,705
Weighted average number of shares ('000s)	549,916	549,916	549,916	549,916
Basic and diluted earnings per share	0.022	0.012	0.045	0.039

13 Fiduciary activities

The Group held assets under management in a fiduciary capacity for its customers at 30 June 2018 amounting to AED 320,184 thousand (31 December 2017: AED 240,793 thousand). These assets held in a fiduciary capacity are excluded from these condensed consolidated interim financial statements of the Group.

14 Changes in significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

(a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

14 Changes in significant accounting policies (*continued*)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets and financial liabilities (continued)

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

14 Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement of financial assets and financial liabilities (continued)

The original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018 are as follows:

	Original classification Under IAS 39	New classification under IFRS 9
Equity investments	Held-for-trading	FVTPL
Margins trading receivables	Loans and receivables	Amortised cost
Guarantee deposits with markets	Loans and receivables	Amortised cost
Due from securities markets	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of margins trading receivables, guarantee deposits with markets, due from securities markets and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. However, the Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018, does not result in additional impairment allowance as the Group holds sufficient collaterals against margin trading receivables. The Group holds enforceable rights to liquidate these collaterals in case of deterioration in value.

(c) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using the cumulative effect method. The Group has taken an exemption not to restate comparative information of prior periods.

Any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 would have been recognized in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but those of IAS 39.

The determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

Al Ramz Corporation Investment and Development P.J.S.C.

Notes to the condensed consolidated interim financial statements

14 Changes in significant accounting policies (*continued*)

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, Management has assessed that the impact of the application of IFRS 15 on the financial statements of the Group and concluded that it is not material.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Based on management assessment, the application of IFRS 15 does not have a significant impact on the condensed consolidated interim financial statements.

15 Dividends declared

In their Annual General Meeting (AGM) held on 19 March 2018, the Shareholders of the Group have resolved to distribute an amount of AED 32,995 thousands as dividends for the year ended 31 December 2017 (*2016: AED 27,496*).

16 Comparative figures

Certain comparative figures have been reclassified to conform to current period's classification with no impact on profit or retained earnings.