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

Condensed consolidated interim financial statements

30 September 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 September 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 September 2018;
- the condensed consolidated interim statement of comprehensive income for the three month and nine month periods ended 30 September 2018;
- the condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2018;
- the condensed consolidated interim statement of cash flows for the nine month period ended 30 September 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.

KPMG

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 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 nine month period ended 30 September 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 November 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: 17 OCT 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 month period ended 30 September		For the nine month period ended 30 September	
		2018	2017	**2018**	2017
	Note	**AED'000**	AED'000	**AED'000**	AED'000
Net commission income		**3,186**	4,988	**12,733**	24,806
Margin income		**10,572**	12,161	**33,623**	35,670
Corporate finance, advisory and other income		**4,978**	10,487	**39,626**	17,942
Gain on investments at fair value through profit or loss		**5,146**	1,944	**5,557**	4,718
General and administrative expenses	*3*	**(11,383)**	(12,739)	**(43,787)**	(37,728)
Finance costs		**(8,174)**	(4,376)	**(17,970)**	(11,238)
Profit for the period		**4,325**	12,465	**29,782**	34,170
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the period		**4,325**	12,465	**29,782**	34,170
Basic and diluted earnings per share (AED)	*12*	**0.008**	0.023	**0.054**	0.062

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

	Note	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Assets			
Non-current assets			
Property and equipment		**23,449**	22,671
Goodwill		**24,570**	24,570
		48,019	47,241
Current assets			
Margin and trade receivables and prepayments	*4*	**790,436**	665,580
Guarantee deposits with markets	*4*	**32,500**	35,057
Due from securities markets		**43,603**	15,532
Investments at fair value through profit or loss		**123,088**	121,673
Bank balances and cash	*5*	**298,219**	342,484
		1,287,846	1,180,326
Total assets		**1,335,865**	1,227,567
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		**154,309**	157,522
Total equity		**500,098**	503,311
Non-current liabilities			
Employees' end of service benefits	*7*	**5,504**	4,781
Current liabilities			
Accounts payable and accruals	*8*	**226,188**	300,428
Short term borrowings	*9*	**604,075**	419,047
		830,263	719,475
Total liabilities		**835,767**	724,256
Total equity and liabilities		**1,335,865**	1,227,567

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 nine month period ended 30 September (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)	54,232	16,484	133,318	469,984
Total comprehensive income for the period	-	-	-	-	34,170	34,170
Dividends *(Note 15)*	-	-	-	-	(27,496)	(27,496)
Balance at 30 September 2017 *(Unaudited)*	549,916	(283,966)	54,232	16,484	139,992	476,658
Balance at 1 January 2018 *(Audited)*	549,916	(283,966)	60,314	19,525	157,522	503,311
Total comprehensive income for the period	-	-	-	-	29,782	29,782
Dividends *(Note 15)*	-	-	-	-	(32,995)	(32,995)
Balance at 30 September 2018 *(Unaudited)*	**549,916**	**(283,966)**	**60,314**	**19,525**	**154,309**	**500,098**

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 nine month period ended (Unaudited)

	Note	**30 September 2018 AED'000**	30 September 2017 AED'000
Cash flows from operating activities			
Profit for the period		**29,782**	34,170
Adjustments for:			
Depreciation		**2,111**	2,184
Provision for employees' end of service benefits		**1,380**	925
Interest income		**(1,382)**	(900)
Unrealised loss / (gain) on investments carried at fair value through profit or loss		**20,750**	(4,718)
Gain on disposal of property and equipment		**(7)**	-
Finance costs		**17,970**	11,238
		70,604	42,899
Changes in:			
Margins receivables and prepayments		**37,144**	(73,588)
Guarantee deposits with market		**2,557**	(4,350)
Due from/to securities markets		**(28,071)**	(62,488)
Accounts payable and accruals		**(74,240)**	32,853
Cash generated from / (used in) operating activities		**7,994**	(64,674)
Employees' end of service benefits paid		**(657)**	(768)
Finance costs paid		**(17,970)**	(11,238)
Net cash used in operating activities		**(10,633)**	(76,680)
Cash flows from investing activities			
Purchase of property and equipment		**(3,016)**	(1,193)
Proceeds from disposal of property and equipment		**134**	-
Purchase of investments carried at fair value through profit or loss		**(356,183)**	(100,990)
Sale of investments carried at fair value through profit or loss		**172,018**	60,019
Interest income received		**1,382**	900
Net cash used in investing activities		**(185,665)**	(41,264)
Cash flows from financing activities			
Short term borrowings, net		**224,100**	44,300
Dividends paid		**(32,995)**	(27,496)
Net cash from financing activities		**191,105**	16,804
Decrease in cash and cash equivalents		**(5,193)**	(101,140)
Cash and cash equivalents at the beginning of the period		**27,785**	142,497
Cash and cash equivalents at the end of the period	*5*	**22,592**	41,357

The notes set out on pages 7 to 17 form an integral part of these 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 nine month period ended 30 September 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 17 OCT 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.

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 nine month period ended 30 September 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 September 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.

3 General and administrative expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff costs	**8,687**	8,340	**30,282**	26,563
Annual fees	**764**	649	**2,560**	2,185
Depreciation	**721**	770	**2,111**	2,184
legal expenses	**44**	398	**1,489**	558
IT expenses	**294**	183	**705**	606
Rent expense	**244**	245	**749**	732
Communication expense	**156**	192	**590**	685
Other expenses	**473**	1,962	**5,301**	4,215
	11,383	12,739	**43,787**	37,728

4 Margin and trade receivables, prepayments and guarantee deposits with markets

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Margin receivables	**533,972**	618,208
Trade receivables	**249,750**	41,895
Prepayments and other receivables	**6,714**	5,477
	790,436	665,580
Guarantee deposits with markets	**32,500**	35,057

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 1,184,862 thousand as at 30 September 2018 *(31 December 2017: AED 1,849,153 thousand).*

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 September 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 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Cash in hand	**56**	65
Current account balances with banks	**266,131**	311,169
Deposit account balances with banks	**32,032**	31,250
	298,219	342,484

Bank balances are located within the UAE. Bank deposits carry interest at market rates. Bank balances include balances amounting to AED 32,032 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 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Bank balance and cash	**298,219**	342,484
Bank overdrafts *(Note 9)*	**(275,627)**	(314,699)
	22,592	27,785

6 Share capital

	30 September 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 was made to share capital of AED 399,916 thousands in 2016, which 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 bringing the acquisition reserve to a total debit balance of AED 283,966 thousands.

7 Employees' end of service benefits

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Beginning of the period / year	**4,781**	3,935
Charge for the period / year	**1,380**	1,723
Paid during the period / year	**(657)**	(877)
As at the end of the period / year	**5,504**	4,781

8 Accounts payable and accruals

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Trading payables	**202,389**	273,516
Accrued expenses	**11,128**	25,353
Dividend payable	-	342
Other payables	**12,671**	1,217
	226,188	300,428

9 Short term borrowings

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

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Facility 1	**-**	50,000
Facility 2	**16,900**	16,900
Facility 3	**56,330**	26,253
Facility 4	**56,851**	11,195
Facility 5	**68,374**	-
Facility 6	**82,573**	-
Facility 7	**38,220**	-
Facility 8	**9,200**	-
Bank overdrafts	**275,627**	314,699
	604,075	419,047

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 & 5
These represent short term facilities obtained from local banks 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 local bank to finance the purchase of investments at fair value through profit or loss and is secured by these investments. It carries interest at market rate and is 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.

Facility 7
This represents a Wakala Agreement obtained from a financing company to finance the purchase of investments at fair value through profit or loss and is secured by these investments. It carries interest at market rate and is repayable within 5 months from the reporting date.

Facility 8
This represents loan obtained from a shareholder. It carries fixed interest rate. The term of the agreement is one month, renewed automatically.

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.

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:

	For the nine month period ended 30 September	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
Commission income	**365**	451
Commission expense	**398**	266
Interest income	**248**	793
Finance costs	**1,322**	2,763

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

	30 September 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Loans from related parties	**26,100**	66,900
Trade accounts receivable	**91**	6,668
Trade accounts payable	**760**	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 nine month period ended 30 September 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 has been given guarantees amounting to AED 122.5 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).*

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 month period ended 30 September		**Nine month period ended 30 September**	
	2018	2017	**2018**	2017
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period (AED'000s)	**4,325**	12,465	**29,782**	34,170
Weighted average number of shares ('000s)	**549,916**	549,916	**549,916**	549,916
Basic and diluted earnings per share (AED)	**0.008**	0.023	**0.054**	0.062

13 Fiduciary activities

The Group held assets under management net of cash margins in a fiduciary capacity for its customers at 30 September 2018 amounting to AED 267,864 thousand *(31 December 2017: AED 240,558 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.

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.

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.

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 Company have resolved to distribute an amount of AED 32,995 thousands as dividends for the year ended 31 December 2017 (2016: AED 27,496 thousands).

16 Comparative figures

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

17 Other disclosures

As at 30 September 2018, the Group has no exposure to Abraaj Holdings, or any of its subsidiaries, or any of its funds.