

**Dubai Financial Market P.J.S.C.**

**Condensed consolidated  
interim financial information**  
*for the three month period ended 31 March 2019*

**Dubai Financial Market P.J.S.C.**

**Condensed consolidated interim financial information (Un-audited)**

*for the three month period ended 31 March 2019*

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## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

The Shareholders  
Dubai Financial Market P.J.S.C.

### *Introduction*

We have reviewed the accompanying 31 March 2019 condensed consolidated interim financial information of Dubai Financial Market 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 31 March 2019;
- the condensed consolidated interim statement of income for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2019;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2019; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.



**Dubai Financial Market P.J.S.C.**  
*Independent auditors' report on review of condensed  
consolidated interim financial information  
31 March 2019*

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera  
Registration No.: 1146  
Dubai, United Arab Emirates  
Date: **28 APR 2019**

## Dubai Financial Market P.J.S.C.

### Condensed consolidated interim statement of financial position as at 31 March 2019

	Note	As at 31 March 2019 AED'000 (Un-audited)	As at 31 December 2018 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	2,878,874	2,878,874
Other intangible assets	6	2,132,465	2,146,587
Property and equipment		329,359	294,445
Financial assets measured at fair value through other comprehensive income (FVOCI)	7	764,392	752,614
Investment at amortised cost	8	179,407	185,017
Investment deposits	9	262,918	364,749
<b>Total non-current assets</b>		<b>6,547,415</b>	<b>6,622,286</b>
<b>Current assets</b>			
Prepaid expenses and other receivables	11	154,829	74,326
Investment deposits	9	2,565,148	2,465,148
Cash and cash equivalents	12	356,960	280,943
<b>Total current assets</b>		<b>3,076,937</b>	<b>2,820,417</b>
<b>Total assets</b>		<b>9,624,352</b>	<b>9,442,703</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	8,000,000	8,000,000
Treasury shares		(4,364)	(4,364)
		7,995,636	7,995,636
Investment revaluation reserve – FVOCI	14	(802,408)	(815,844)
Statutory reserve	14	442,211	442,211
Retained earnings		143,995	142,249
<b>Equity attributable to the owners of the Company</b>		<b>7,779,434</b>	<b>7,764,252</b>
Non-controlling interest		19,777	19,137
<b>Total equity</b>		<b>7,799,211</b>	<b>7,783,389</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Subordinated loan	10	28,137	27,829
Lease liabilities		13,568	-
Provision for employees' end of service benefit		22,071	21,388
<b>Total non-current liabilities</b>		<b>63,776</b>	<b>49,217</b>
<b>Current liabilities</b>			
Payables and accrued expenses	15	1,237,885	1,083,932
Dividends payable		514,688	516,022
Due to related parties	10	8,792	10,143
<b>Total current liabilities</b>		<b>1,761,365</b>	<b>1,610,097</b>
<b>Total liabilities</b>		<b>1,825,141</b>	<b>1,659,314</b>
<b>Total equity and liabilities</b>		<b>9,624,352</b>	<b>9,442,703</b>

.....  
Chairman

The accompanying notes on pages 8 to 23 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

**Dubai Financial Market P.J.S.C.****Condensed consolidated interim statement of income (Un-audited)***for the three month period ended 31 March*

	<i>Note</i>	<b>Three month period ended 31 March</b>	
		<b>2019 AED'000</b>	<b>2018 AED'000</b>
<b>Income</b>			
Trading commission fees		<b>29,250</b>	46,186
Brokerage fees		<b>4,754</b>	5,693
Clearing settlement and depositary fees		<b>4,753</b>	6,178
Listing and market data fees		<b>2,410</b>	2,510
Other fees		<b>923</b>	910
<b>Operating income</b>		<b>42,090</b>	61,477
Investment income		<b>38,773</b>	38,707
Other income		<b>105</b>	1,396
<b>Total income</b>		<b>80,968</b>	101,580
<b>Expenses</b>			
General and administrative expenses		<b>(37,328)</b>	(38,018)
Amortisation of intangible assets		<b>(14,122)</b>	(14,122)
Interest expense		<b>(759)</b>	(294)
<b>Operating expenses</b>		<b>(52,209)</b>	(52,434)
<b>Net profit for the period</b>		<b>28,759</b>	49,146
<b>Attributable to:</b>			
Owners of the Company		<b>28,119</b>	48,904
Non-controlling interest		<b>640</b>	242
		<b>28,759</b>	49,146
<b>Basic/diluted earnings per share - AED</b>	<i>16</i>	<b>0.004</b>	0.006

The accompanying notes on pages 8 to 23 form an integral part of this condensed consolidated interim financial information.

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**Dubai Financial Market P.J.S.C.****Condensed consolidated interim statement of comprehensive income (Un-audited)**  
*for the three month period ended 31 March*

	<b>Three month period ended</b>	
	<b>31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Net profit for the period</b>	<b>28,759</b>	49,146
<i>Other comprehensive income</i>		
<b>Items that will not be re-classified to profit or loss</b>		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	<b>11,897</b>	(57,649)
<b>Total comprehensive income / (loss) for the period</b>	<b>40,656</b>	(8,503)
<b>Attributable to:</b>		
Owners of the Company	<b>40,016</b>	(8,745)
Non-controlling interest	<b>640</b>	242
	<b>40,656</b>	(8,503)

The accompanying notes on pages 8 to 23 form an integral part of this condensed consolidated interim financial information.

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## Dubai Financial Market P.J.S.C.

### Condensed consolidated interim statement of changes in equity (Un-audited)

for the three month period ended 31 March 2019

	Share capital AED'000	Treasury shares AED'000	Investments revaluation reserve - FVOCI 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 2018	8,000,000	(4,364)	(702,860)	429,664	419,182	8,141,622	19,091	8,160,713
Net profit for the period	-	-	-	-	48,904	48,904	242	49,146
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	(57,649)	-	-	(57,649)	-	(57,649)
Total comprehensive income for the period	-	-	(57,649)	-	48,904	(8,745)	242	(8,503)
Dividends approved, net of appropriation of non-sharia compliant income (Note 13)	-	-	-	-	(335,508)	(335,508)	-	(335,508)
Appropriation of non-sharia compliant income (Note 19)	-	-	-	-	(35,999)	(35,999)	-	(35,999)
Zakat	-	-	-	-	(38)	(38)	-	(38)
As at 31 March 2018	<u>8,000,000</u>	<u>(4,364)</u>	<u>(760,509)</u>	<u>429,664</u>	<u>96,541</u>	<u>7,761,332</u>	<u>19,333</u>	<u>7,780,665</u>
<b>As at 1 January 2019</b>	<b>8,000,000</b>	<b>(4,364)</b>	<b>(815,844)</b>	<b>442,211</b>	<b>142,249</b>	<b>7,764,252</b>	<b>19,137</b>	<b>7,783,389</b>
Net profit for the period	-	-	-	-	28,119	28,119	640	28,759
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	11,897	-	-	11,897	-	11,897
Total comprehensive income for the period	-	-	11,897	-	28,119	40,016	640	40,656
Appropriation of non-sharia compliant income (Note 19)	-	-	-	-	(24,801)	(24,801)	-	(24,801)
Realised loss on investment	-	-	1,539	-	(1,539)	-	-	-
Zakat	-	-	-	-	(33)	(33)	-	(33)
As at 31 March 2019	<u>8,000,000</u>	<u>(4,364)</u>	<u>(802,408)</u>	<u>442,211</u>	<u>143,995</u>	<u>7,779,434</u>	<u>19,777</u>	<u>7,799,211</u>

The accompanying notes on pages 8 to 23 form an integral part of this condensed consolidated interim financial information.

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## Dubai Financial Market P.J.S.C.

### Condensed consolidated interim statement of cash flows (Un-audited) for the three month period ended 31 March

		Three month period ended 31 March	
	Note	2019 AED'000	2018 AED'000
<b>Cash flows from operating activities</b>			
Net profit for the period		28,759	49,146
<b>Adjustments for:</b>			
Depreciation of property and equipment		5,592	2,916
Provision for employees' end of service benefit		683	650
Amortisation of intangible assets	6	14,122	14,122
Interest expense		759	294
Revenues from investment deposits		(29,838)	(22,764)
Dividends revenues		(8,935)	(15,943)
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>11,142</b>	<b>28,421</b>
Increase in prepaid expenses and other receivables		(50,399)	(7,689)
Movement in due to related party		(1,351)	(6,583)
Increase in payables and accrued expenses		119,147	297,982
<b>Net cash generated from operating activities</b>		<b>78,539</b>	<b>312,131</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(7,737)	(9,641)
Net investment deposits		-	450,000
Redemption of investments at amortised cost		6,645	25,261
Investment deposit revenue received		9,581	22,332
Investments in sukuk		-	(98,996)
Dividend received		-	15,594
<b>Net cash generated from investing activities</b>		<b>8,489</b>	<b>404,550</b>
<b>Cash flows from financing activities</b>			
Lease liabilities		(9,678)	-
Dividends paid to shareholders		(1,333)	(8,144)
<b>Net cash used in financing activities</b>		<b>(11,011)</b>	<b>(8,144)</b>
<b>Net increase in cash and cash equivalents</b>		<b>76,017</b>	<b>708,537</b>
Cash and cash equivalents at the beginning of the period		280,943	473,609
<b>Cash and cash equivalents at the end of the period</b>		<b>356,960</b>	<b>1,182,146</b>

The accompanying notes on pages 8 to 23 form an integral part of this condensed consolidated interim financial information.

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# Dubai Financial Market P.J.S.C.

## Notes to the condensed consolidated interim financial information

for the three month period ended 31 March 2019

### 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 U.A.E. Federal Law No. 2 of 2015 (“Companies law”). The Company received its registration under Federal Law No. 4 of 2000 with the Emirates Securities and Commodities Authority (‘ESCA’) on November 4, 2000.

The licensed activities of the Company are trading in financial instruments, acting as 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 in all its activities, operations and formalities with the provisions of Islamic Shari’a and shall invest its entire fund 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, United Arab Emirates.

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.

The condensed consolidated interim financial information incorporate the financial information of Dubai Financial Market (DFM) - PJSC and its subsidiaries (together the “Group”). Details of the subsidiaries are as follows:

<u>Company name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership held</u>
Dubai Central Clearing and Depository Holding LLC*	Holding Company	U.A.E	100%
Nasdaq Dubai Limited**	Electronic Financial Market	U.A.E	67% ***

\*Dubai Central Clearing and Depository Holding LLC has the following subsidiaries:

<u>Company name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership held</u>
Dubai Clear LLC	Securities Central Clearing Service	U.A.E	100%
Dubai Central Securities Depository LLC	Securities Depository Services	U.A.E	100%

\*\*Nasdaq Dubai Limited has the following subsidiary:

<u>Company name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership held</u>
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 (Note 17).

## **Dubai Financial Market P.J.S.C.**

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### **Notes to the condensed consolidated interim financial information** *(continued)*

*for the three month period ended 31 March 2019*

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting.

This condensed consolidated interim financial information does not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2018. In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Except as described in note 2.2, 'Changes in significant accounting policies', the accounting policies applied in this condensed consolidated interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018. 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 2019.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments at FVOCI.

The condensed consolidated interim financial information is 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.

UAE Federal Law No. 2 of 2015 (Companies Law) which is applicable to the Group has come into effect from 1 July 2015. The Group has assessed and evaluated the provisions of the Companies Law and has ensured its compliance.

### **2.2 Changes in significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018 except for the adoption of IFRS 16 – Leases from 1 January 2019.

#### ***IFRS 16 – Leases***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically identified asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

## Dubai Financial Market P.J.S.C.

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### Notes to the condensed consolidated interim financial information *(continued)*

for the three month period ended 31 March 2019

#### 2 Summary of significant accounting policies *(continued)*

##### 2.2 Changes in significant accounting policies *(continued)*

###### *IFRS 16 – Leases (continued)*

- the group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset is either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

## **Dubai Financial Market P.J.S.C.**

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### **Notes to the condensed consolidated interim financial information** *(continued)*

*for the three month period ended 31 March 2019*

#### **2 Summary of significant accounting policies** *(continued)*

##### **2.2 Changes in significant accounting policies** *(continued)*

###### **IFRS 16 – Leases** *(continued)*

###### **a) As a lessee** *(continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets are classified under 'property and equipment' and lease liabilities in non-current liabilities and 'payables and accrued expenses' in current liabilities in the consolidated statement of financial position.

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognized AED 30.1 million as right of use of assets and AED 23.5 million as leased liabilities.

Also in relation to those leases under IFRS 16, the Group has recognized depreciation and interest cost, instead of operating lease expense. During the three months period ended 31 March 2019, the Group recognized AED 2 million in DFM standalone and AED 500 thousand in Nasdaq Dubai Limited as depreciation expense and AED 323 thousand in DFM standalone and AED 128 thousand in Nasdaq Dubai Limited as interest costs from these leases.

## Dubai Financial Market P.J.S.C.

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**Notes to the condensed consolidated interim financial information** *(continued)*  
*for the three month period ended 31 March 2019*

### **2 Summary of significant accounting policies** *(continued)*

#### **2.2 Changes in significant accounting policies** *(continued)*

##### **IFRS 16 – Leases** *(continued)*

#### **B) Real estate leases**

The Group leases land and buildings for its office space. The leases of office space typically run for a period of 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Group sub-leases some of its properties under operating and finance leases.

#### **Extension Option**

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

## **Dubai Financial Market P.J.S.C.**

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**Notes to the condensed consolidated interim financial information** *(continued)*  
*for the three month period ended 31 March 2019*

### **3 Basis of consolidation**

The condensed consolidated interim financial information incorporates the interim financial information of the Company and the entities controlled by the Group (its subsidiaries) (together the “Group”). 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.

The results of subsidiaries incorporated during the period are included in the condensed consolidated interim statement of income from the effective date of incorporation.

Where necessary, adjustments are made to the condensed consolidated interim financial statements of the subsidiaries to bring the accounting policies in line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### **4 Estimates**

The preparation of condensed consolidated interim financial information requires management to make judgments, 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.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018.

### **5 Financial risk management**

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 6 Goodwill and other intangible assets

	<b>Goodwill</b> AED'000	<b>License to operate as a stock exchange</b> AED'000
<b>Cost</b>		
At 1 January 2018 and 2019	2,878,874	2,824,455
<b>At 31 March 2018 and 2019</b>	<b>2,878,874</b>	<b>2,824,455</b>
<b>Amortization</b>		
At 1 January 2019	-	677,868
Charge for the period	-	14,122
<b>At 31 March 2019</b>	<b>-</b>	<b>691,990</b>
At 1 January 2018	-	621,379
Charge for the period	-	14,122
At 31 March 2018	-	635,501
<b>Carrying amount</b>		
<b>At 31 March 2019</b>	<b>2,878,874</b>	<b>2,132,465</b>
At 31 March 2018	2,878,874	2,188,954
At 31 December 2018	2,878,874	2,146,587

Goodwill is tested for impairment annually and when there is an indicator of impairment of the cash generating unit to which goodwill is allocated. DFM as a standalone entity is considered a single cash generating unit for impairment testing purpose. Management of the Company does not believe that there is any impairment of Goodwill as at the reporting date.



## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 7 Financial assets measured at fair value through other comprehensive income

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
<u>Designated as equity instruments</u>		
Investment in equity securities	<b>284,848</b>	282,506
Managed funds – Note (7.1)	<b>275,811</b>	268,361
Investment in sukuk – Note (7.2)	<b>203,733</b>	201,747
	<b><u>764,392</u></b>	<u>752,614</u>

7.1 Managed funds include funds of AED 258.23 million (31 December 2018: AED 250.74 million) managed by a shareholder of the parent (Note 10).

7.2 The investment in sukuk is a perpetual instrument, callable at the option of the issuer and measured at fair value through other comprehensive income. The sukuk carries a profit rate ranging from 6.04% to 6.75% per annum. (2018: 6.04% to 6.75%), which is payable at the discretion of the issuer.

Investments by geographic concentration are as follows:

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
- Within U.A.E.	<b>734,130</b>	721,312
- Outside U.A.E.	<b>30,262</b>	31,302
	<b><u>764,392</u></b>	<u>752,614</u>

#### 8 Investment at amortised cost

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Investment in Sukuk – Note 8.1	<b>179,407</b>	185,017
	<b><u>179,407</u></b>	<u>185,017</u>

8.1 Investment in sukuk in the U.A.E matures in 4-9 years and carries a fixed profit rate of 4.50% - 5.112% per annum (2018: 4.50% - 5.112%) per annum.

## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 9 Investment deposits

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
<b>Current:</b>		
Investment deposits maturing in less than 3 months	1,525,000	86,730
Investment deposits maturing up to 1 year but more than 3 months – (Note 9.1)	<u>1,040,148</u>	<u>2,378,418</u>
	<u>2,565,148</u>	<u>2,465,148</u>
<b>Non-current:</b>		
Investment deposits maturing above 1 year	<u>262,918</u>	<u>364,749</u>
	<u>2,828,066</u>	<u>2,829,897</u>

9.1 Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging 3.2% to 4.1% (31 December 2018: 3% to 4.1%) per annum.

9.2 Investment deposits of AED 136.73 million (31 December 2017: AED 136.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.

9.3 Dividends received from and payable on behalf of companies listed on DFM and iVESTOR card balances as at 31 March 2019 aggregates to AED 1,049.6 million (2018: AED 1,003.2 million) out of which AED 850 million (2018: AED 900 million) have been invested in short term deposits by the Company, AED 42 million have been invested in investment at amortised cost (2018: AED 45 million) and AED 157.6 million in the bank's current account (2018: AED 58.2 million).

9.4 Dividends declared and payable by Group to Parent Company amounting to AED 487 million (31 December 2018: AED 487 million) have been invested in investment deposits by the Company.

#### 10 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include associates, joint ventures, holding company, ultimate parent, subsidiaries and key management personnel (KMP) or close family members. The transactions with related parties and balances arising from these transactions are as follows:

<b>Transactions during the period</b>	<b>Three month period ended 31 March</b>	
	<b>2019 AED'000 (Un-audited)</b>	2018 AED'000 (Un-audited)
Investment income	<u>14,595</u>	<u>11,301</u>
Interest expense	<u>759</u>	<u>294</u>
Dividend income	<u>8,754</u>	<u>8,441</u>
Rent – Dubai World Trade Centre	<u>2,235</u>	<u>2,427</u>

## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 10 Related party transactions and balances (continued)

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

	<b>Three month period ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<b>AED'000</b>	AED'000
	<b>(Un-audited)</b>	(Un-audited)
<b>Compensation of key management personnel</b>		
Short-term benefits	<b>2,478</b>	3,070
General pension and social security	<b>240</b>	235
Board of Directors		
- Remuneration to the Nasdaq Dubai Board	<b>336</b>	270
- Meeting allowance for the Group	<b>213</b>	348
- DFM Board remuneration	<b>2,100</b>	2,100
	<b>31 March</b>	31 December
	<b>2019</b>	2018
	<b>AED'000</b>	AED'000
	<b>(Un-audited)</b>	(Audited)
<b>Balances</b>		
(a) <i>Other related parties</i>		
Managed funds (Note 7)	<b>258,225</b>	250,737
Financial assets at FVOCI	<b>323,950</b>	326,802
Investment at amortised cost	<b>128,979</b>	135,222
Cash and bank balances	<b>202,472</b>	141,715
Investment deposits	<b>1,214,723</b>	1,214,810
(b) <i>Due to related parties</i>		
<b>Parent</b>		
Expenses paid on behalf of the Group	<b>8,792</b>	10,143
Subordinated loan (Note 10.1)	<b>28,137</b>	27,829
Dividends payable	<b>487,000</b>	487,000

10.1 The subordinated loan has been provided by Borse Dubai Limited, to Nasdaq Dubai Limited through the Company (Note 1). The subordinated loan is unsecured, has no fixed repayment date and bears interest at market rate and is subordinated to the rights of all other creditors of the subsidiary.

## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 11 Prepaid expenses and other receivables

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Accrued income on investment deposits	<b>69,754</b>	48,586
Central counterparty balances – (Note 11.1)	<b>53,279</b>	6,818
Prepaid expenses	<b>7,479</b>	8,480
Accrued trading commission fees	<b>1,713</b>	901
Other receivables	<b>14,219</b>	7,488
Due from brokers	<b>7,762</b>	1,617
VAT	<b>696</b>	503
	<b>154,902</b>	74,393
Less: allowance for doubtful debts	<b>(73)</b>	(67)
	<b>154,829</b>	74,326

#### Net movement in allowance for doubtful debts:

Opening balance	<b>67</b>	317
Charge/(reversal) for the period/year	<b>6</b>	(250)
Closing balance	<b>73</b>	67

11.1 These balances related to Nasdaq Dubai Limited which acts as a central counterparty for all the trades which are usually settled on T+2 basis. The balance represents receivable from brokers against unsettled trades at reporting period end. The corresponding payable balance of the same amount has been recorded as a liability as at period end (note 15).

#### 12 Cash and cash equivalents

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Cash on hand	<b>223</b>	193
Bank balances:		
Current accounts	<b>54,988</b>	38,955
Mudarabah accounts	<b>228,246</b>	118,902
	<b>283,457</b>	158,050
Investment deposits with original maturities not exceeding three months	<b>73,503</b>	122,893
Cash and cash equivalents	<b>356,960</b>	280,943

- The rate of return on mudarabah accounts is 0.28% to 0.70% per annum (31 December 2018: 0.25% to 0.66% per annum).
- Dividends received from and payable on behalf of companies listed on DFM and Investor Card balances as at 31 March 2019 aggregates to AED 1,049.6 million (2018: AED 1,003.2 million) out of which AED 850 million (2018: AED 900 million) have been invested in short term deposits by the Company, AED 42 million have been invested in investment at amortised cost (2018: 45 million) and AED 157.6 million in the bank's current account (2018: AED 58.2 million).

## Dubai Financial Market P.J.S.C.

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Notes to the condensed consolidated interim financial information (continued)  
for the three month period ended 31 March 2019

### 13 Share capital

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Authorised, issued and paid up share capital: 8,000,000,000 shares (31 December 2018: 8,000,000,000 shares) of AED 1 each (31 December 2018: AED 1 each)	<u><b>8,000,000</b></u>	<u>8,000,000</u>

The Company has not declared any dividends for 2018 but has appropriated non-sharia compliant income of AED 24.8 million for 2018. Dividends declared for 2017 were AED 399.8 million representing AED 0.05 per share, including non-sharia compliant income of AED 36 million.

### 14 Reserves

#### (a) Statutory reserve

In accordance with the U.A.E. Federal Commercial Companies Law No. 2 of 2015, as amended, 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. No allocation to the statutory reserve has been made for the three month period ended 31 March 2019, as this will be affected at the year-end based on the Company's results for the year ending 31 December 2019.

#### (b) Investments revaluation reserve

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

## Dubai Financial Market P.J.S.C.

### Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2019

#### 15 Payables and accrued expenses

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Dividends payable on behalf of companies listed on the DFM (Note 15.1)	<b>737,842</b>	679,392
Ivestor cards (Note 15.1)	<b>311,794</b>	323,825
Members' margin deposits	<b>29,710</b>	23,534
Accrued expenses and other payables	<b>17,775</b>	18,558
Central counterparty balances (Note 11)	<b>53,279</b>	6,818
Unearned revenue	<b>21,533</b>	852
Brokers' retention	<b>22,828</b>	24,641
Due to U.A.E Securities and Commodities Authority	<b>7,074</b>	4,876
Zakat	<b>977</b>	943
VAT payable	<b>388</b>	493
Lease liabilities	<b>9,884</b>	-
Non Sharia compliant income (Note 19)	<b>24,801</b>	-
	<b><u>1,237,885</u></b>	<b><u>1,083,932</u></b>

15.1 Dividends received from and payable on behalf of companies listed on DFM and Ivestor Card balances as at 31 March 2019 aggregates to AED 1,049.6 million (2018: AED 1,003.2 million) out of which AED 850 million (2018: AED 900 million) have been invested in short term deposits by the Company, AED 42 million have been invested in investment at amortised cost (2018: 45 million) and AED 157.6 million in the bank's current account (2018: AED 58.2 million).

#### 16 Earnings per share

	<b>Three month ended 31 March</b>	
	<b>2019 (Un-audited)</b>	2018 (Un-audited)
Net profit for the period attributable to owners of the Company (AED '000)	<b>28,119</b>	48,904
Authorised, issued and paid up share capital - (AED'000)	<b>8,000,000</b>	8,000,000
Less: Treasury shares ('000)	<b>(4,237)</b>	(4,237)
Number of shares issued ('000)	<b>7,995,763</b>	7,995,763
Earnings per share – AED	<b>0.004</b>	0.006

#### 17 Commitments

	<b>31 March 2019 AED'000 (Un-audited)</b>	31 December 2018 AED'000 (Audited)
Commitments for the purchase of property and equipment	<b>21,916</b>	29,235

In 2010, the Company entered into an agreement with Borse Dubai Limited to acquire remaining 33% (2018: 33%) shareholding of Nasdaq Dubai Limited against a consideration of AED 148 million (2018: 148 million). The exercise and completion of its acquisition is contingent upon the mutual agreement of the Company and Borse Dubai Limited and on a date to be mutually agreed between the Company and Borse Dubai Limited.

## **Dubai Financial Market P.J.S.C.**

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### **Notes to the condensed consolidated interim financial information** *(continued)*

*for the three month period ended 31 March 2019*

#### **18 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 stock exchanges and related clearing house.

#### **19 Non Sharia compliant income**

Non Sharia compliant income of AED 24.8 million relating to 2018 (2018: AED 36 million relating to 2017) as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings during the period ended 31 March 2019 and will be distributed 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.

#### **20 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 condensed consolidated interim 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.

## Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)  
for the three month period ended 31 March 2019

### 20 Fair value of financial instruments (continued)

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 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:

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

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 March 2019 and 31 December 2018.

	31 March 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
<b>Financial assets at fair value through other comprehensive income</b>				
- Equities	264,505	-	20,343	284,848
- Managed funds	-	275,811	-	275,811
- Investment in sukuk	203,733	-	-	203,733
<b>Total</b>	<b>468,238</b>	<b>275,811</b>	<b>20,343</b>	<b>764,392</b>
	31 December 2018 (Audited)			
	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	259,566	-	22,940	282,506
- Managed funds	-	268,361	-	268,361
- Investment in sukuk	201,747	-	-	201,747
<b>Total</b>	<b>461,313</b>	<b>268,361</b>	<b>22,940</b>	<b>752,614</b>

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



## Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)  
for the three month period ended 31 March 2019

### 20 Fair value of financial instruments (continued)

#### Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVOCI	
	Unquoted equities	
	31 March 2019 AED'000	31 December 2018 AED'000
Opening balance	22,940	43,587
Disposal during the period/year	-	(1,714)
Fair value changes	(2,597)	(18,933)
Closing balance	<u>20,343</u>	<u>22,940</u>

The fair value of the following financial assets and liabilities approximate their carrying amount: cash and cash equivalents, investment deposits, accrued income on investment deposits, accrued trading commission fees, central counterparty balances, due from brokers, other receivables, brokers' retention, due to U.A.E Securities and Commodities Authority, dividends payable on behalf of companies listed on the DFM, iVESTOR cards, members' margin deposits and accrued expenses and other payables.

The following table summarises the amortized cost and fair value of the sukuk at 31 March 2019 & 31 December 2018:

	31 March 2019 (Un-audited)	
	Carrying amount AED'000	Fair value AED'000
<b>Investment at amortised cost</b>		
Investment in sukuk	<u>179,407</u>	<u>174,169</u>

	31 December 2018 (Audited)	
	Carrying amount AED'000	Fair value AED'000
<b>Investment at amortised cost</b>		
Investment in sukuk	<u>185,017</u>	<u>174,963</u>

### 21 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information for the three month period ended 31 March 2019 have been approved by the Board of Directors and authorized for issue on 28 April 2019.